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.

This fortnight the key data release is the long awaited GVA for 2020, which is the first one to reflect the impact of Covid-19. The region has kept its economy above the £100bn mark but dropped to £102bn, a decrease of 4.5% (generally across all GVA indicators the region performs poorly against the UK). This pattern is also reflected in more recent quarterly GDP for the region as a whole. In the world of politics turmoil continues, with a vote of no confidence in the Prime Minister, which sees him remain leader. The issues reported in previous monitors around availability of skilled staff, trade and cost pressures continue to make doing business increasingly difficult. Overall, business leaders have welcomed the cost-of-living package to support households announced by Government but have stressed that businesses also need support. fuel poverty than the national average. Nationally, the number of vacancies now exceeds the number of people unemployed.

National and regional issues

- A report from the Public Accounts Committee into the use of evaluation and modelling in government has concluded that "departments are not meeting government requirements on publishing evaluation plans and findings" or on "transparency of models and their outputs". More than one-third of chief analysts saying they are "only sometimes" able to publish evaluation findings as required.
- More than 40,000 staff from National rail and 13 train operators are expected to take part in what will be the biggest rail strike in modern history. This week the dates for the 3-day strike have been announced as the 21st, 23rd and 25th of June.
- The government has scrapped plans to build a new £3bn rail link between HS2 and the West Coast Main Line. The 13-mile (21km) Golborne Link in Cheshire and Greater Manchester (which affects connectivity to Cheshire from the West Midlands)
- Around one million people attended more than 700 events in Coventry during its year as UK City of Culture 2021, such as Radio 1's Big Weekend, the 2021 International Booker Prize, and the opening of The Reel Store - the UK's first permanent immersive art gallery. Early analysis reveals Coventry's packed programme saw 389,705 tickets issued for live events with a further estimated audience of 136,916 attending unticketed live events across the city.

Economy

- HSBC UK has launched a £15bn lending fund for small and medium sized businesses, with £1.5bn ring-fenced to support local economies, employment opportunities and drive growth across West Midlands.
- Together the Ukraine and Russia account for about 30% of global wheat exports, 20% for corn, mineral fertilisers and natural gas, and 11% for oil. Prices for these commodities increased sharply after the onset of the war, as supplies reduced of these goods began to fall. Now there is high risk of a food crisis.
- Global GDP growth forecasts have been revised down, to around 3%, and will remain at a similar pace in 2023. This is well below the pace of recovery projected last December. Growth is set to be markedly weaker than expected in almost all economies.
- GVA has decreased from £107.8bn in 2019 to £102.9bn in 2020. This equated to a 4.5% annual decrease, reflecting the UK-trend (-3.4%).
- GVA per head has decreased from £25,689 in 2019 to £24,411 in 2020. This equated to a 5.0% decrease, a larger decline than the UK-wide rate of 3.8%. The shortfall for the WMCA (3 LEP) area to the UK was £4,652 (UK: £29,063) in 2020.
- Business, Professional & Financial Services remains the largest sector in terms of GVA at £30.2bn (29.3% of the total), but this sector decreased by 3.2% (-£983m) between 2019 and 2020.
- Two sectors for the WMCA (3 LEP) area increased between 2019 and 2020. These were; public sector inc. education, increasing by 7.9% (+£1bn) to reach £13.2bn and life sciences and healthcare increasing by 12.6% (+£1.1bn) to nearly £9.9bn.
- GVA per employee was £55,479 in 2020; this was a 3.6% (-£2,088) decrease from 2019. England decreased by 1.2% to £65,210 per employee, leading to a shortfall of £9,731 for the WMCA.
- Quarterly GDP analysis shows for the West Midlands region there was a contraction of 0.5% in Q3 2021, while England overall increased by 0.6%. Across the nine English regions, three regions had positive growth, five regions had contractions and one region recorded 0% change.

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

West Midlands Combined Authority UKRI Research England

- There was positive growth in GDP for three sectors in Q3 2021; the services sector by 0.1%, agriculture, forestry and fishing sector by 3.9% and the construction sector by 4.9%. The production sector had a contraction in GDP by 5.5%.
- Nationally, between the 13th and 20th May 2022, total online job adverts increased by 6.5%. The West Midlands online job adverts decreased by 7.6% and on the 20th May 2022, it was at 149.8% of the average level in February 2020.
- As of the 20th May 2022, for the West Midlands region visits to retail and recreation, transit stations and workplaces had not yet returned to pre-coronavirus levels (following national trends).
- The System Average Price (SAP) of gas increased by 41% in the latest week to 22nd May 2022 (from the previous week), 35% higher than the equivalent period from the previous year and 265% higher when compared to the pre-Coronavirus baseline.
- Excluding "not sure responses", 18.2% of West Midlands businesses reported that the business turnover in April 2022 when compared with the previous calendar month had increased, 42.9% reported turnover to have stayed the same and 30.9% reported turnover had decreased
- 31.5% of West Midlands businesses reported that prices had increased. 44% of West Midlands businesses report that energy prices are the cause for considering to raise prices in June 2022.
- 46% of West Midlands businesses reported that they have been affected by recent increases in energy prices. 52.9% of West Midlands businesses have had to absorb the costs from the price rises.
- 56.8% of West Midlands businesses expect that the number of employees in June 2022 will stay the same and a further 25.1% expect the number of employees to increase. Although, 5.3% of West Midlands expect the number of employees to decrease.
- The most common actions reported by adults who reported their cost of living had increased continued to be spending less on non-essentials (56%), using less gas or electricity at home (50% - down 1% from previous period), cutting back on non-essential journeys in vehicles (39% - down 1% from previous period) and spending less on food shopping and essentials (36% - down 1% from previous period).

Levelling up

Research into international cities tackling levelling up highlight several reasons for progress:

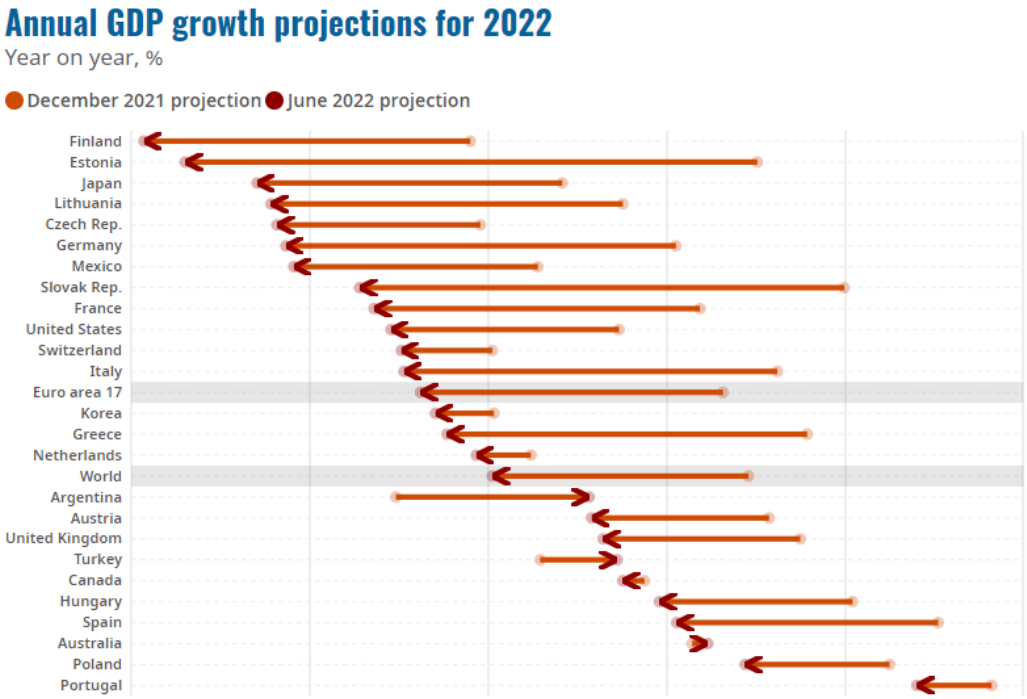
1. **Shared political will and partnerships:** each was vital in overcoming political differences and uniting public and private institutions around a common vision.
2. **Clear strategy and vision:** each city set out what it should look and feel like as a place to live and work.
3. **Investing for the long term:** a commitment to scale and longevity in funding is imperative.
4. **Local knowledge:** an in-depth understanding of the strengths and weaknesses that drive local economies, and an ability to build on those strengths.
5. **Monitoring and evaluation:** a system that allows for policies and programmes to be regularly sense-checked and updated in a timely way that benefits total performance.
6. **Adapting national frameworks to address local needs**
7. **Diversification:** the ability to design policies that enable growth strategies to take root and thrive relies on the strength of a local narrative.
8. **Key players:** individuals and private organisations can serve as enablers of growth, leading by example.
9. **Adequate and responsive funding:** identifying where and when finance is made available can be as important as the policies themselves.

Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

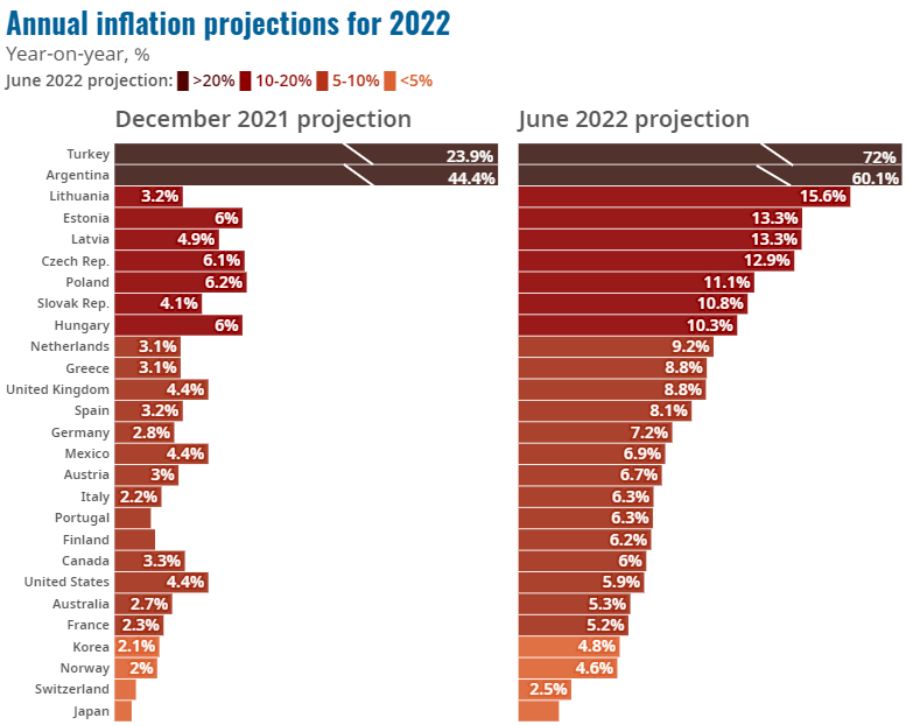
The OECD released their June report this week. The OECD has found that not only is the Ukraine invasion a humanitarian disaster, it also triggering a global cost of living crisis. Prior to the invasion, the world economy was on track for a strong, albeit uneven recovery from Covid-19. Now the conflict in Ukraine and the supply-chain disruptions exacerbated by shutdowns in China due to the zero-COVID policy are dealing a serious blow to the recovery. Global GDP growth forecasts have been revised down, to around 3%, and will remain similar in 2023. This is well below the pace of recovery projected last December. The graph below shows the change growth projections since December 2022.



Source: OECD Economic Outlook (Edition 2022/1).

Growth is set to be markedly weaker than expected in almost all economies. Many of the hardest-hit countries are in Europe, which is highly exposed to the war through energy imports and refugee flows. Countries worldwide are being hit by rising commodity prices, which add to increasing inflationary pressures and curbing real incomes and spending, further dampening the recovery. This growth slowdown is a price of war which will be paid through lower incomes and fewer job opportunities.

High food and energy prices and the continued worsening of supply-chain problems imply that consumer price inflation will peak later and at higher levels than previously foreseen. The new OECD projections show the large and global impact the war is having on inflation, which has already reached 40-year highs in Germany, the United Kingdom and the United States. The table below compares inflation projections from December to those this month.



Source: OECD Economic Outlook (Edition 2022/1).

A gradual reduction of supply chain and commodity price pressures and the impact of rising interest rates should begin to be felt through 2023, but core inflation is nonetheless projected to remain at or above central bank objectives in many major economies at year-end.

Additionally, the invasion of the Ukraine has massively impacted the commodity markets. Together Ukraine and Russia account for about 30% of global wheat exports, 20% for corn, mineral fertilisers and natural gas, and 11% for oil. Prices for these commodities increased sharply after the onset of the war, as supplies of these goods began to fall. Now there is high risk of a food crisis. Supply disruptions are rising, particularly threatening low-income countries that are highly dependent on Russia and Ukraine for basic food staples. The graph below shows the dependency of different countries on Russian and Ukrainian wheat supplies.

Source: OECD Economic Outlook (Edition 2022/1).

There is a high dependency on Russian and Ukrainian wheat amongst a number of lower income countries, as can be seen in the graph above. The sharp rise in prices is already undermining purchasing power, which will force lower

income households worldwide to cut back on other items to pay for basic energy and food needs, potentially increasing poverty. If supplies continue to decline at such a rate these countries will likely face greater food shortages and potentially famine. These food supply shocks are also likely to be compounded by fertiliser shortages and price rises, with Russia and Belarus major suppliers in many countries, putting agricultural output next year and perhaps beyond under stress.

The World Bank also found that, as a result of the damage from the pandemic and the war, the level of per capita income in developing economies this year will be nearly 5% below its pre-pandemic trend. With the World Bank also predicting even worse global growth at 2.9%. This slow growth and rapidly rising inflation, according to the World Bank, may lead to stagflation, similar to that seen in the 1970s. Recovery from such stagflation in the 70s, required steep increases in interest rates by advanced economy central banks to quell inflation, triggering a global recession and successive financial crisis' in lower economically developed countries.

National

A report from the Public Accounts Committee into the use of evaluation and modelling in government, has concluded that "departments are not meeting government requirements on publishing evaluation plans and findings" or on "transparency of models and their outputs", with more than one-third of chief analysts saying they are "only sometimes" able to publish evaluation findings as required. The main findings of the report were:

1. **Much of government activity is not evaluated robustly or at all, and government does not know what works to improve outcomes.** One of the most important purposes of evaluation is learning what works, so as to help prioritise and inform spending decisions. However, the Prime Minister's Implementation Unit found in December 2019 that only 8% of the £432 billion spend on major projects had robust impact evaluation plans in place and 64% of spend had no evaluation arrangements.

2. **HM Treasury is not making full use of the spending levers it has at its disposal to deliver a step change in the use of evaluation across government.** HM Treasury has not set up formal and standardised ways of tracking all spending review conditions across departments, including those related to evaluation. With few sanctions available to HM Treasury outside of the spending reviews, HM Treasury needs to make as much use of spending review conditions as it can.

3. **No single body is responsible for upholding modelling and evaluation standards and monitoring their implementation.** Within departments, ultimate responsibility for upholding standards and securing improvements lies with that department's accounting officer. Supporting the accounting officer, the departmental directors of analysis own the application of the Analysis Functional Standard in their departments. Neither HM Treasury nor the Analysis Function currently monitor if accounting officers are discharging their responsibilities nor how well standards have been upheld. While HM Treasury is an important user of departments' models, it does not comprehensively scrutinise and challenge a department's quality assurance arrangements for the models it uses.

4. **Good quality modelling and evaluation is hampered by challenges in sharing data and a lack of common data standards.** Government does not always see data as a priority and data quality is often inadequate. Attention has been drawn to poor data and a lack of joined up systems in numerous reports over the years, such as on supporting the vulnerable during lockdown, on tackling the tax gap, on effective regulation of gambling, on dealing with rough sleepers, and on identifying and tackling fraud and error. When producing and using models, poor data can lead to additional time and increased difficulty when quality assuring the model inputs. This difficulty is compounded by a lack of data standards across government which means there are inconsistent ways of recording the same information.

5. **Departments are not meeting government requirements on publishing evaluation plans and findings, and on transparency of models and their outputs.** Transparency is critical for the public to understand the evidence behind decisions and how money is being spent. It also allows departments to learn lessons from

past projects and from each other. However, ministers have the final say on whether evaluations should be published, and some parts of government are reluctant to publish their evaluations. Transparency of the models that departments use to make decisions is also poor: only 9 out of 17 departments have published their list of business-critical models since 2013, and only four have updated this since 2017.

6. **Model producers and users do not adequately assess the range of plausible outcomes and are overly reliant on central estimates that do not reflect inherent uncertainty.** All modelled information is uncertain, and decision-makers need information on the possible range of outcomes to plan well, manage risks and make better decisions. However, model producers do not routinely evaluate or communicate the uncertainty in their models. There is only limited evidence of departments using uncertainty analysis or developing contingency plans. Departments usually provide HM Treasury with a single central estimate and do not provide a range of uncertainty around it. HM Treasury does not check every model that departments develop. It does request further uncertainty analysis from departments on a case-by-case basis for those models it uses to make policy decisions or to agree additional spending.

Railway workers have voted to strike due to disputes over pay and potential redundancies. The pandemic has had a massive impact on the rail industry and many service providers are contemplating redundancies if savings cannot be made. Network Rail is planning potential cuts of up to 2,500 jobs as part of a £2bn reduction in spending. Rail workers would also like to see their pay unfrozen; (pay was frozen during the pandemic). Whilst negotiations have been ongoing between the rail unions and the train companies, no agreement has been made over these issues. Thus, more than 40,000 staff from National rail and 13 train operators are expected to take part in what will be the biggest rail strike in modern history. This week the dates for the 3-day strike have been announced as the 21st, 23rd and 25th of June. Additionally, on the 21st June, London Underground RMT workers are also planning a walk out in a separate dispute over pensions and job losses, taking the total number of rail staff on strike to more than 50,000 on the 21st June.

This strike is set to cause massive economic disruption. Over the days chosen, there are large events occurring across the country for which people rely heavily on train services to access. The events taking place over the strike period and effected operating companies taking part include Glastonbury; British Athletics- 24th to the 26th of June; Elton John at Hyde Park - 24th June; Commonwealth Heads of Government Meeting - 24th to the 25th of June.

Furthermore, whilst the news has been busy with political scandals, no confidence votes, Brexit issues, the invasion of Ukraine invasion and the Queen's Platinum Jubilee, another section of HS2 has been scrapped. The government has scrapped plans to build a new £3bn rail link between HS2 and the West Coast Main Line. This is the 13-mile (21km) Golborne Link in Cheshire and Greater Manchester that will not be built despite its earlier inclusion in the Integrated Rail Plan for improving the Midlands and North. The Golborne Link would have branched off the high-speed line between Crewe and Manchester and cut through Cheshire and Trafford to join the West Coast Mainline south of Wigan. The government is now considering alternative plans; however, the government was heavily criticised for announcing this just 30 minutes before the no confidence vote in the Prime Minister. This announcement also comes 6 months after the government dropped its plan to extend HS2 to Leeds.

Regional

HSBC UK has launched a £15bn lending fund for small and medium sized businesses, with £1.5bn ring-fenced to support local economies, employment opportunities and drive growth across West Midlands. According to the Greater Birmingham Chambers of Commerce, businesses in the region are ready to invest for growth and are confident about the prospects for their own businesses. The biggest areas of opportunity are in sustainability (12%) and digitisation (11%). This year's fund includes the Green SME Fund (£500m) for businesses of all sizes to transition and thrive in a low carbon economy and the new Growth Lending Fund (£250m) for high growth tech businesses to support well-equitized, high growth, loss-making scale ups early in their growth journey. It will also include ring-fenced funding for businesses trading internationally (£2 billion), in the agriculture sector (£1.2 billion) the tech sector (£500m) and franchise businesses (£500m).

Around one million people attended more than 700 events in Coventry during its year as UK City of Culture 2021, such as Radio 1's Big Weekend, the 2021 International Booker Prize, and the opening of The Reel Store - the UK's

first permanent immersive art gallery. Early analysis reveals Coventry's packed programme saw 389,705 tickets issued for live events with a further estimated audience of 136,916 attending unticketed live events across the city. The online audience, so important for the events affected by lockdown, is still growing and is currently estimated at over 516,000 for events created by the Trust and its partners. There were a further 333,676 unique views of the Trust's online promotions. Going forward the Coventry City of Culture Trust will continue operating at about 20 per cent of its current scale primarily as a commissioning body and running The Reel Store.

Gross Value Added (GVA): Released May 2022[1]

Black Country Consortium Economic Intelligence Unit

GVA Balanced estimates are produced by combining the existing income and production approach measures using weighted quality metrics. GVA estimates are presented in current basic prices. They do not allow for different regional price levels or changes in prices over time (inflation).

The release provides data up to 2020, reflecting the impact of the Covid-19 pandemic.

Key Points:

- The WMCA (3 LEP) total GVA has decreased from £107.8bn in 2019 to £102.9bn in 2020. This equated to a 4.5% annual decrease, reflecting the UK-trend (-3.4%).
- The WMCA (3 LEP) GVA per head has decreased from £25,689 in 2019 to £24,411 in 2020. This equated to a 5.0% decrease, a larger decline than the UK-wide rate of 3.8%. The shortfall for the WMCA (3 LEP) area to the UK was £4,652 (UK: £29,063) in 2020.
- Of the WMCA (3 LEP) ten sectors, Business, Professional & Financial Services remains the largest in terms of GVA at £30.2bn (29.3% of the total), but this sector decreased by 3.2% (-£983m) between 2019 and 2020.
- Despite, the overall decline in GVA, two sectors for the WMCA (3 LEP) area increased between 2019 and 2020. These were; public sector inc. education, increasing by 7.9% (+£1bn) to reach £13.2bn and life sciences and healthcare increasing by 12.6% (+£1.1bn) to nearly £9.9bn.
- The WM 7 Met. area total GVA decreased from £71.3bn in 2019 to £69bn in 2020. This equated to a 3.2% annual decrease, the second highest percentage decrease across the comparative city regions.
- The WM 7 Met. area GVA per head decreased from £24,338 in 2019 to £23,471 in 2020, representing 3.6% decline. The shortfall to the UK-wide value was £5,592 in 2020.

Full Briefing:

Total GVA

- The WMCA (3 LEP) total GVA has decreased from £107.8bn in 2019 to £102.9bn in 2020. This equated to a 4.5% annual decrease, reflecting the UK-trend (-3.4%).
- The WM 7 Met. area total GVA decreased from £71.3bn in 2019 to £69bn in 2020. This equated to a 3.2% annual decrease, the second highest percentage decrease across the comparative city regions.
- Since 2019, total GVA decreased across the WMCA 3 LEPs, with the Black Country decreasing by 2.8% (-£609m) to £21.8bn, Coventry and Warwickshire decreasing by 5.3% (-£1.5bn) to £28.5bn and Greater Birmingham and Solihull decreasing by 5.2% (-£2.7bn) to £52.6bn.
- Within the WMCA (3 LEP) area, all local authorities GVA decreased between 2019 and 2020. Percentage wise the largest decrease at 12% was Redditch (to nearly £2bn) and the highest value decrease was in Solihull at £933m (to a total of £9.3bn). In contrast the smallest decline was by 1.3% (-£30m to nearly £2.4bn) in Lichfield.

GVA in the WMCA (3 LEP):

	2019	2020	% Change	Num. Change
	£ Millions			£ Millions
Birmingham	£28,398	£27,906	-1.7%	-£492
Bromsgrove	£2,913	£2,615	-10.2%	-£298
Cannock Chase	£2,172	£2,035	-6.3%	-£137
Coventry	£10,181	£9,941	-2.4%	-£240

[1] Office for National Statistics: Regional economic activity by gross domestic product, UK: 1998 to 2020 - released May 2022

Dudley	£5,541	£5,443	-1.8%	-£98
East Staffordshire	£3,702	£3,329	-10.1%	-£373
Lichfield	£2,396	£2,366	-1.3%	-£30
North Warwickshire	£3,064	£2,846	-7.1%	-£218
Nuneaton and Bedworth	£2,220	£2,135	-3.8%	-£85
Redditch	£2,233	£1,966	-12.0%	-£267
Rugby	£2,858	£2,774	-2.9%	-£84
Sandwell	£6,736	£6,644	-1.4%	-£92
Solihull	£10,257	£9,324	-9.1%	-£933
Stratford-on-Avon	£5,204	£4,589	-11.8%	-£615
Tamworth	£1,684	£1,571	-6.7%	-£113
Walsall	£4,816	£4,603	-4.4%	-£213
Warwick	£6,517	£6,234	-4.3%	-£283
Wolverhampton	£5,349	£5,143	-3.9%	-£206
Wyre Forest	£1,524	£1,451	-4.8%	-£73
WM 7 Met.	**£71,277**	**£69,003**	**-3.2%**	**-£2,274**
Black Country	£22,442	£21,833	-2.8%	-£609
Coventry and Warwickshire	£30,044	£28,519	-5.3%	-£1,525
Greater Birmingham and Solihull	£55,279	£52,562	-5.2%	-£2,717
WMCA (3 LEP)	**£107,765**	**£102,914**	**-4.5%**	**-£4,851**
UK	£2,017,344	£1,949,605	-3.4%	-£67,739

GVA per Head and Employee

- The WMCA (3 LEP) GVA per head has decreased from £25,689 in 2019 to £24,411 in 2020. This equated to a 5.0% decrease, a larger decline than the UK-wide rate of 3.8%. The shortfall for the WMCA (3 LEP) area to the UK was £4,652 (UK: £29,063) in 2020.

- The WM 7 Met. area GVA per head decreased from £24,338 in 2019 to £23,471 in 2020, representing a 3.6% decline. The shortfall to the UK-wide value was £5,592 in 2020.

- Following the trends of overall GVA, since 2019, GVA per head decreased across the WMCA 3 LEPs, with the Black Country decreasing by 3.0% (-£563) to £18,156, Coventry and Warwickshire decreasing by 6.4% (-£2,034) to £29,609 – but remaining above the UK-wide average and Greater Birmingham and Solihull decreasing by 5.1% (£1,373) to £25,638.

GVA per Head in the WMCA (3 LEP) Area:

	2019	2020	% Change	Num. Change
Birmingham	£24,871	£24,468	-1.6%	-£403
Bromsgrove	£29,165	£26,002	-10.8%	-£3,163
Cannock Chase	£21,556	£20,052	-7.0%	-£1,503
Coventry	£27,404	£26,203	-4.4%	-£1,201
Dudley	£17,230	£16,885	-2.0%	-£345
East Staffordshire	£30,913	£27,530	-10.9%	-£3,383
Lichfield	£22,872	£22,397	-2.1%	-£475
North Warwickshire	£46,948	£43,482	-7.4%	-£3,466
Nuneaton and Bedworth	£17,092	£16,376	-4.2%	-£716
Redditch	£26,190	£22,976	-12.3%	-£3,214
Rugby	£26,236	£25,070	-4.4%	-£1,166
Sandwell	£20,508	£20,192	-1.5%	-£316
Solihull	£47,404	£42,872	-9.6%	-£4,533
Stratford-on-Avon	£40,001	£34,660	-13.4%	-£5,341
Tamworth	£21,957	£20,439	-6.9%	-£1,518
Walsall	£16,870	£16,054	-4.8%	-£816
Warwick	£45,335	£43,020	-5.1%	-£2,315
Wolverhampton	£20,311	£19,451	-4.2%	-£860
Wyre Forest	£15,046	£14,347	-4.6%	-£699

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WM 7 Met.	£24,338	£23,471	-3.6%	-£867
Black Country	£18,719	£18,156	-3.0%	-£563
Coventry and Warwickshire	£31,643	£29,609	-6.4%	-£2,034
Greater Birmingham and Solihull	£27,010	£25,638	-5.1%	-£1,373
WMCA (3 LEP)	**£25,689**	**£24,411**	**-5.0%**	**-£1,278**
UK	£30,201	£29,063	-3.8%	-£1,138

- The WMCA (3 LEP) GVA per employee was £55,479 in 2020; this was a 3.6% (-£2,088) decrease from 2019. England decreased by 1.2% to £65,210 per employee, leading to a shortfall of £9,731 for the WMCA (3 LEP).
- GVA per employee in the WM 7 Met. area was £55,026, a 2.5% (-£1,408) decrease from 2019 and a gap of £10,184 to the England average in 2020.

GVA by Sector[2]

- Of the WMCA (3 LEP) ten sectors, Business, Professional & Financial Services remains the largest in terms of GVA at £30.2bn (29.3% of the total), but this sector decreased by 3.2% (-£983m) between 2019 and 2020.
- Despite, the overall decline in GVA, two sectors for the WMCA (3 LEP) area increased between 2019 and 2020. These were; public sector inc. education, increasing by 7.9% (+£1bn) to reach £13.2bn, and life sciences and healthcare increasing by 12.6% (+£1.1bn) to nearly £9.9bn.
- In contrast, the highest percentage decrease since 2019 was in the tourism sector, decreasing by 41.3% (-£1.4bn) to £1.9bn in 2020. The highest value decrease was in the advanced manufacturing sector, decreasing by nearly £2.4bn to £13.8bn.

GVA by Sector for the WMCA (3 LEP) and UK-wide:

	WMCA (3 LEP)					UK			
	2019	2020	% Change	Num. Change	% of 2020 total	2019	2020	% Change	% of 2020 total
	£ Millions			£ Millions		£ Millions			
Advanced Manufacturing	£16,203	£13,830	-14.6%	-£2,373	13.4%	£200,263	£186,948	-6.6%	9.6%
Business, Professional and Financial Services	£31,162	£30,179	-3.2%	-£983	29.3%	£707,964	£692,080	-2.2%	35.5%
Construction	£7,856	£7,238	-7.9%	-£618	7.0%	£141,032	£123,734	-12.3%	6.3%
Creative & Cultural	£6,035	£5,662	-6.2%	-£373	5.5%	£157,839	£148,031	-6.2%	7.6%
Life Sciences & Healthcare	£8,745	£9,850	12.6%	£1,105	9.6%	£185,206	£202,078	9.1%	10.4%
Logistics & Transport Technologies	£4,983	£4,737	-4.9%	-£246	4.6%	£80,429	£70,709	-12.1%	3.6%
Low Carbon & Environmental Technologies	£4,485	£4,432	-1.2%	-£53	4.3%	£89,933	£80,444	-10.6%	4.1%
Public Sector inc. Education	£12,213	£13,172	7.9%	£959	12.8%	£217,153	£230,978	6.4%	11.8%
Retail	£12,810	£11,890	-7.2%	-£920	11.6%	£210,845	£203,788	-3.3%	10.5%
Tourism	£3,276	£1,922	-41.3%	-£1,354	1.9%	£59,291	£35,577	-40.0%	1.8%
Total	£107,765	£102,914	-4.5%	-£4,851	100%	£2,017,344	£1,949,605	-3.4%	100%

[2] please note, the ONS GVA SIC code groupings have been broadly applied to ten WMCA sectors

Quarterly Gross Domestic Product (GDP): July - September 2021 (Q3) – West Midlands Region[3]

Black Country Consortium Economic Intelligence Unit

Please note, this data release has been updated to include Q3 2021 only, no revisions to the earlier data period.

In Summary:

- Quarterly GDP analysis shows for the West Midlands region there was a contraction of 0.5% in Q3 2021, while England overall increased by 0.6%. Across the nine English regions, three regions had positive growth, five regions had contractions and one region recorded 0%.

- For the West Midlands region, there was positive growth in GDP for three sectors in Q3 2021; the services sector by 0.1%, agriculture, forestry and fishing sector by 3.9% and the construction sector by 4.9%. The production sector had a contraction in GDP by 5.5%.

- For the West Midlands region, there was positive growth in GDP for seven industries and contractions in eleven industries in Q3 2021.

Full Briefing:

- Quarterly GDP analysis shows, of the nine English regions, London, the North West and the South West experienced positive growth in Q3 2021 (+2.3%, +1.2% and 0.6% respectively); the North East (-1.2%), East of England (-0.6%), West Midlands (-0.6%), East Midlands (-0.5%) and the South East (-0.4%) experienced negative growth; growth in Yorkshire and The Humber was flat, at 0%. England-wide there was positive quarterly GDP growth of 0.6%.

GDP change in Q3 2021 across the English regions and England-wide:

[3] Source: Office for National Statistics (ONS): GDP, UK regions and Countries: July to September 2021 – released May 2022

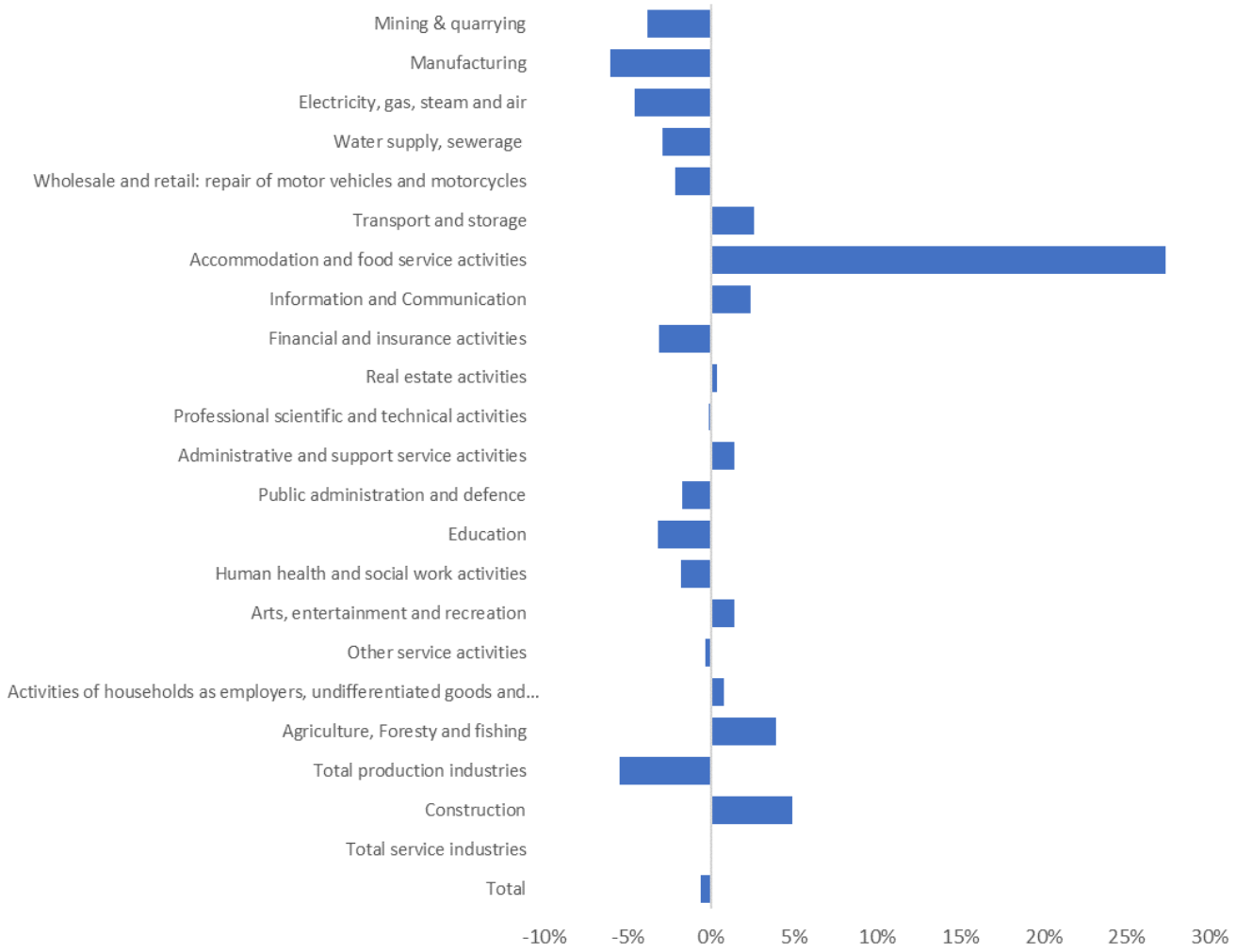
Sectors and Industries

- For the West Midlands region, there was positive growth in GDP for three sectors in Q3 2021; the services sector by 0.1%, agriculture, forestry and fishing sector by 3.9% and the construction sector by 4.9%. The production sector had a contraction in GDP by 5.5%.

- For the West Midlands region, there was positive growth in GDP for seven industries in Q3 2021. The highest growth reported for the West Midlands region at 27.3% was in accommodation and food service activities. Other increases across industries include; transport and storage by 2.6% and information and communication by 2.4%.

- For Q3 2021, there were contractions in West Midlands region GDP in eleven industries. The largest decreases were in; manufacturing by 6%, electricity, gas, steam & air by 4.6% and mining & quarrying by 3.8%.

Quarterly GDP change for sectors and industries for the West Midlands, Q3 2021:



Levelling Up: There Are International Success Stories the UK Should Look To

Abigail Taylor, WM REDI

In this blog, taken from REDI Updates, Dr Abigail Taylor looks at how the UK's approach to levelling up compares with international city-regions that have been successful in reducing inequalities.

View REDI-Updates.

International research conducted by City-REDI with CIPFA offers lessons for levelling up in the UK and across the globe.

City-REDI with the Chartered Institute of Public Finance and Accountancy (CIPFA) has published research identifying lessons for levelling up from the experiences of four international city regions trying to address regional inequalities: Fukuoka (Japan), Leipzig (Germany), Cleveland (USA) and Nantes (France). The report is based on policy analysis and interviews conducted with policymakers, academics and third sector workers in the four city regions that have progressed in reducing regional inequalities.

Directed by City-REDI Professor Anne Green and CIPFA'S Chief Economist Jeffrey Matsu, the research showcases a range of analytical and linguistic skills across the City-REDI team. Abigail Taylor managed the project and used her knowledge of French to produce the Nantes case study. Liam O'Farrell explored experiences in Cleveland and Fukuoka. Hannes Read used his German language skills to undertake the Leipzig case study. George Bramley advised in relation to metrics and evaluation. Ben Brittain produced a literature review of historical evidence internationally for levelling up and supported the identification of relevant metrics. Gina Coe analysed data sources and metrics for justifying, monitoring and evaluating the delivery of strategies aimed at addressing regional inequalities.

We analysed experiences in Cleveland, Fukuoka, Leipzig and Nantes because they all previously suffered from high levels of inequalities. For example, Leipzig suffered mass unemployment and rapid population decline following the reunification of East and West Germany in 1990 but now has one of the fastest-growing city economies in Europe. In the late 1970s and 1980s Nantes "faced a difficult social climate" and suffered considerable job losses following the closure of its shipyards. It has transformed its economy, building on its traditional manufacturing strengths in shipbuilding to transition to high-end specialist cruise ship construction as well as aerospace. It came top among French cities for employment in the 2018 and 2019 Express magazine rankings. Selecting these city-regions also enabled the examination of policy implementation in different governance structures, including centralised and federal systems.

Key reasons for progress in addressing regional inequalities identified across the case studies:

10. **Shared political will and partnerships:** each was vital in overcoming political differences and uniting public and private institutions around a common vision.
11. **Clear strategy and vision:** each city set out what it should look and feel like as a place to live and work.
12. **Investing for the long term:** a commitment to scale and longevity in funding is imperative.
13. **Local knowledge:** an in-depth understanding of the strengths and weaknesses that drive local economies, and an ability to build on those strengths.
14. **Monitoring and evaluation:** a system that allows for policies and programmes to be regularly sense-checked and updated in a timely way that benefits total performance.
15. **Adapting national frameworks to address local needs**
16. **Diversification:** the ability to design policies that enable growth strategies to take root and thrive relies on the strength of a local narrative.
17. **Key players:** individuals and private organisations can serve as enablers of growth, leading by example.
18. **Adequate and responsive funding:** identifying where and when finance is made available can be as important as the policies themselves.

Comparing these reasons for success with the plans set out in the Levelling Up White Paper, published in February 2022 suggests that there are some key points to welcome in the White Paper. However, the findings indicate that to

achieve the missions set out in the White Paper, there needs to be a greater focus on sustained high levels of longer-term funding and greater clarity over what the expanded devolution powers will mean in practice.

Developing a **clear strategy and vision** was crucial in the international case study places that we analysed. For example, Fukuoka set out an ambition to become the start-up capital of Japan and an international destination for entrepreneurs and made great progress in relation to this. Therefore, the ambitious plans and aims set out in the White Paper are to be welcomed.

Facilitating collaboration between central and local government through **partnerships** was also vital in the case study places studied. This suggests that the announcement that **Levelling Up regional directors** will be put in place to act as a single point of contact for local leaders and the first port of call for new and innovative local policy proposals is a step in the right direction in strengthening relationships between local, regional, and central government stakeholders.

One of the biggest differences between plans set out in the White Paper and experiences in the places that we studied is the **length and value of funding available**. Our research indicates that levelling up is a long-term process requiring sustained high levels of funding. For example, Germany spent almost €2 trillion (£1.69 trillion) between 1990 and 2014 on policies aimed at addressing regional inequalities. Even with these high levels of funding it took 15 years for unemployment levels to fall in Leipzig and an additional 15 years for levels to move close to the national average. Funding commitments in the White Paper are limited, with most funding having been previously announced. Spending the money that is available wisely is imperative. Developing strong monitoring and evaluation systems must be a key priority.

The four case study places all had **stronger local and regional powers** than comparable areas in the UK. For example, Nantes Combined Metropolitan Authority collects household and economic taxes, and benefits from powers including transport, urban development, environment and employment. In addition to being one of the most regionally unequal countries in the developed world, the UK is one of the most centralised in terms of taxation and spending powers. The greater devolution powers announced in the White Paper – with new county deals and further Mayoral Combined Authority deals – moves the UK closer to systems operating across many of the case study places. A key question is which powers will be devolved in the UK and how and whether partners will have the capacity, capability and resources to work together to make the most of them.

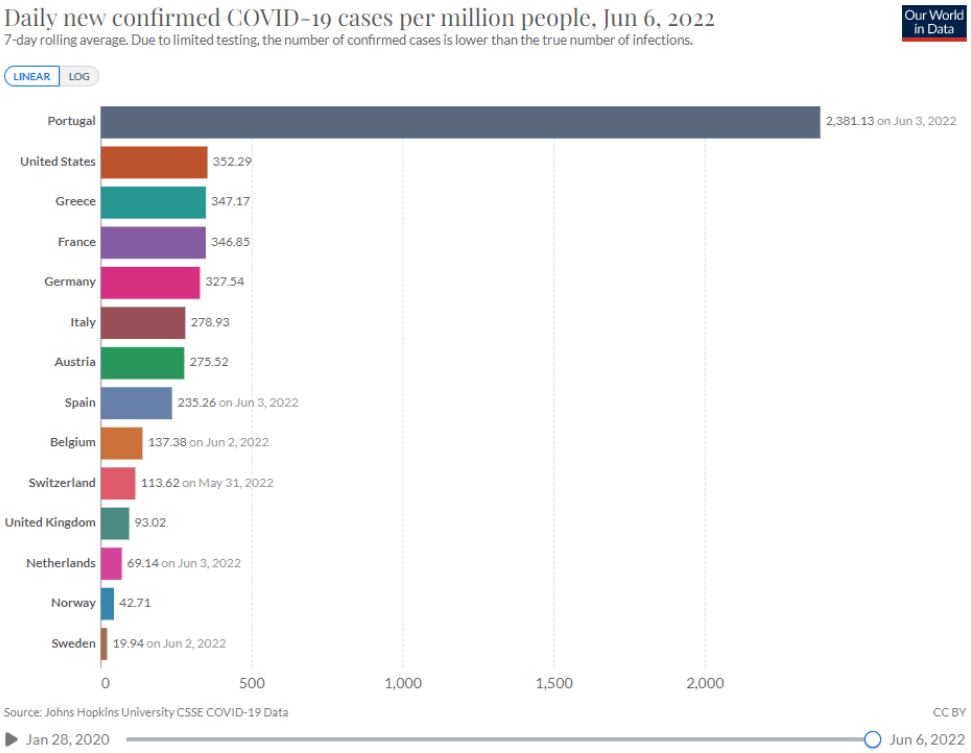
View our Levelling Up research

Infection Rates and Vaccine Update

Alice Pugh, WMREDI

Case numbers across Europe have continued to fall since the previous monitor in all countries, except Portugal which has seen a rise again. This decrease in new cases across the majority of countries is likely to be as a result of the changing weather and increased vaccination rates as borders open back up and people are starting to go on holiday abroad.

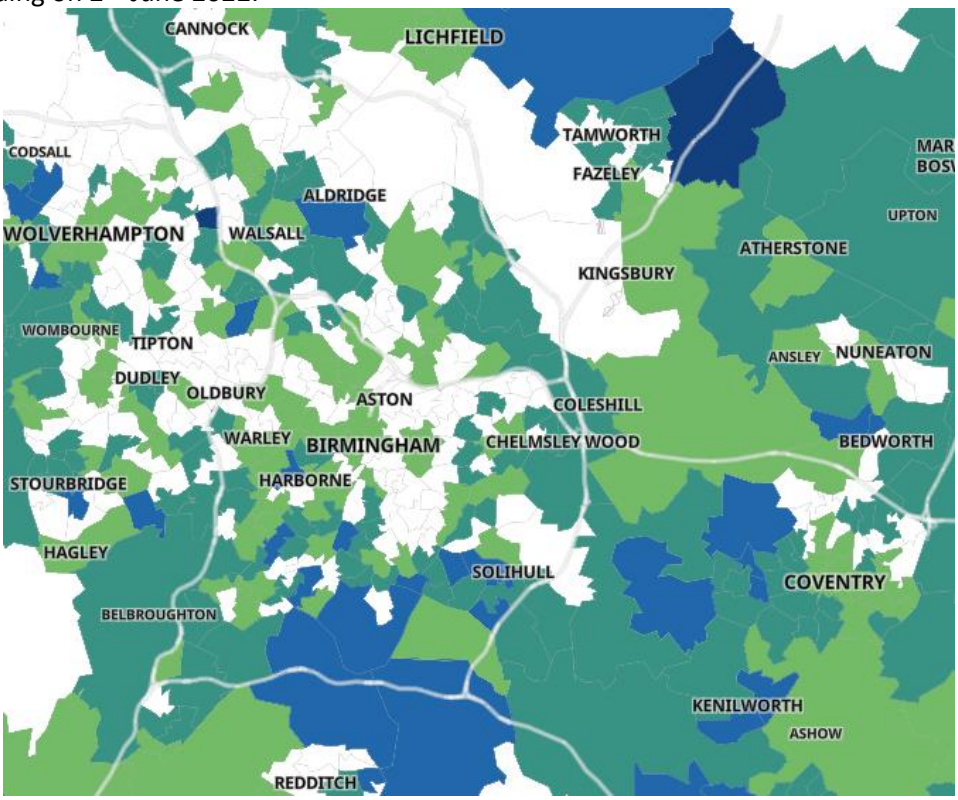
Since 31 December 2019 and as of week 2022-21, **527 878 071** cases of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including **6 302 819 deaths**.



Latest ONS infection survey data (1st June 2022 next release to be 10th June 2022) states:

- In England, the percentage of people testing positive for coronavirus (COVID-19) continued to decrease in the week ending 27 May 2022; the estimated number of people testing positive for COVID-19 was 784,100 (95% credible interval: 735,800 to 832,700), equating to 1.44% of the population or around 1 in 70 people.
- In Wales, the percentage of people testing positive for COVID-19 continued to decrease in the week ending 28 May 2022; the estimated number of people testing positive for COVID-19 was 39,600 (95% credible interval: 29,400 to 52,000), equating to 1.30% of the population or around 1 in 75 people.
- In Northern Ireland, the trend in the percentage of people testing positive for COVID-19 was uncertain in the week ending 28 May 2022; the estimated number of people testing positive for COVID-19 was 24,300 (95% credible interval: 17,300 to 33,200), equating to 1.33% of the population or around 1 in 75 people.
- In Scotland, the percentage of people testing positive for COVID-19 decreased in the week ending 28 May 2022; the estimated number of people testing positive for COVID-19 was 105,900 (95% credible interval: 87,600 to 126,100), equating to 2.01% of the population or around 1 in 50 people.
- In England, the percentage of people testing positive for COVID-19 decreased in Yorkshire and the Humber, the East Midlands, the East of England, the South East and the South West, and the trend was uncertain in the North West, the North East, the West Midlands and London, in the week ending 27 May 2022.
- In England, the percentage of people testing positive for COVID-19 decreased in all age groups except those aged 2 years to school Year 6, those aged 25 to 34 years and those aged 70 years and over for whom the trend was uncertain, in the week ending 27 May 2022.

The map below displays weekly data, which are updated every day here. Seven–day rolling rate of new cases by specimen date ending on 2nd June 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	21-May-22	22-May-22	23-May-22	24-May-22	25-May-22	26-May-22	27-May-22	28-May-22	29-May-22	30-May-22	31-May-22	01-Jun-22	02-Jun-22	03-Jun-22	04-Jun-22	05-Jun-22
ENGLAND	**387**	**463**	**505**	**461**	**475**	**421**	**442**	**382**	**428**	**465**	**502**	**480**	**412**	**404**	**443**	**531**
East of England	30	48	53	56	54	36	36	44	34	38	64	44	42	41	53	42
London	53	81	77	65	83	61	77	50	63	82	52	69	52	58	73	71
Midlands	70	83	112	96	92	74	86	83	98	92	93	98	92	77	85	92
North East and Yorkshire	72	67	76	71	75	79	61	54	74	85	74	82	70	71	72	92
North West	58	63	72	63	65	59	76	48	63	61	86	59	54	51	56	89
South East	54	78	65	65	51	63	74	57	53	64	73	73	63	72	70	104
South West	50	43	50	45	55	49	32	46	43	43	60	55	39	34	34	41

Mechanical Ventilation beds - occupied by confirmed COVID-19 patients

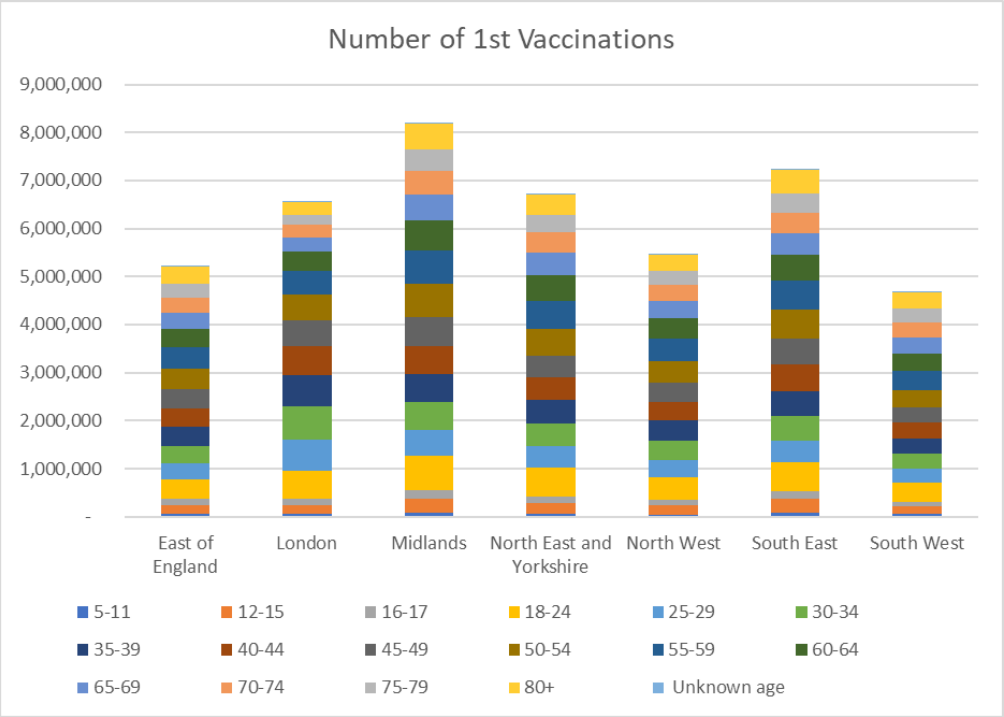
Name	23-May-22	24-May-22	25-May-22	26-May-22	27-May-22	28-May-22	29-May-22	30-May-22	31-May-22	01-Jun-22	02-Jun-22	03-Jun-22	04-Jun-22	05-Jun-22	06-Jun-22	07-Jun-22
ENGLAND	**150**	**142**	**137**	**134**	**134**	**127**	**124**	**121**	**119**	**123**	**126**	**125**	**111**	**113**	**120**	**116**
East of England	17	19	14	15	17	14	14	14	12	10	9	10	8	9	9	10
London	62	61	61	65	58	58	56	55	50	55	59	56	53	51	52	52
Midlands	23	21	21	19	21	19	17	17	17	18	18	17	12	13	12	13
North East and Yorkshire	15	14	15	12	14	13	13	12	12	13	12	13	14	16	18	16
North West	14	11	8	11	10	11	11	11	11	9	9	11	8	8	12	13
South East	13	10	11	7	8	5	8	6	7	9	8	10	10	10	10	7
South West	6	6	7	5	6	7	5	6	10	9	11	8	6	6	7	5

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

Name	23-May-22	24-May-22	25-May-22	26-May-22	27-May-22	28-May-22	29-May-22	30-May-22	31-May-22	01-Jun-22	02-Jun-22	03-Jun-22	04-Jun-22	05-Jun-22	06-Jun-22	07-Jun-22
ENGLAND	**5,010**	**4,639**	**4,489**	**4,365**	**4,197**	**4,013**	**4,018**	**4,091**	**4,036**	**3,800**	**3,841**	**3,849**	**3,835**	**3,965**	**4,126**	**4,108**
East of England	469	443	430	412	408	372	361	376	365	335	371	355	368	384	402	402
London	1,089	1,016	1,004	972	925	903	906	928	916	889	845	855	870	853	917	940
Midlands	987	939	904	870	795	758	738	765	763	753	715	706	645	718	743	717
North East and Yorkshire	834	792	743	710	694	658	676	656	640	634	624	615	632	640	647	674
North West	763	650	615	664	654	652	664	652	656	513	605	608	605	626	642	585
South East	568	538	525	473	449	422	422	444	431	417	413	430	434	464	478	502
South West	300	261	268	264	272	248	251	270	265	259	268	280	281	280	297	288

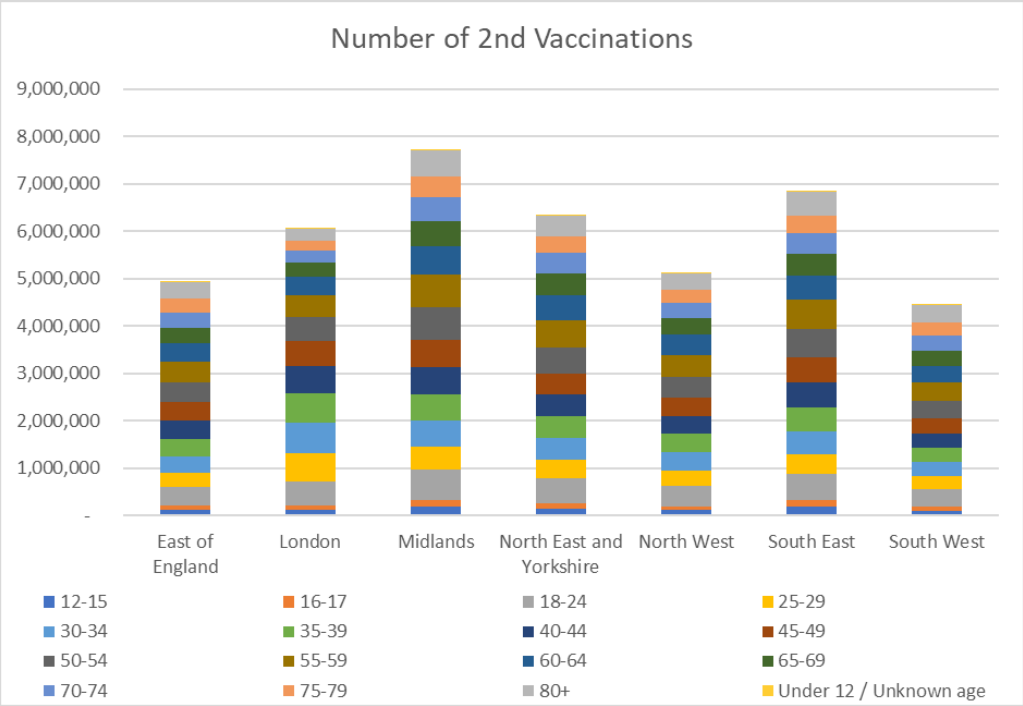
Vaccine Update

Between the 8th December 2020 and the 22nd May 2022 the Midlands has successfully vaccinated **8,191,692** people with the first dose and **7,703,507** of these individuals have received the second dose as well. A further **6,041,525** have received their booster. Meaning the Midlands has successfully provided the most jabs out of any region including London.

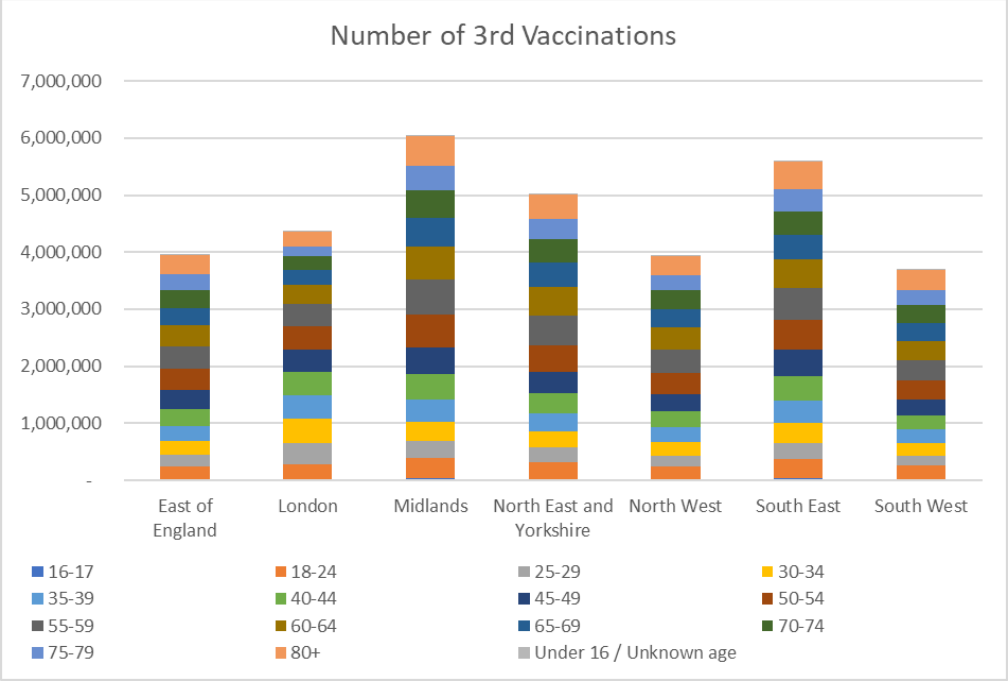


NHS Region of residence name	% of people who have had at least 1 dose (using ONS denominators)															
	5-11	12-15	16-17	18-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80+
Total	8.3%	59.0%	73.5%	81.7%	82.6%	89.2%	90.9%	96.2%	89.3%	95.0%	98.8%	100%*	99.0%	93.1%	100%*	98.2%
East of England	9.0%	62.2%	77.6%	85.5%	85.9%	89.6%	90.4%	96.0%	90.1%	94.9%	99.2%	100%*	98.4%	91.8%	100%*	98.3%
London	6.2%	46.2%	59.4%	80.4%	86.4%	84.1%	82.6%	89.3%	90.8%	92.5%	96.3%	98.6%	95.8%	90.7%	100%*	88.7%
Midlands	8.3%	58.6%	72.9%	75.8%	73.9%	85.2%	89.8%	95.7%	87.1%	95.0%	98.1%	100%*	98.1%	94.0%	100%*	99.8%
North East and Yorkshire	7.6%	58.7%	72.8%	77.3%	76.6%	86.8%	91.0%	96.7%	86.2%	94.4%	97.6%	100%*	99.7%	94.1%	100%*	98.2%
North West	6.7%	55.4%	71.4%	77.6%	76.4%	85.4%	90.8%	97.1%	87.5%	94.5%	98.0%	100%*	99.7%	93.4%	100%*	98.6%
South East	10.6%	67.2%	80.9%	83.8%	85.9%	95.6%	94.6%	97.5%	90.3%	94.9%	99.2%	100%*	99.5%	91.6%	100%*	98.6%
South West	10.6%	66.2%	80.7%	86.8%	87.8%	94.7%	95.6%	99.3%	88.9%	94.5%	99.5%	100%*	98.0%	93.0%	100%*	100%*

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



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	37.4%	55.1%	73.2%	76.5%	83.7%	86.5%	92.7%	86.8%	93.0%	97.1%	100%*	97.8%	92.3%	100%*	97.6%
East of England	40.5%	59.6%	78.3%	80.4%	84.9%	86.7%	93.1%	88.1%	93.4%	97.9%	100%*	97.5%	91.2%	100%*	97.8%
London	27.8%	42.1%	69.2%	79.7%	78.8%	78.2%	85.3%	87.4%	89.4%	93.4%	95.9%	93.4%	88.8%	100%*	87.4%
Midlands	36.9%	53.9%	68.3%	68.2%	79.8%	85.5%	92.2%	84.8%	93.2%	96.7%	100%*	97.2%	93.4%	100%*	99.3%
North East and Yorkshire	36.4%	53.4%	69.4%	70.6%	81.1%	86.5%	93.0%	84.0%	92.7%	96.3%	100%*	98.9%	93.6%	100%*	97.8%
North West	34.5%	52.2%	69.2%	70.2%	79.5%	85.8%	92.9%	84.6%	92.3%	96.3%	100%*	98.6%	92.7%	100%*	98.1%
South East	45.4%	64.2%	76.8%	80.6%	90.8%	91.1%	94.9%	88.4%	93.4%	97.9%	100%*	98.6%	90.9%	100%*	98.1%
South West	41.3%	62.5%	79.8%	82.6%	90.0%	92.0%	96.5%	87.1%	93.1%	98.3%	100%*	97.2%	92.4%	100%*	100%*



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

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	14.0%	41.6%	47.2%	55.3%	61.4%	71.1%	70.9%	80.5%	87.0%	93.0%	92.7%	89.2%	100%*	94.9%
East of England	15.4%	46.4%	51.2%	57.5%	63.3%	73.5%	73.9%	82.8%	89.4%	94.5%	93.3%	88.7%	100%*	95.6%
London	9.2%	34.7%	49.5%	51.8%	52.9%	60.9%	65.2%	70.8%	77.1%	82.7%	84.1%	82.6%	94.7%	82.1%
Midlands	13.3%	38.2%	40.3%	50.9%	59.5%	69.9%	69.0%	80.8%	86.6%	93.7%	92.2%	90.3%	100%*	96.6%
North East and Yorkshire	12.8%	39.4%	42.1%	52.2%	60.8%	71.1%	68.7%	80.8%	87.3%	93.2%	94.3%	90.8%	100%*	95.3%
North West	12.8%	36.4%	39.9%	48.5%	57.5%	68.1%	66.9%	78.4%	85.2%	92.8%	93.0%	89.2%	100%*	95.0%
South East	18.3%	47.7%	53.7%	64.4%	69.6%	77.8%	76.6%	84.5%	90.5%	95.7%	94.8%	88.6%	100%*	96.1%
South West	17.6%	50.6%	55.5%	64.5%	71.1%	79.8%	75.8%	84.5%	90.9%	95.7%	93.6%	90.3%	100%*	98.7%

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

Weekly Deaths Registered: 20th May 2022

Black Country Consortium Economic Intelligence Unit

The following analysis compares the latest available time period (the week of the 20th May 2022) to the previous week period (the week of the 13th May 2022) for the number of deaths registered and the number of deaths registered related to the Coronavirus[4].

Across England and Wales, the overall registered death figures decreased from 12,048 in the week of the 13th May 2022 to 11,520 in the week of 20th May 2022. The number of deaths registered that state Coronavirus on the death certificate decreased from 719 to 547 people over the same period.

Regional level analysis shows that the West Midlands' overall registered death figures decreased from 1,323 people in the week of 13th May 2022 to 1,231 in the week of 20th May 2022. The number of registered deaths related to Coronavirus decreased from 87 to 67 people.

There was a total of 877 deaths registered across the WMCA (3 LEP) area in the week of the 20th May 2022. There were 49 deaths registered that were related to Coronavirus over the same period. In comparison to the week of the 13th May 2022, the overall registered death figures in the WMCA (3 LEP) area decreased by 22, with the number of registered deaths related to Coronavirus decreasing by 13 people.

At local authority level in the week of the 20th May 2022, 15 local authorities the WMCA (3 LEP) area registered deaths related to the Coronavirus. Of the 49 registered Coronavirus related deaths; Birmingham accounted for 17 deaths, Walsall accounted for 5 deaths, Solihull and Stratford-on-Avon both accounted for 4 deaths.

Of the 49 registered Coronavirus deaths in the WMCA (3 LEP) involving Coronavirus in the week of the 20th May 2022, 39 were registered in a hospital, 6 deaths were registered at a care home and 4 deaths were registered at home.

Place and number of deaths registered that are related to Coronavirus in the week of 20th May 2022:

Area name	Care home	Elsewhere	Home	Hospice	Hospital	Other communal establishment	Total
Cannock Chase	0	0	0	0	1	0	1
East Staffordshire	0	0	0	0	0	0	0
Lichfield	0	0	0	0	2	0	2
Tamworth	0	0	0	0	3	0	3
North Warwickshire	0	0	0	0	0	0	0
Nuneaton and Bedworth	0	0	0	0	2	0	2
Rugby	1	0	0	0	0	0	1
Stratford-on-Avon	1	0	0	0	3	0	4
Warwick	1	0	0	0	0	0	1
Bromsgrove	0	0	1	0	1	0	2
Redditch	0	0	0	0	0	0	0
Wyre Forest	0	0	0	0	1	0	1
Birmingham	1	0	2	0	14	0	17
Coventry	1	0	1	0	1	0	3
Dudley	0	0	0	0	2	0	2
Sandwell	1	0	0	0	0	0	1
Solihull	0	0	0	0	4	0	4
Walsall	0	0	0	0	5	0	5
Wolverhampton	0	0	0	0	0	0	0
WM 7 Met.	**3**	**0**	**3**	**0**	**26**	**0**	**32**
Black Country LEP	1	0	0	0	7	0	8
Coventry & Warwickshire LEP	4	0	1	0	6	0	11
Greater Birmingham & Solihull LEP	1	0	3	0	26	0	30
WMCA (3 LEP)	**6**	**0**	**4**	**0**	**39**	**0**	**49**

[4] 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, 31st May 2022.

ONS Weekly Release Indicators

Black Country Consortium Economic Intelligence Unit

Economic activity and social change in the UK, real-time indicators

On the 26th May 2022, the Office for National Statistics (ONS) released 'economic activity and social change in the UK, real-time indicators'. These statistics are early experimental data and analysis on economic activity and social change in the UK. These faster indicators are created using rapid response surveys, novel data sources, and experimental methods.

ONS also provides on a fortnightly basis the social insights on daily life and events, including impacts on health and well-being, the cost of living, and goods shortages from the Opinions and Lifestyle Survey (OPN).

Online Job Adverts

Figures are taken from jobs adverts provided by Adzuna. The Adzuna categories do not correspond to SIC categories and therefore not comparable with the ONS Vacancy Survey. Please note, Index of job adverts on Adzuna by category, 100 = average job adverts in February 2020.

Nationally, between the 13th and 20th May 2022, total online job adverts increased by 6.5%. On the 20th May 2022, total online job adverts were at 141.7% of their average level in February 2020. Out of the 28 categories (excluding unknown) all increased from the previous week. The largest weekly increase was in the category "graduate", which increased by 18.4% and was at 123.8% of the February 2020 level. There were two categories below the February 2020 average level, these were; "legal" (96.3%) and "healthcare and social care" (99.1%).

Online job adverts across all regions increased between the 13th and 20th May 2022. The West Midlands online job adverts decreased by 7.6% and on the 20th May 2022, it was at 149.8% of the average level in February 2020. All 12 regions were above their February 2020 levels, varying from; 124.4% in Wales to 191.9% in Northern Ireland.

Google Mobility

Google Mobility data provide an indicator of changes in the volume of visits to different location types compared with a pre-coronavirus baseline. ONS have transformed the publicly available anonymised data into an indexed seven-day moving average to smooth the weekday and weekend.

As of the 20th May 2022, for the West Midlands region visits to retail and recreation, transit stations and workplaces had not yet returned to pre-coronavirus levels (following national trends).

Visits to each location type for the West Midlands region in the week to 20th May 2022 compared with the previous week shows that workplaces decreased by 0.2% (to 84.6%), residential deceased by 0.1% (to 102.0%) and retail and recreation decreased by 1.0% (to 91.4%). Transit stations increased by 1.6% (to 80.7%), grocery and pharmacy increased by 0.4% (to 106.7%) and parks increased by 0.1% (to 124.1%).

National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 15,663 company incorporations in the week to 20th May 2022, slightly up from 15,638 recorded in same week in 2021. This is also up from 14,108 recorded in the same week in 2020 and in the same week in 2019 (14,807).

Also, for the week to 20th May 2022, there were 5,504 voluntary dissolution applications, down from 6,634 recorded in the same week in 2020. This is up from 4,637 recorded in the same week of 2020 and in the same week in 2019 (4,787).

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 15th May 2022, across the UK there were 46 employers proposing 3,010 potential redundancies. The potential redundancies 4-week rolling average was 3,245 and the employers proposing redundancies 4-week rolling average was 37. 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 66 and the employers proposing redundancies 4-week rolling average was 66.

System Average Price of Gas

The System Average Price (SAP) of gas increased by 41% in the latest week to 22nd May 2022 (from the previous week), 35% higher than the equivalent period from the previous year and 265% higher when compared to the pre-Coronavirus baseline.

Business Insights and Conditions Survey

The final results from Wave 57 of the Business Insights and Conditions Survey (BICS) based off the 5,072 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 25.3% (1,284) and 3,027 businesses that are head quartered in the West Midlands, with a response rate of 23.8% (719). Please note, the survey reference period was 1st to 30th April 2022 with a survey live period of 16th to 29th May 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

99.1% of responding West Midlands businesses were trading over the survey period, split by 97.4% fully trading and 1.7% partially trading.

Financial Performance

Excluding “not sure responses”, 18.2% of West Midlands businesses reported that the business turnover in April 2022 when compared with the previous calendar month had increased, 42.9% reported turnover to have stayed the same and 30.9% reported turnover had decreased.

Excluding “not sure responses”, 25.2% of West Midlands businesses reported that they expect business turnover in June 2022 to increase, 54% expected turnover to stay the same and 9.8% expect turnover to increase.

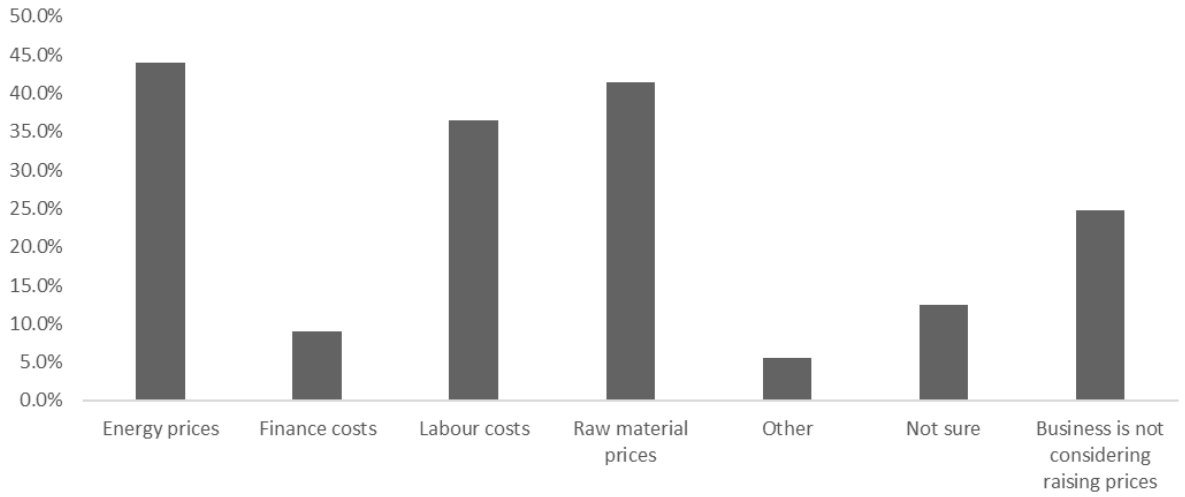
Prices

29.9% of West Midlands businesses reported the prices of goods or services brought in April 2022 when compared to the previous calendar month had stayed the same. Although, 53.8% of West Midlands businesses reported that prices had increased. In comparison, 54.4% of West Midlands businesses reported the prices of goods or services sold in April 2022 when compared to the previous calendar month had stayed the same and 31.5% of West Midlands businesses reported that prices had increased.

50.1% of West Midlands businesses expect the prices of goods or services sold in June 2022 will remain the same and 33.2% expect the prices to increase.

As seen in the following chart, 44% of West Midlands businesses report that energy prices are the cause for considering to raise prices in June 2022.

What factors, if any, are causing West Midlands businesses to consider raising prices in June 2022:



Demand for Goods and Services

53.6% of West Midlands businesses reported the domestic demand for goods or services in April 2022 when compared to the previous calendar month had stayed the same and a further 11.9% reported an increase. Although, 16.1% of West Midlands businesses reported that domestic demand had decreased.

In comparison, 23.9% of West Midlands businesses reported the international demand for goods or services in April 2022 when compared to the previous calendar month had stayed the same and a further 4.5% reported an increase. Although, 5.1% of West Midlands businesses reported that international demand had decreased.

Energy Prices

46% of West Midlands businesses reported to have been affected by recent increases in energy prices.
52.9% of West Midlands businesses have had to absorb the costs from the price rises.

Number of Employees

Excluding "not sure" responses, 58.3% of West Midlands businesses reported that the number of employees in April 2022 when compared to the previous month had stayed the same and a further 23% reported the number of employees had increased. Although, 11.4% of West Midlands businesses reported the number of employees had decreased.

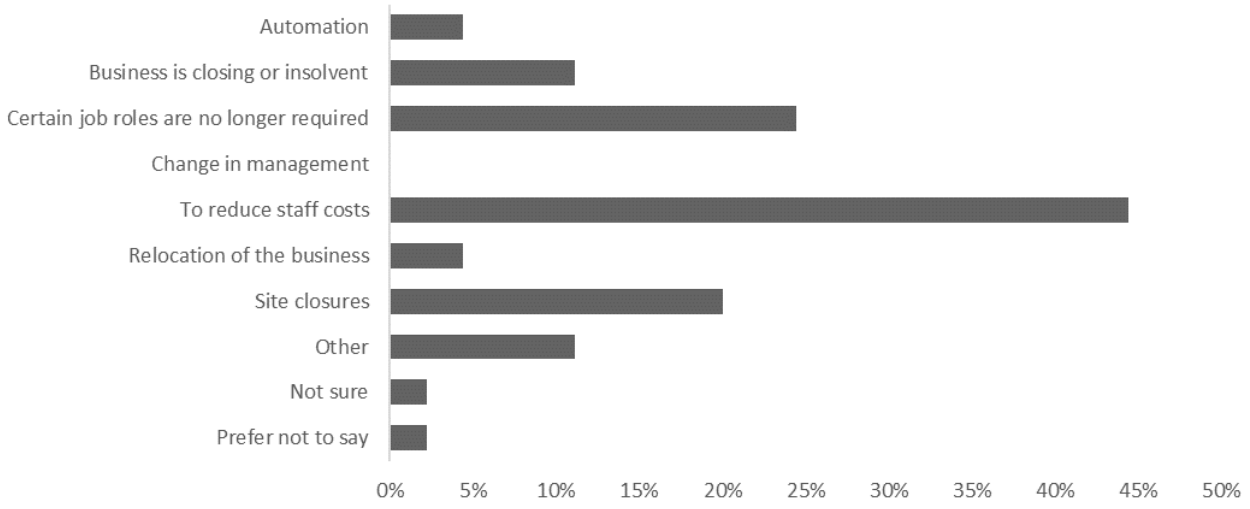
Excluding "not sure" responses, 56.8% of West Midlands businesses expect that the number of employees in June 2022 will stay the same and a further 25.1% expect the number of employees to increase. Although, 5.3% of West Midlands expect the number of employees to decrease.

Redundancies

3.5% of West Midlands businesses expect to make redundancies over the next three months. Excluding "not sure" responses, 13.3% of West Midlands businesses expect to make the redundancies within the next two weeks, 26.7% reported between two weeks and one month and 55.6% reported between one and three months.

44.4% of West Midlands businesses reported to making these redundancies to reduce staff costs.

Reasons as to why West Midlands businesses are making redundancies:



Recruitment Difficulties

43% of West Midlands businesses reported experiencing difficulties in recruiting employees in April 2022.

Expected Site Closures

2.6% of West Midlands businesses intend to permanently close business sites in the next three months. Notably, 15.2% of West Midlands businesses expect the workforce will not be affected from closing sites. However, 54.5% also expect there would be permanent redundancies.

Debts and Insolvency

28.4% of West Midlands businesses reported that debt repayments were up to 20% of turnover. 2.7% of West Midlands businesses reported repayments were between 20% and 50% of turnover and 2.6% reported repayments were between 50% and 100% of turnover.

49.6% of West Midlands businesses reported high confidence for the business to meet the debt obligations a further 14.9% had moderate confidence and 1.5% had low confidence.

5.8% of West Midlands businesses reported to be at moderate risk of insolvency, 45.4% reported low risk of insolvency and 38.6% reported no risk.

Overall Performance

Excluding “not sure” responses, 39.9% of West Midlands businesses reported that the business’s overall performance in April 2022 compared with the same period in 2021 had stayed the same and a further 33.2% reported that performance had increased. Although, 17.1% of West Midlands businesses reported that performance had decreased.

Excluding “not sure” responses, 38.7% of West Midlands businesses expect that the business’s overall performance in the next 12 months will stay the same and a further 37.5% expect an increase in overall performance. Although, 8.9% of West Midlands businesses expect performance will decrease.

Public opinions and social trends

Breakdowns by region are no longer provided within this dataset because of the smaller responding sample size of the OPN survey. Estimates are based on data collected between 11th to 22nd May 2022, (the “latest period") and 27th April to 8th May 2022 (the “previous period").

Financial Situation

The proportion of adults who think they would not be able to save any money in the next 12 months (46% in the latest period, 34% in November 2021) or that they could not afford to pay an unexpected, but necessary, expense of £850 (33% in the latest period, 27% in November 2021) has increased more gradually over the same time period.

Actions Following Cost of Living Increases

The most common actions reported by adults who reported their cost of living had increased continued to be spending less on non-essentials (56%), using less gas or electricity at home (50% - down 1% from previous period), cutting back on non-essential journeys in vehicles (39% - down 1% from previous period) and spending less on food shopping and essentials (36% - down 1% from previous period).

44% of adults reported that they were buying less food when food shopping. This proportion appears to be increasing, having been 41% in the previous period and 18% at the beginning of 2022.

Paying Energy Bills

The proportion of those who pay energy bills who are finding it very or somewhat difficult to afford them appears to be increasing. 46% of these adults reported they found it very or somewhat difficult to afford them in the latest period (41% in the previous period, 37% in the period 30th March to 10th April 2022). In comparison, 42% adults who pay energy bills reported it was very or somewhat easy to afford their energy bills in the latest period (49% in the previous period, 52% in the period 30th March to 10th April 2022).

Among those who reported they have gas or electricity supplied to their home, 4% reported they were behind on these bills (the same as in the previous period). This proportion has appeared to be relatively stable since the question was first asked in March 2022.

Attitudes Towards Improving Energy Efficiency of Homes

26% of adults reported they were considering making changes in their home to improve energy efficiency; this was a larger proportion compared to autumn 2021 (19%). The most common improvements being considered among adults considering making changes to improve energy efficiency were: improving insulation (42%), switching energy supplier (24%), installing solar panels (21%) or making other improvements (32%). Although, 74% of adults not considering making changes to improve energy efficiency were mainly due to; they would cost too much (36%), that they do not own their home (29%) or they felt their home was efficient enough (26%).

Well-Being

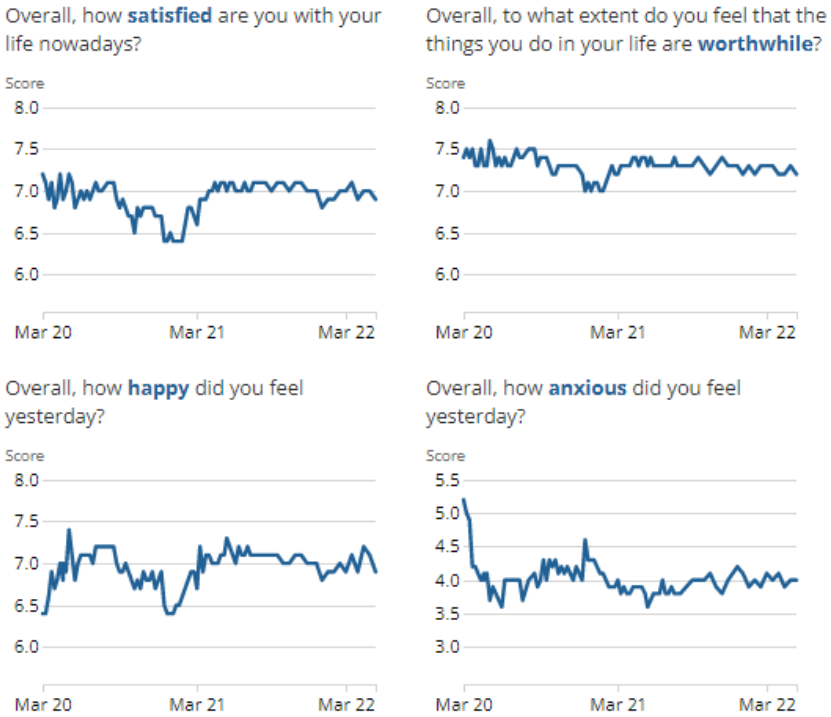
Life satisfaction – decreased by 0.1 since the previous period to 6.9.

Feeling that the things done in life are worthwhile - decreased by 0.1 since the previous period to 7.2.

Happiness - decreased by 0.2 since the previous period to 6.9.

Anxiety – remained at 4.0 since the previous period.

Levels of personal well-being, Adults in Great Britain, March 2020 to May 2022:



Source: Office for National Statistics – Opinions and Lifestyle Survey

8% of adults reported feeling lonely always or often in the latest period (6% in the previous period). This increased to 25% of adults reporting feeling lonely always, often or some of the time in the latest period (the same as in the previous period).

HEADLINES	
SECTOR	**KEY INSIGHTS**

Cross Sector	**Overview**
	Overall, business Leaders have welcomed the cost-of-living package to support households announced by Government but have stressed that businesses also need support and **are calling for both fiscal intervention and an emergency budget** to give businesses the breathing space necessary to recover and grow. There is a growing risk of a wave of insolvencies affecting vulnerable businesses. This is particularly exacerbated by:
	• **Rising costs continue to be a major issue reported by all businesses** of all sizes across every sector. Many businesses reported extreme concerns about the impact that inflation and other price pressures – **such as costs of labour and high utility bills are having on their ability to operate and recover from the pandemic**. Firms have reported that they need urgent Government intervention to help them survive the coming months, **preferably in the form of financial grants for energy bills**. More specifically:
	  ○ **Material Costs** – the continuing conflict in Ukraine are seen as major contributors to the **increase in global materials and supply costs**. Examples include; **disruption in the supply of oils,** particularly sunflower oil with prices increasing by some 60% severely impacting the catering industry with businesses needing to double order volumes to mitigate the risk and cope with potential delays with deliveries. **Steel prices still high** with one business quoting up to 50% increases on price, depending on grade. **Timber and cement price increases** also affecting the construction industry, including large scale developers. Rising costs of fertiliser, Nitrogen fertiliser – used to grow crops such as wheat, vegetables and pulses – has risen from £300 per tonne to £1,000 which is set to **push prices of foods such as cereal, oil and beer up even higher** as farmers reduce yields to manage the inflated cost per tonne.
	  ○ **Fuel Prices** – **Increasing fuel prices continue to affect almost every sector.** With haulage firms reporting to having to pass on costs to clients as fuel, additives such as AdBlue (1,000 litres raising from £230 18 months ago to over £700 recently) and maintenance costs all rising exponentially.
	• Recipients of CBILS report concerns on how inflation will affect repayment plans, as well as the business ability to pay back the loans.
	
	There is a continually mixed picture across the West Midlands' business environment. On the one hand, the **cost of living and cost of doing business crisis is causing continued concern for businesses** and is leading to severe financial impacts for some. However, there are **more reports emerging of relatively high confidence within the region's business base and investment markets**, particularly buoyed by months of no Covid restrictions and future growth prospects.
	• R3 Midlands research reveals the **number of new businesses set up in the West Midlands has fallen for the first time this year**; R3 reported that there were 5,404 start-ups in the West Midlands in April, a 21% decrease on the March figure of 6,845.
	• However, the latest Business Barometer from Lloyds Bank Commercial Banking found;
	  ○ **Business confidence in the West Midlands rose 11 points during May to 53%, second only to London of all UK regions and nations**.

- Companies in the **region reported higher confidence in their own business prospects month-on-month, up 21 points at 61 per cent - the biggest rise in the UK**.
- There was a net balance of 31% of West Midlands businesses expecting to increase staff levels over the next year, **down 13 points on last month.**

- The 2022 Attractiveness Survey, produced by financial services firm EY, reports that the West Midlands saw their **number of FDI-backed projects growing at a faster rate than the rest of the UK.** The West Midlands hosted 78 FDI projects in 2021, up 27.9% from the 61 projects located in the region in 2020. **The West Midlands even improved on its immediate pre-pandemic performance,** with only 64 projects taking place in 2019.
- The latest report from the West Midlands Quarterly Economic Snapshot found that in Q1 of 2022;
  - **54% of firms are expecting their profits to increase** in the next 12 months and **64% are expecting an increase in turnover** in that timeframe.
  - **60% of firms expect the price of their goods and services to increase** over the next three months, which is a **5% increase on the previous quarter.**
  - Recruitment difficulties are still rife in the region, with **66% of businesses reporting that they faced difficulties finding staff**, a 6% decrease on the previous quarter, is **second highest figure since records b**egan in 2018.
- Birmingham 2022 CWG has introduced the first-ever Social Values Charter for the Commonwealth Games, **leading to suppliers making commitments that support local businesses and local people.**

Trading Environment

- There have been further examples recently of **regional businesses looking to re-shore and use local supply chains** as components and materials from global suppliers are not of sufficient quality for the market.

Labour Market

Labour market findings from the last month include:

- **Salary Increases** – Salaries continuing to **rise at circa 6%** as companies, increasingly, being forced to **make substantial counter offers to keep staff** in addition to offering 4-day weeks and more flexible working patterns that more suit the candidate.
- **Working from Home** – A clear rise in companies being flexible with office/home working. Office based companies frequently offering a maximum of 3 days in office to **ease the pressure on the cost of living for staff.**
- **Staff Shortages** – Continued issues with the social care sector with companies saying that the **lack of staff is now affecting their operation and them being in the position of losing customers and contracts with Local Authorities.** Regional businesses that are looking to expand are **struggling with recruitment due to the HS2 construction project.** Available workers being offered higher pay meaning local **employers are struggling to compete**. In addition, local pubs and restaurants continue to have to restrict operating hours as they are **unable to hire qualified and suitably trained chefs and other hospitality and waiting staff.** Those seeking employees in procurement facing limited candidates leading to significant salary rises.
- **Ageing Workforces** – Investment in new technology and machinery affecting ageing workforces, particularly in **Manufacturing and Engineering with some delaying investments.**
- **Young Workers & Students** – Reports that younger employees often do not remain in roles for the long term.
- **Recruitment –** Growth of both **permanent placements and temporary billings accelerates** with demand for staff increasing at the **fastest rate for six months**.

	• **Recruitment Agencies** – Rapid growth **businesses are headhunting aggressively to fulfil senior and technical roles** to support strategic growth plans.
	• **Apprenticeships** – The Coventry & Warwickshire region is seeing a **huge increase in the number of apprenticeships roles** being advertised. Recently, **up 15%** with companies trying to attract candidates finishing school/college.
	• **17,790 manufacturing jobs have been lost since the start of the Covid-19** pandemic in the Midlands - Analysis by Labour (Shadow Business Secretary) shows every part of the country apart from Scotland suffered a fall in the number of workers employed in the sector.
	• Since the start of 2022, **Birmingham Airport has increased its pool of deployable security officers by 19% and its front-of-house customer service teams by 20%.** Recruitment continues at the airport to rebuild its resources to a level that enables it to give the great customer service its customers expect.
	
	Enquiries
	Engaged companies are often unable to access much business support locally at present due to a lack of funded provision across the region, with **many ERDF funded projects coming to an end and UKSPF projects yet to begin**. Common Growth Hub enquiries in recent weeks have included:
	• **Access to Finance (Innovation) -** Innovative businesses are looking to raise finance to support the development of new products.
	• **Other General Support** – A wide range of support in other areas includes:
	  ○ Mentoring Support – particularly around strategy, succession/legacy planning, planning for growth and scaling up for high growth businesses
	  ○ Grants – including efficiency measures and low carbon initiatives
	  ○ Planning Issues
	  ○ Innovation and proving of concepts
	  ○ Research and Development
	  ○ Skills Support – broad range and ongoing support being provided across all sectors
	  ○ Inward Investment and Property/Land Searches
	  ○ B2B Referrals
	  ○ International Trade
	  ○ 5G Support
	  ○ Networking
	  ○ Legal & HR Support – referral to membership organisations
	  ○ Digital Support

Construction	• The **construction industry continues to face challenges** as some material prices continue to rise, for example; paint is a major concern in the industry and the **material is beginning to cost more than the labour.** • The insurance debentures being asked for contracts is **pricing companies out of the business.** • **Security across construction sites is also adding to the cost challenges** for many projects, with storage of red diesel proving challenging and materials being in high demand companies are being forced to recruit 24/7 security on sites.

Hospitality/Retail	• **Retailers have started to see a bounce back in trade,** with boosts coming from the Jubilee weekend and the expected boosts in due course relating to the Commonwealth Games. • However, hospitality and retail businesses remain worried that the cost-of-living crisis will significantly impact consumer spending over the summer. As inflation begins to hit hard, **businesses are concerned that consumers reduced disposable income will result in lower footfall and falling revenues**. Considering the extent to which the sectors were affected by Covid-19, the crisis is extremely concerning for their ability to return to normal trading levels. • **Food and Drink manufacturers are still finding it difficult to get production staff**. The use of recruitment agencies is on the rise with some reporting that they have not had to go down this route for six or seven years. For some employers the **training and upskilling of staff is having a detrimental impact as staff are using their new skills and accreditation to move to higher paying jobs.** Due to this, end of year incentives are being implemented or least considered to incentivise staff members to stay on.

NEW ECONOMIC SHOCKS			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL**
JLR	Region-wide	Automotive	Jaguar Land Rover loses more than £400m as global computer chip shortage and Russia's war with Ukraine impact sales. There is another potential economic shock from JLR as there are threats to move electric vehicle production overseas. JLR could move its electric car production to Europe after becoming frustrated with a lack of action over a British Gigafactory. Owners Tata Motors have held talks with overseas battery manufacturers Northvolt and S Volt Energy Technology after a deadlock in the UK Government's backing for a plant in the UK.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL**
Northbridge Industrial Services	Burton	Manufacturing	Burton-based manufacturing and plant hire firm Northbridge Industrial Services has created 20 jobs after opening its new 13,000 sq ft manufacturing site.
DPD	Wolverhampton	Logistics	Trebor Developments and Schroders Capital UK Real Estate Fund have secured detailed planning consent to build a parcel hub of approximately 60,000 sq ft for DPD at Wolverhampton.
Tim Horton's	Sandwell	Hospitality	Coffee chain opens drive through and restaurant in Oldbury, creating 90 jobs, a mixture of full time and part time.
EnableLink	Sandwell	Waste Management	A local business has taken over a derelict site which specialises in metal recycling and plans to redevelop the site on George Henry Road into a major waste management facility, creating up to 100 jobs.
Onto	Warwick	Automotive	An operator of an electric car subscription service is creating more than 100 jobs after moving to a new headquarters in the West Midlands. Onto are reported to have more than doubled its staff in the past year, prompting the relocation to 8,500 sq ft of space in Wedgnock Lane.

MPL Fabrications	Coventry	Manufacturing	MPL Fabrications invested £108,000 towards buying the a new CNC machine along with its software and tooling to support growth plans.
Fortel Group/ Balfour Beatty Vinci HS2	Region-wide	Construction	500 jobs are to be created in the West Midlands as Fortel Group is awarded a contract with Balfour Beatty Vinci HS2. The firm is set to support a 60 mile stretch of the line between Long Itchington Wood Green tunnel, across the Delta Junction / Birmingham Spur and onwards north to Lichfield.
Progress Care	Wolverhampton	Healthcare	A social care services specialist is looking to create 50 jobs in the Black Country after launching its latest venture. Progress Care, which supports children and young adults, has invested more than £250,000 in the Resource Centre at its Wolverhampton Headquarters.
BOXRAW	Coventry	Sports	A Coventry sportswear brand has revealed plans to create 200 jobs after seeing sales more than triple. BOXRAW's plans involve re-developing an existing garage on land north of Broomfield Road in Earlsdon to create a five-storey 2,603 sq m office space with a fully equipped boxing gym with bags, machines and a competition size ring.
St Francis Group/ Parallel 113	Walsall	Construction	The development will remediate a brownfield site of just over 2.5 hectares close to Junction 10 of the M6. Parallel 113, off the A4038, Darlaston Road, is due to be available for occupation from January 2023.
West Midlands Pension Fund	Birmingham	Professional Services	CBRE Investment Management, on behalf of West Midlands Pension Fund, has acquired 125 Colmore Row for around £80m from EPIC UK. The building in Birmingham's city centre comprises of 150,000 sq ft of Grade A office accommodation.

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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