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 week has seen rapidly rising inflation globally and a return to double digit inflation in the UK for the first time in 40 years. Extreme weather events continue to cause concern, with drought conditions in parts of Europe, low river levels and wildfires. With athletes leaving Birmingham, attention is focused on capitalising on the impact of the Birmingham 2022 Commonwealth Games, locally and regionally.

Global trends

- Runaway energy and food prices, negative real wage growth and COVID lockdowns have shaken the global economy. Barclays forecast that China will post a sharply declining negative Q2 GDP figure and the Euro area will enter a recession from Q4 this year.
- Inflation has been rapidly rising globally. It hit 8.6% in the Euro area in June. This is a record high since the Euro was formed.
- Extreme weather as a result of climate change is continuing to rock multiple countries across the world. This week, due to extreme heat and low rainfall levels, several rivers across Europe including the Rhine and Po, have seen rapidly reducing water levels. Shippers have said that they are having to reduce their freight cargo by up to 25% to be able to navigate the shallower waters.

Inflation: national trends and regional impact

- Rapidly rising food, drink and energy costs have pushed UK inflation into double digits for the first time since the early 1980s. In the latest Consumer Price Index (CPI) release from the ONS, inflation hit 10.1% in the 12 months to July 2022, up 0.7% from June. The largest single contributor to this increase came from food and non-alcoholic beverages.
- A report from the Centre for Cities, looking at inflation by place, found that the Midlands and the North are set to be most heavily impacted. Key contributory factors to higher inflation rates in the Midlands are: (1) poor quality housing stock which is energy inefficient; (2) vehicle related spending: in areas where there is greater reliance on cars; and (3) lower income places are most likely to experience higher inflation rates and are less able to absorb new cost shocks.

Birmingham 2022 Commonwealth Games: an early assessment of impact and longer-term prospects

- A very early assessment of the impact of the Birmingham 2022 Commonwealth Games, using the Socio-Economic Impact Model for the UK (SEIM-UK) based on some historic data and assumptions from the assessment of the Glasgow Commonwealth Games, estimates that the Birmingham 2022 Commonwealth Games will lead to an increase in output of £346-£518 million, an increase in GVA by £167-£251million and create between 4,678 and 7,002 jobs (FTE).
- The assessment is based specifically on the evaluation of visitor impacts, taking into account estimates of spending of three groups: tourists (overnight visitors), excursionists (same-day visitors), and athletes. (Note that it excludes the investment in the Perry Bar regeneration scheme amongst others associated with the Commonwealth Games.)
- The most significantly impacted sectors are those that saw the impact of the demand shock, led by visitor spend on hotel stays, eating out, tickets to the Games, and local retail. The most impacted occupation is Elementary Administration and Service Occupations.
- There is significant potential for indirect impacts that are less easy to quantify. The Games will likely have generated reputational effects that challenge negative perceptions of Birmingham. There might be young aspiring athletes inspired by seeing the games in person. The new infrastructure built for the events might have considerable impacts on local communities over time. Additionally, there are the impacts on civic pride.
- One area that has been of focus for Birmingham 2022 is the potential for the Games to attract business investment and increase exports. To help capitalise on this investment the Business and Tourism Programme (BATP) has been developed to coincide with the Commonwealth Games.
- Based on previous experience of mega-events, a tourism boost for the host area can be anticipated in the longer-term. Mega-events are associated with the development of regional creative industry profiles and local talent.
- New infrastructure investments associated with the Commonwealth Games include the £73 million Sandwell Aquatic Centre; £700 million of public sector investment in transport, homes and facilities in Perry Barr, and a £72 million transformation of Alexander Stadium for the Games and communities. This new infrastructure will serve local communities and help attract more events to the region in the future, with the stadium becoming home to UK Athletics, locking in longer-term employment and multiplier effects.

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

West Midlands Combined Authority UKRI Research England

Business Activity Index

- The West Midlands Business Activity Index decreased from 51.1 in June 2022 to 50.3 in July 2022, indicating a stagnation in local output. The UK Business Activity Index decreased from 53.7 to 52.1 in the same period. Firms indicated that business activity was restricted due to adverse demand conditions, reduced market confidence, input shortages and the ongoing inflationary pressures.
- The West Midlands Export Climate Index decreased from 52.3 in June 2022 to 50.1 in July 2022, indicating a lack of export opportunities for West Midlands firms, reflected by contractions for the USA (47.7) and Germany (48.1).
- The West Midlands Future Business Activity Index decreased from 70.3 in June 2022 to 68.3 in July 2022. The degree of optimism was at its second-weakest level since October 2020 as firms reported concerns over recession, political uncertainty, inflationary pressures and the war in Ukraine. However, firms still reported some level of confidence for the upcoming twelve months by predictions of demand improvements, new product launches and investment in people and systems. Out of the 12 UK regions and nations, the West Midlands was third highest for Future Business Activity in July 2022.

Labour market

- For the three months ending June 2022, the West Midlands Region employment rate (aged 16 – 64 years) was 74.9%. Since the three months ending March 2022, the employment rate decreased by 1.3pp which was the second highest decrease across all regions. There was an increase of 0.3pp when compared to the same period in the previous year. The UK employment rate was 75.5%, a decrease of 0.1pp when compared to the previous quarter but an increase of 0.5pp when compared to the previous year.
- For the three months ending in June 2022, the West Midlands Region unemployment rate (aged 16 years and over) was 4.6%, which has increased by 0.1pp since the previous quarter but a decrease of 0.4pp from the previous year. The UK unemployment rate was 3.8%, an increase of 0.1pp from the previous quarter, but a 0.9pp decrease when compared to the previous year.
- For the three months ending March 2022, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.3%, an increase of 1.0pp from previous quarter but a decrease of 0.1pp when compared to the previous year. The UK economic inactivity rate was 21.4%, remaining the same level from the previous quarter and an increase of 0.2pp from the previous year.
- There were 145,745 claimants in the WMCA (3 LEP) area in July 2022. Since June 2022, there has been a decrease of 0.01% (-20) claimants in the WMCA (3 LEP) area, while the UK decreased by 0.5%. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 23.9% (+28,155) in the WMCA (3 LEP) area, with the UK increasing by 21.5% over the same period. Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 - 64 years old was 5.5% compared to 3.7% for the UK in July 2022.
- There were 24,740 youth claimants in the WMCA (3 LEP) area in July 2022. Since June 2022, there was an increase of 1.9% (+460) youth claimants in the WMCA (3 LEP) area, while the UK increased by 2.4%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 9.6% (+2,160) in the WMCA (3 LEP) area, with the UK increasing by 4.0% over the same period. Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18- 24 years old was 6.3% compared to 4.4% for the UK in July 2022.
- Nationally, between the 29th July and 5th August 2022, total online job adverts decreased by 0.7%. On the 5th August 2022, total online job adverts were at 121.9% of their average level in February 2020.

Local business intelligence

- The impact of inflation on rising costs / prices continue to be a major business issue, particularly for utilities, wages and materials. Business groups have warned that the inflationary spiral is “unsustainable” for businesses.
- Increasing prices continue to significantly impact businesses across all sectors, who are dealing with price rises in every area and step of their supply chain. Hospitality businesses, hotels, and retailers have reported that they are experiencing huge cost changes – including a minimum of a tripled price for electricity and gas – and are having to decide between substantially raising prices for customers, and thereby discouraging footfall, or to absorb the costs in their business models.
- Recruiting staff is increasingly difficult and problematic for many businesses. The combination of changed employee expectations (e.g., reduced hours worked, working from home etc) plus the high demand for labour across sectors and disciplines, are fuelling demands for very high wages and favourable conditions – even from those who are unskilled, inexperienced or new entrants to the labour market.
- Regional business groups have stressed the need to find ways of attracting new talent, both at home and from overseas, in a suite of support from Government that also encourages businesses to invest in their infrastructure and people.
- With regard to supply chains, businesses continue to report difficulty in obtaining materials continues with increases in lead times and costs leading to lost business.

Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

Economic Growth

After a heated return following the re-opening of economies after the pandemic, economies are drastically slowing down. Runaway energy and food prices, negative real wage growth and COVID lockdowns have shocked the global economy. Barclays forecast that China will post a sharply declining negative Q2 GDP figure and the Euro area will enter a recession from Q4 this year.

Barclays have also revised down their forecast in 2023 GDP growth for the US to just 1.1% after a strong start to the year. This is largely because housing activity is dramatically falling following a massive rise in mortgage rates and the additional loss of consumer confidence which is impacting spending.

Overall, Barclays expect advanced economies to grow 2.5% in 2022, a sharp decline from the 5.2% in 2021. However, there are further risks that this forecast may worsen. Some of the main risks include further lockdowns in China or Russia slowing down natural gas exports to the EU.

Inflation

Inflation has been rapidly rising globally, with it hitting 8.6% in the Euro area in June, which is a record high since the Euro was formed. Inflation is usually caused by either cost-push or demand-pull inflation. The global economy is currently experiencing a strong mix of both these types of inflation. Demand pull inflation has resulted from pent-up demand building up under periods of lockdowns, leading to excessive spending of savings in a short time frame and on fewer available goods and services, due to lower output as a lockdowns restricted production. Cost-push inflation has risen due to supply chain disruptions pushing up the costs of international trade in goods and Russia's invasion of the Ukraine, dramatically increasing the prices of basic commodities.

However, PWC expects that the current high inflationary environment will begin to ease as we enter 2023, as global increases in interest rates will reign in economic activity, specifically price pressures in the service industries and for certain consumer goods. However, food and energy price inflation largely depends on geopolitical events which are generally much harder to forecast.

Extreme Weather

Extreme weather as a result of climate change is continuing to rock multiple countries across the world. Each new extreme event not only puts lives at risk but can slow or stop everyday business operations for a prolonged period of time. This week, due to extreme heat and low rainfall levels, the rivers across Europe including the Rhine and Po, have seen rapidly reducing water levels. Some rivers are expected to see water levels below 40 centimetres in parts; this is concerning as below 40cm it becomes no longer economically viable for many barges to transit rivers. This will significantly impact the disruption of goods throughout Europe, especially as rivers and canals in Europe transport more than a tonne of freight every year for every citizen.

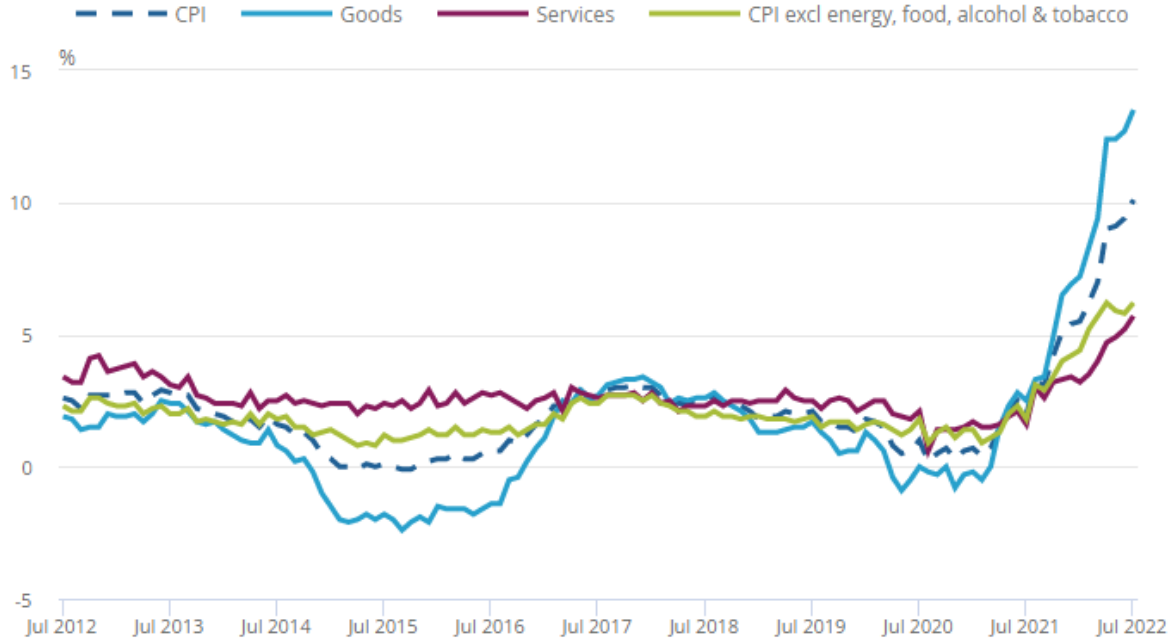
Shippers have said that they are having to reduce their freight cargo by up to 25% to be able to navigate the shallower waters. Rivers such as the Rhine also transport a significant proportion of the nation's coal to German power plants, which has been helping to offset the impact of Russia's squeeze on gas supplies. France- an energy exporter- would usually help to ease energy pressures in Europe, however around half the country's nuclear reactors are undergoing maintenance. Additionally, the hot rivers (due to extreme heat) are restricting the ability to cool nuclear power plants, leading to companies such as EDF reducing output. This is placing further stress on Europe's energy systems and energy prices.

National

Inflation

Rapidly rising food, drink and energy costs have pushed UK inflation into double digits for the first time since the early 1980s. In the latest Consumer price index (CPI) release from the ONS, inflation hit 10.1% in the 12 months to July, up 0.7% from June. Figure 1 below from the ONS shows that the CPI all goods index rose by 13.5% in the 12 months to July 2022, up from 12.7% in June. The CPI all services index rose by 5.7% in the 12 months to July 2022, up from 5.2% in June. "Core" CPI (excluding energy, food, alcohol and tobacco) rose by 6.2% in the year to July 2022, increasing from 5.8% in June.

Figure 1: CPI goods, services, and core annual inflations rates over the last 10 years

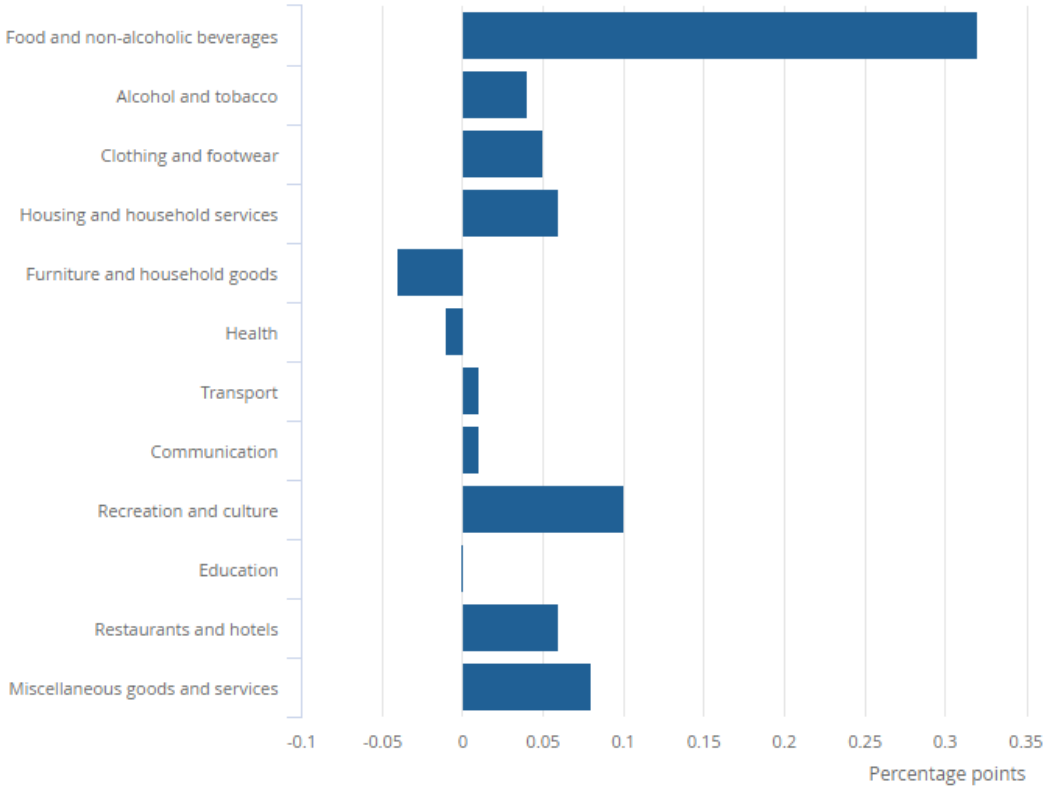


Source: ONS, 2022

Figure 2, from the ONS, shows how each of the main groups of goods and services contributed to the change in the annual CPI inflation rate between June and July 2022. Summing the contributions to change across the 12 divisions results in the change to the annual CPI rate between the two months, that is, the rise from 9.4% to 10.1%.

According to the ONS, the rise in the CPI rate in July 2022 was driven by contributions from 9 of the 12 divisions, with the largest contribution (0.32% points) coming from food and non-alcoholic beverages. Within food, all classes made an upward contribution to the CPI annual rate of inflation. The ONS found the largest movements came from bread and cereals (0.06% points), milk, cheese and eggs (0.05% points), and vegetables (including tubers), meat, sugar, jam, honey, syrup, chocolate and confectionary, which each contributed 0.04% points to the change in the annual rate.

Figure 2: Contributions to change in the annual CPI inflation rate, UK, between June and July 2022



Source: ONS, 2022

Energy Bills

A recent survey by Uswitch has found that household energy debt is standing at a record high of £1.3bn, nearly 3 times larger than in September 2021. With most customers' energy bills set to rise from October, a quarter of households already owe an average of £206 to their energy provider this summer alone. Another eight million bill payers have no credit balances, meaning 14 million households have no protection from hardship this winter.

New forecasts for the energy price cap from Cornwall Insight have risen by over £650, meaning a typical household is now predicted to pay the equivalent of £4,266 a year for the three months to March 2023. Forecasts for the October cap have also seen a rise, going up by over £200, with predictions for an average bill now sitting at £3,582.

OFGEM has stated it is too early to make such predictions, especially considering the certainties round energy supplies from Russia. However, it is expected that the latest price cap will be announced by OFGEM at the end of the month.

Regional

Inflation

A report from the Centre for Cities, looking at inflation by place, found that the Midlands and the North were set to be the most heavily impacted. The Midlands was likely to face higher inflation rates due to:

1. Poor quality housing stock: Of the 10 cities and large towns with the least energy efficient housing stock, seven are in the North or the Midlands. The poorer the quality of the housing stock the more likely that the energy use is higher, therefore those in poorer quality housing will spend more heating their homes. The West Midlands has some of the highest rates of fuel poverty in the UK and according to the Centre for Cities pays some of the highest bills.
2. Vehicle related spending: Cities and towns in the Midlands and North where there is greater reliance on cars are more exposed to increases in fuel prices. Therefore, the rapid increase in fuel over the last 6 months will have a greater impact on households with greater dependency on vehicle usage.
3. Lower incomes: Places which are most likely to experience higher inflation rates were cities which were already in a precarious position, where lower wages reflected a weaker economic performance. Areas with

lower wages were also more likely to be facing higher levels of debt, making it more difficult to absorb new shocks on costs.

Commonwealth Games

With the Commonwealth Games ending, there is now the question of legacy? Can the city economise of the success of the games going forward? As highlighted in a recent blog authored from City REDI, long-term impacts are expected to be felt in:

1. Tourism: There is the expectation of increased tourism with the huge increase in footfall for those attending the Games anticipated to translate to a tourism boost for the host area. Historically, tourism boosts have been seen within other host cities in the UK such as Glasgow and Manchester. This is something the government is keen to capitalise on for Birmingham, pledging £24 million over three years to support a Business and Tourism Programme, which aims to increase local capacity to market the region to inward investors - generating more footfall and spending over the longer term.
2. Creative Industry: Mega-events are associated with the development of regional creative industry profiles and local talent. Birmingham has a thriving creative sector and just last week the BBC has announced that BBC Midlands will be moving to a new home in the heart of the city in Digbeth. The creative industries have been growing at twice the rate of the general UK economy, with huge potential to make a contribution to economic growth, regionally and nationally.
3. Infrastructure: New infrastructure investments include the £73 million Sandwell Aquatic Centre; £700 million of public sector investment in transport, homes and facilities in Perry Barr, and a £72 million transformation of Alexander Stadium for the Games and communities. This new infrastructure will serve local communities and help attract more events to the region in the future, with the stadium becoming home to UK Athletics, locking in longer-term employment and multiplier effects.

Birmingham Commonwealth Games 2022 has a well-developed legacy programme, with the aim to realise £200 million in 'social value' - boosting the skills, confidence and optimism of local people who experienced a positively impact from the Games in their daily lives - but much of this will be difficult to precisely measure. In the past previous mega events have also been questioned on the extent to which such events fulfilled legacy promises.

An Early Assessment of the Economic Impact of the Birmingham 2022 Commonwealth Games

Matt Lyons, WMREDI

Dr Matt Lyons provides an early assessment of the economic impact of the 2022 Birmingham Commonwealth Games.

When the Commonwealth Games kicked off in Birmingham the buzz about the city was infectious. Spectators have flocked to events to see elite athletes compete and/or to see the supporting art exhibits like the giant mechanical bull described as a 'selfie magnet'.

The city was visibly busy, evidenced by the massive demand for hotel space and the general bustle in the centre.

The Commonwealth Games is set to receive £778 million in public funding from a mix of central Government and Birmingham City Council resourcing. As ever with this level of public spending it is reasonable to ask:

What does all this tourist activity mean for the local economy?

It is still relatively early days and much of the data on visitor numbers and average spend is not yet known. However, in this blog, we use historical data from the assessment of the Glasgow Commonwealth Games in 2014 to estimate a range of scenarios about the potential impact of the Games.

Method

To provide an analysis of the regional economic impact we use the Socio-Economic Impact Model for the UK (SEIM-UK).

The SEIM-UK shows a complete picture of the flows of goods and services in the UK economy over one year (base-year 2016).

To estimate the spending of visitors we follow the analysis of Allan et al., 2017 and evaluate the spending of three groups: tourists (overnight visitors), excursionists (same-day visitors), and athletes.

Table 1: Commonwealth Games Tourist Spending Estimates

			Number of visitors			Total expenditure £m		
	Number of days	Average expenditure per day*	Scenario 1	Scenario 2	Scenario 3	Scenario 1	Scenario 2	Scenario 3
Tourists (overnight visitors)	2.6	63.61	8,800	10,560	13,200	1.5	1.7	2.2
Excursionists (same-day visitors)	6.8	139.49	205,000	246,000	307,500	194.4	233.3	291.7
Athletes	11	27.9	6,500	6,500	6,500	2.0	2.0	2.0

**Numbers adjusted for inflation*
Source: Adapted from TNS et al., 2014

There are considerable health warnings attached to these data.

The visitor numbers in scenario 1 are taken directly from Allan et al.'s, 2017 impact study of the Glasgow 2014 Commonwealth Games. The 205,000 excursionists figure reports the non-Scottish excursionists to the games in an attempt to capture unique visits for the games and because local visits are essentially displacing other local consumer spending and unlikely to have a significant net effect see (Allan et al, 2007). By isolating spending by non-locals, we are identifying spending that will be additional to the area and so likely to be the net impact on the Games.

To compensate for the uncertainty surrounding the figures we run two other scenarios assuming a higher number of visitors as is anticipated given the higher level of public spending and the larger local population. In scenario 2 we simulate a 20% increase in visitors vs scenario 1 and in scenario 3 we simulate a 50% increase in visitors.

After the Games have concluded we expect to have more accurate data on the spectators of the Games, including visitor numbers and spending patterns. At this point we expect the accuracy of the analysis to improve in time.

With estimates of spending, we assume all spending will occur within Birmingham and its surrounding region as defined by West Midlands in the NUTS 2 framework. However, some events, such as cycling, are taking place outside the region.

The expenditure figures for each scenario are then fed into four sectors of the SEIM UK.

The main sectors identified are:

- Wholesale and retail trade; repair of motor vehicles
- Transportation and storage
- Accommodation and food service activities,
- Arts, entertainment, and recreation

The proportion of spending attributed to each sector is taken from earlier workings for the Glasgow Commonwealth Games (Grant et al., 2017 Table A1) The four sectors are chosen for simplicity to capture the vast majority of tourist spending.

The Economic Impact of Birmingham 2022 Commonwealth Games

The inputs in the previous section are pushed through the SEIM model to reflect new levels of final demand in different sectors of the economy. The results at a national level are shown in Table 2.

Between scenarios 1 and 3 we can see a range of possible output, GVA and employment impacts across the UK economy.

We estimate that the Birmingham 2022 Commonwealth Games will lead to an increase in output of £346 million under scenario 1 to a potential £518 million under scenario 3. In GVA terms we estimate an increase of between £167-£251million. The estimate of new jobs created lies between 4,678 and 7,002 jobs (FTE).

Table 2: Results of each of the three scenarios in output, GVA and employment.

	Scenario 1	Scenario 2	Scenario 3
Output £ millions	346.2	414.9	518.4
GVA £ millions	167.5	200.8	250.9
Imports £ millions	30.0	36.0	44.9
Employment (FTE)	4,678	5,605	7,002

Table 3 reports the output, value-added, and employment multipliers for the UK economy as a result of scenario 1. The output multiplier can be read as for every £1 visitors spent on the games £1.75 was generated throughout the economy. The employment multiplier can be read as for every £1 million visitors spent 23.7 FTE jobs are created.

Table 3: Scenario 1 Output, Value Added and Employment multipliers

	Multiplier effect (per £)
Output multiplier (per £)	1.75
Value added multipliers (per £)	0.85
Employment multipliers (per million)	23.7

When we consider the economic impact at the regional level we can see that the impact is largely concentrated in the West Midlands (UKG3) with 90% of the change in GVA as a result of the Games being found in the region. This is unsurprising as this is the region the Games were hosted in.

Interestingly the next most affected regions are Inner London – West and Outer London – West and North West (see Figure 1). This suggests that supply chain linkages are strongest with those regions rather than neighbouring regions in the Midlands. Due to the scale of the analysis (NUTS 2), we cannot infer what the relationships look like below this level.

Figure 1: Change in GVA by NUTS 2 Region (scenario 1)

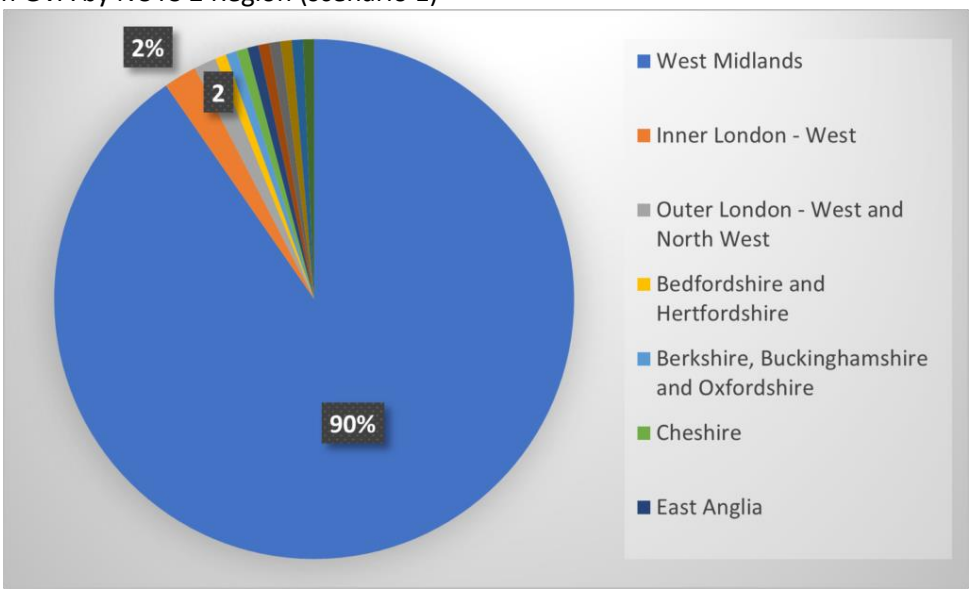


Figure 2 shows the economic impact by industrial sector. As might be expected the most significantly impacted sectors are those that saw the impact of the demand shock (dark blue). Visitors spend on hotel stays, eating out, tickets to the Games, local retail, and transport. This analysis does not account for the free bus shuttles available for ticket holders. Beyond this, we can see the supply chain impacts of other interrelated sectors needed to support these activities.

Figure 2: Percentage change in GVA by industrial sector (scenario 1)

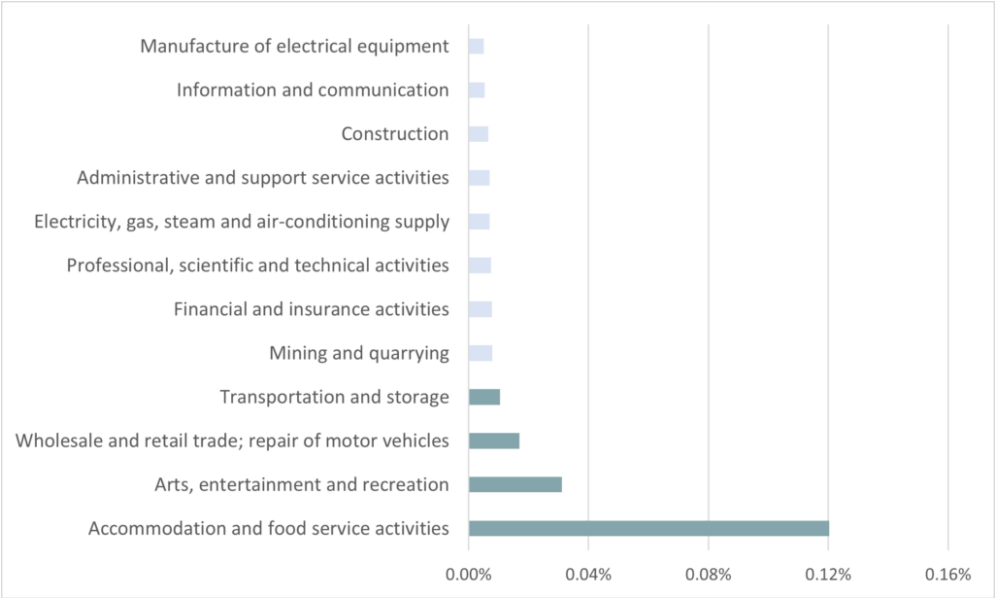
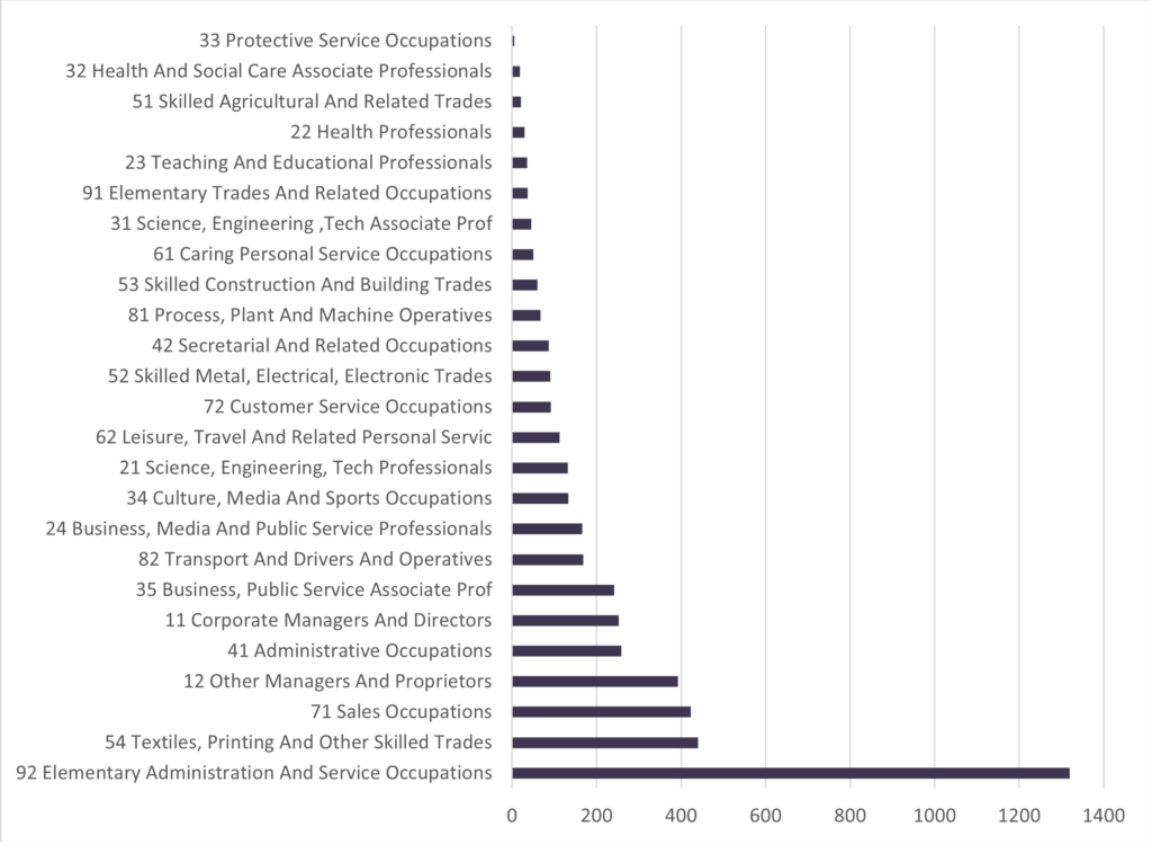


Figure 3 shows a breakdown of the 4,678 new FTE jobs created in scenario 1 by occupation. The most impacted occupations are 92: Elementary Administration and Service Occupations (1,320 jobs FTE), 52: Textiles, Printing, and other Skilled Trades (440 jobs FTE), and 71: Sales Occupations (423 jobs FTE). A considerable number of those facilitating the games are volunteers who are not separated in this analysis.

Figure 3: New jobs (FTE) created by occupation (scenario 1). Occupations are shown in two-digit standard occupational classification codes (SOCs).



Conclusion

The extent to which Birmingham 2022 will provide economic benefits to the region and wider UK will be followed with great interest from regional and national policymakers considering hosting future events such as Eurovision 2023.

This study provides a very early assessment of the impact of the Games based on some historic data and assumptions. As such we report a range of possible outcomes to be refined as data availability improves.

We estimate that the Birmingham 2022 Commonwealth Games will lead to an increase in output of £346-£518 million, an increase in GVA by £167-£251million and create between 4,678 and 7,002 jobs (FTE).

The jobs created by the Games, a temporally fixed one-time investment, may not endure after the end of the Games. It is also important to note that this analysis focuses specifically on visitor impacts and excludes the investment in the Perry Bar regeneration scheme amongst others associated with the Commonwealth Games.

There is a degree of scepticism among economists about the economic benefits of hosting mega-events like the commonwealth games. Mega-events have often been the subject of economic appraisal and have been frequently found to not boost the local economy beyond the cost of the event itself through revenues raised during the event alone.

Despite this, however, there is significant potential for indirect impacts that are less easy to quantify. The Games will likely have generated reputational effects that challenge negative perceptions of Birmingham. There might be young aspiring athletes inspired by seeing the games in person. The new infrastructure built for the events might have considerable impacts on local communities over time. Additionally, there are the impacts on civic pride derived from all the activities across the city not least watching Ozzy Osbourne shouting “Birmingham Forever”.

One area that has been of focus for Birmingham 2022 is the potential for the games to attract business investment and increase exports. There is considerable potential for this; Rose et al., (2011) show that hosting a mega-event has a strong positive impact on national exports.

To help capitalise on this investment the Business and Tourism Programme (BATP) has been developed to coincide with the Commonwealth Games. The stated objectives of the BATP include softer impacts such as ‘increasing positive perceptions of the West Midlands and wider UK’. But also, goals for economic impact in terms of boosting economic benefits through ‘increased exports, ODI and FDI’.

This blog is an early stage of a collaboration between City-REDI/WMREDI and The University of Strathclyde to assess the economic impact of the Commonwealth Games.

NatWest Purchasing Manager Index (PMI) Survey: West Midlands Region released August 2022[1]

Black Country Consortium Economic Intelligence Unit

In Summary:

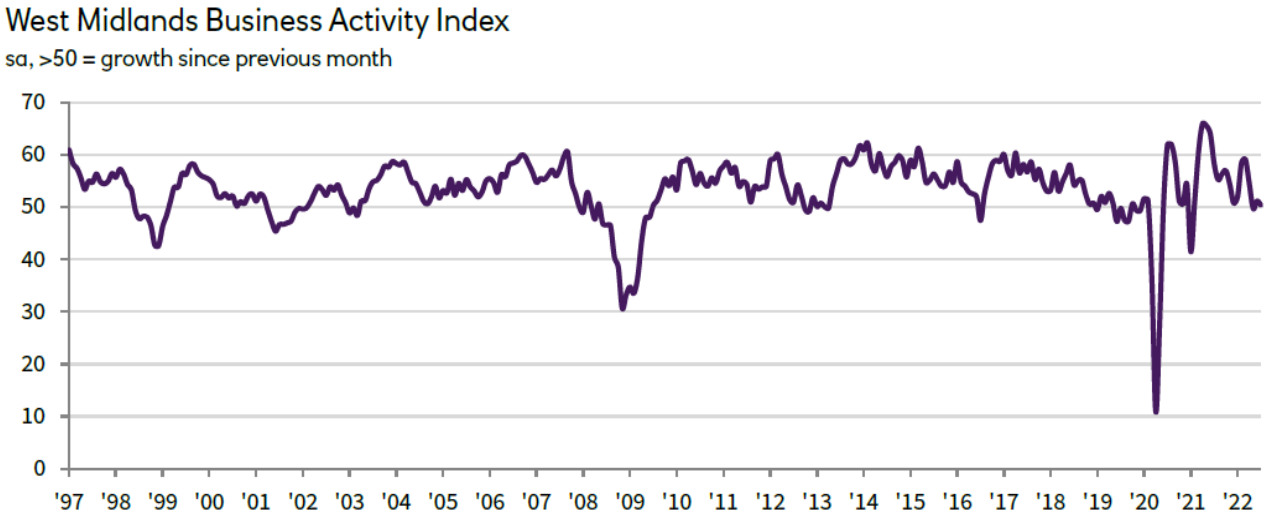
- The West Midlands Business Activity Index decreased from 51.1 in June 2022 to 50.3 in July 2022, indicating a stagnation in local output. Firms indicated that business activity was restricted due to adverse demand conditions, reduced market confidence, input shortages and the ongoing inflationary pressures.
- Out of the 12 UK regions, the West Midlands was the sixth lowest for Business Activity in July 2022.
- The UK Business Activity Index decreased 53.7 in June 2022 to 52.1 in July 2022.
- The West Midlands Future Business Activity Index decreased from 70.3 in June 2022 to 68.3 in July 2022. The degree of optimism was at its second-weakest level since October 2020 as firms reported concerns over recession, political uncertainty, inflationary pressures and the war in Ukraine. However, firms still reported some level of confidence for the upcoming twelve months by predictions of demand improvements, new product launches and investment in people and systems.
- Out of the 12 UK regions, the West Midlands was third highest for Future Business Activity in July 2022.

In Detail:

Business Activity Index

The West Midlands Business Activity Index decreased from 51.1 in June 2022 to 50.3 in July 2022, indicating a stagnation in local output. Firms indicated that business activity was restricted due to adverse demand conditions, reduced market confidence, input shortages and the ongoing inflationary pressures.

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



Source: NatWest PMI, August 2022

Out of the 12 UK regions, the West Midlands was the sixth lowest for Business Activity in July 2022. London was the highest with 58.0 and Northern Ireland was the lowest at 41.9.

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

[1] Source: NatWest - West Midlands PMI, August 2022. The seasonally adjusted indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

Source: NatWest PMI, August 2022

Demand

The West Midlands New Business Index increased from 49.2 in June 2022 to 49.6 in July 2022, the second consecutive month for a decline in new work intakes (50 and above indicates growth). The decline in new business was linked to reduced trading activity, rising interest rates, acute prices pressures, reduced demand conditions and client uncertainty.

Exports

The West Midlands Export Climate Index decreased from 52.3 in June 2022 to 50.1 in July 2022, indicating a lack of export opportunities for West Midlands firms. This is reflected by contractions for the USA (47.7) and Germany (48.1).

The following tables shows the top export markets for the West Midlands in July 2022:

Top export markets, West Midlands

Rank	Market	Weight	Output Index, Jul '22
1	USA	21.2%	47.7
2	Germany	11.1%	48.1
3	China	8.7%	54.0
4	France	6.1%	51.7
5	Ireland	6.2%	52.9

Source: NatWest PMI, August 2022

Business Capacity

The West Midlands Employment Index decreased from 54.4 in June 2022 to 54.1 in July 2022 – but still a 17 month increase for job creation. Despite the fall in new business, firms in the West Midlands continued to add to the workforce amid the fill-up of roles lost due to the pandemic and efforts to clear backlogs.

The West Midlands Outstanding Business Index increased from 53.1 in June 2022 to 53.2 in July 2022. Longer delivery times, input shortages and absenteeism reportedly caused the increase in unfinished business volumes.

Prices

The West Midlands Input Prices Index decreased from 83.3 in June 2022 to 75.2 in July 2022, easing to a fourteen-month low. Reportedly linked to the higher commodity, energy, food, logistic, material and staff costs which is a result of the sterling weakening, labour shortages and the war in Ukraine. The prices pressures were restricted by a reduction in input supply and demand imbalances. Notably, for the West Midlands, input cost inflation was the lowest across all regions.

The West Midlands Prices Charged Index decreased from 69.6 in June 2022 to 65.9 in July 2022, as the charge inflation was restrained by demand weakness. The Prices Charged Index eased to a seven-month low - but is still historically high as firms sought to transfer greater cost burdens through to clients.

Outlook

The West Midlands Future Business Activity Index decreased from 70.3 in June 2022 to 68.3 in July 2022. The degree of optimism was at its second-weakest level since October 2020 as firms reported concerns over recession, political uncertainty, inflationary pressures and the war in Ukraine. However, firms still reported some level of confidence for the upcoming twelve months by predictions of demand improvements, new product launches and investment in people and systems.

Out of the 12 UK regions, the West Midlands was third highest for Future Business Activity in July 2022. Yorkshire and The Humber was the highest with 70.9 and the Northern Ireland was the lowest at 48.2.

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

Source: NatWest PMI, August 2022

Labour Market Statistics, Employment Activity and Claimant Count: Released August 2022

Black Country Consortium Economic Intelligence Unit

UK Summary[2]

- For the UK, early estimates for July 2022 indicate that the number of payrolled employees rose by 2.9% (+847,000) compared with July 2021; the number of payrolled employees was up by 2.2% (+649,000) since February 2020. The latest monthly change shows payrolled employment increased by 0.2% (+73,000) when compared to June 2022[3]. All age groups saw an increase in payrolled employees between July 2021 and July 2022; there was an increase of 220,000 payrolled employees aged under 25 years.
- In April to June 2022, reports of UK-wide redundancies in the three months prior to interview[4] decreased by 0.6 per thousand employees, compared with the previous three-month period, to 1.9 per thousand employees. Notably, the redundancy rate for women fell to a record low of 1.7 per thousand.
- The UK employment rate for people aged 16 to 64 years decreased by 0.1 percentage points (pp) on the quarter to 75.5%, and is still below pre-coronavirus pandemic levels. However, the number of people in employment aged 16 years and over increased on the quarter by 160,000. The number of full-time employees increased during the latest three-month period. While part-time employees had generally been increasing since the beginning of 2021, showing recovery from the large falls in the early stages of the coronavirus pandemic, there was a decrease during the latest three-month period. The number of self-employed workers fell in the first year of the pandemic and has remained low, although the number has increased slightly during the latest three-month period.
- The UK unemployment rate for April to June 2022 increased by 0.1 pp on the quarter to 3.8%. The number of people unemployed for up to 12 months increased during the latest three-month period, with those unemployed for between 6 and 12 months increasing for the first time since February to April 2021. This increase was partially offset by a decrease in those unemployed for over 12 months.
- The UK economic inactivity rate was unchanged on the quarter at 21.4% in April to June 2022. The increase in economic inactivity since the start of the coronavirus pandemic had been largely driven by those who were students and the long-term sick. In the latest three-month period, there was an increase in the number of people who were economically inactive owing to long-term sickness, which was largely offset by a decrease in those economically inactive for "other" reasons.
- For the UK, the number of job vacancies in May to July 2022 was 1,274,400; this was a decrease of 19,800 from the previous quarter (the ratio of vacancies for every 100 employee jobs fell to 4.2, the first fall since April to June 2020), bringing an end the sequence of quarterly increases (which started in July to September 2020). In May to July 2022, the total number of vacancies was 478,800 (+60.2%) above the January to March 2020 pre-coronavirus pandemic level.
- The UK growth in average total pay (including bonuses) was 5.1%, and growth in regular pay (excluding bonuses) was 4.7% among employees in April to June 2022. In real terms (adjusted for inflation), growth in total and regular pay fell on the year in April to June 2022 at 2.5% for total pay and 3.0% for regular pay; this was a record fall for regular pay.

Regional Labour Market Summary[5]

- For the three months ending June 2022, the West Midlands Region employment rate (aged 16 – 64 years) was 74.9%. Since the three months ending March 2022, the employment rate decreased by 1.3pp which was the second highest decrease across all regions. There was an increase of 0.3pp when compared to the same period in the previous year. The UK employment rate was 75.5%, a decrease of 0.1pp when compared to the previous quarter but an increase of 0.5pp when compared to the previous year.
- For the three months ending in June 2022, the West Midlands Region unemployment rate (aged 16 years and over) was 4.6%, which has increased by 0.1pp since the previous quarter but a decrease of 0.4pp from the previous

[2] Source: ONS, Labour Market Overview; UK: August 2022
[3] This should be treated as a provisional estimate and is likely to be revised when more data is received next month.
[4] The redundancy estimates measure the number of people who were made redundant or who took voluntary redundancy in the three months before the Labour Force Survey interviews; it does not take into consideration planned redundancies.
[5] Source: ONS, Labour Market in the Regions of the UK: August 2022

year. The UK unemployment rate was 3.8%, an increase of 0.1pp from the previous quarter, but a 0.9pp decrease when compared to the previous year.

- For the three months ending March 2022, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.3%, an increase of 1.0pp from previous quarter but a decrease of 0.1pp when compared to the previous year. The UK economic inactivity rate was 21.4%, remaining the same level from the previous quarter and an increase of 0.2pp from the previous year.

WMCA (3 LEP) Annual Population Survey Summary & Modelled Unemployment

- In the year ending March 2022, the employment rate in the WMCA (3 LEP) area was 72.2%, compared to 75.1% for UK-wide. This was a 0.7pp decrease in the employment for the WMCA (3 LEP) area when compared to the year ending March 2021. The UK employment rate increased by 0.4pp over the same time period.
- The economic activity rate for the WMCA (3 LEP) area was 76.5% compared to 78.4% for the UK in the year ending March 2022. For the WMCA (3 LEP) area, there has been a 1.2pp decrease in the economic activity rate, the UK decreased by 0.1pp since the year ending March 2021.
- The economic inactivity rate for the WMCA (3 LEP) area was 23.5% compared to 21.6% UK-wide for the year ending March 2022. For the WMCA (3 LEP) area, this increased by 1.2pp, while the UK increased by 0.1pp since the year ending March 2021.
- In the year ending March 2022, the modelled unemployment rate in the WMCA (3 LEP) area was 5.5%, compared to 4.2% for England-wide. This was a 0.6pp decrease in the unemployment for the WMCA (3 LEP) area when compared to the year ending March 2021. England-wide unemployment rate decreased by 0.7pp over the same time period.

WMCA (3 LEP) Claimant Summary

- There were 145,745 claimants in the WMCA (3 LEP) area in July 2022. Since June 2022, there has been a decrease of 0.01% (-20) claimants in the WMCA (3 LEP) area, while the UK decreased by 0.5%. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 23.9% (+28,155) in the WMCA (3 LEP) area, with the UK increasing by 21.5% over the same period. Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 - 64 years old was 5.5% compared to 3.7% for the UK in July 2022.
- There were 24,740 youth claimants in the WMCA (3 LEP) area in July 2022. Since June 2022, there was an increase of 1.9% (+460) youth claimants in the WMCA (3 LEP) area, while the UK increased by 2.4%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 9.6% (+2,160) in the WMCA (3 LEP) area, with the UK increasing by 4.0% over the same period. Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18- 24 years old was 6.3% compared to 4.4% for the UK in July 2022.

In Depth:

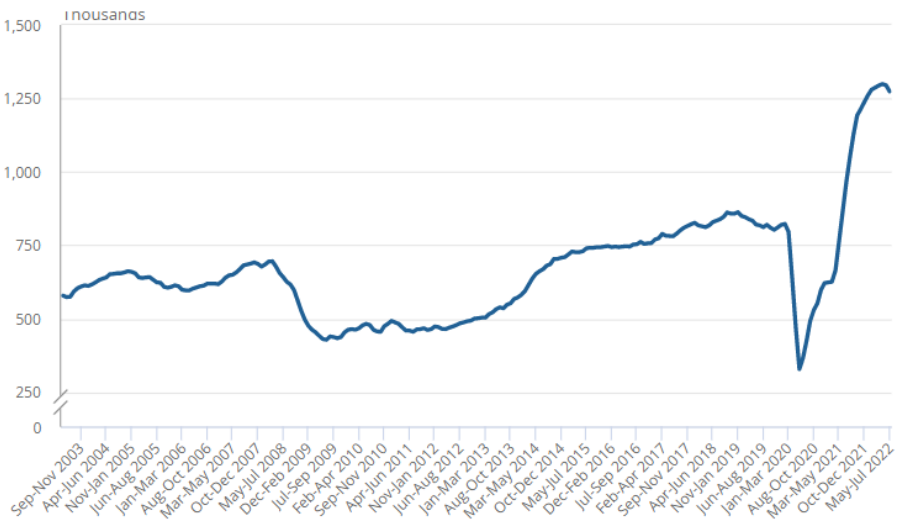
UK Labour Market Stastics - Vacancies[6]

- In May to July 2022 the estimated number of vacancies fell by 19,800 on the quarter to 1,274,400, bringing to an end the sequence of quarterly increases, which started in July to September 2020.

- Since vacancies fell to an all-time low in April to June 2020, they have increased by 945,000 in a little over two years.

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

[6] Source: UK labour market: February 2022



Source: ONS – Vacancy Survey

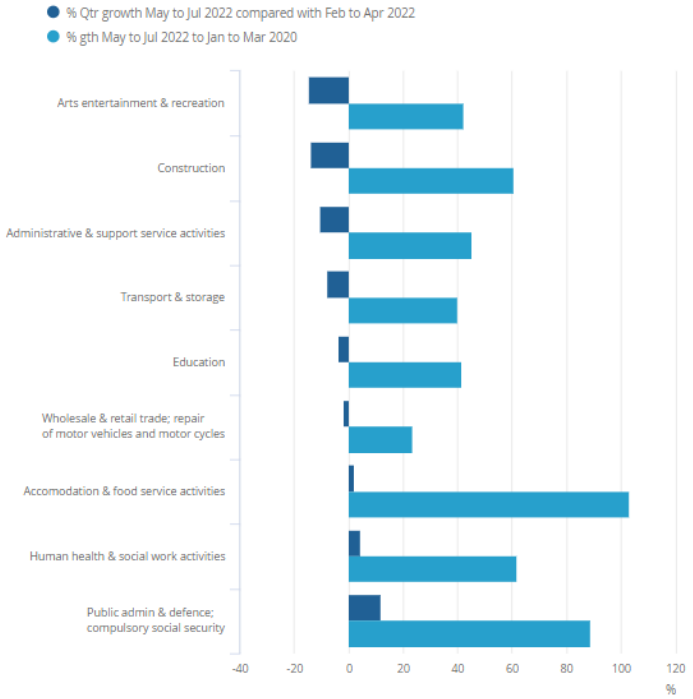
- Quarterly growth fell to negative 1.5% in May to July 2022 with the majority of industry sectors displaying falls; with arts, entertainment and recreation the lowest in percentage terms at negative 14.4%, followed by construction at negative 13.8%.

- In May to July 2022, the decrease in the number of vacancies (19,800) was the first fall on the quarter we have seen since June to August 2020. The industry sectors displaying the largest falls in vacancy numbers were administrative and support activities, down 8,700, and construction down 6,700 on the quarter. The only industry to show a comparable gain was human health and social work, up by 9,100 to a new record of nearly 221,000 vacancies.

- In May to July 2022, the total number of vacancies was 478,800 (60.2%) above the January to March 2020 pre-coronavirus (COVID-19) pandemic level, with the largest increase in accommodation and food service activities, up nearly 88,000 (103.1%). When comparing with the same time last year, total vacancies rose by 309,500 (32.1%) with human health and social work showing the largest growth of 57,900 (35.6%).

- The ratio of unemployed people to every vacancy remained at a record low of 1.0 in April to June 2022, with the number of unemployed people at a nearly identical level to the number of vacancies.

The following chart shows for May to July 2022 three-month average vacancies in the UK, quarterly percentage growth from February to April 2022 and percentage growth from pre-coronavirus pandemic January to March 2020:

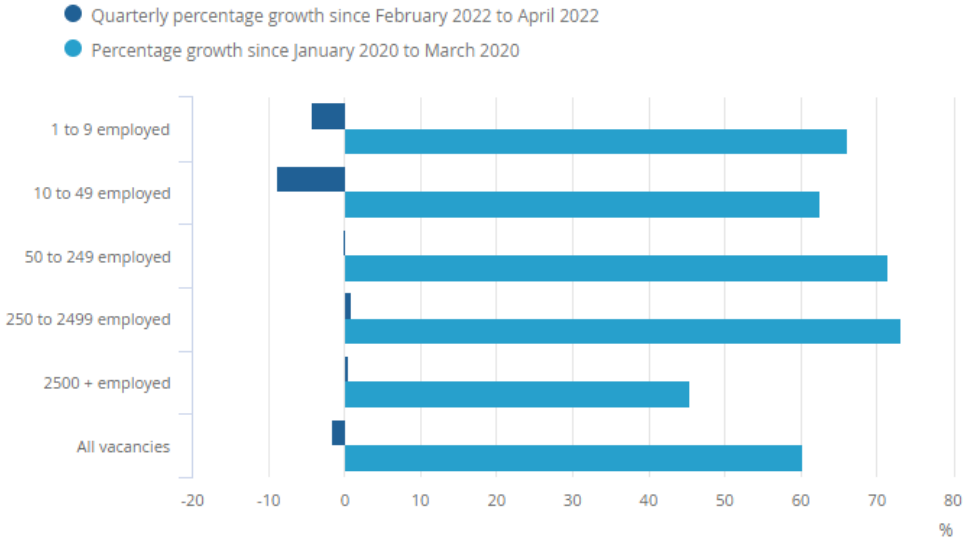


Source: ONS – Vacancy Survey

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

- On the quarter, the companies with less than 50 employees had the greatest impact on the fall in vacancies in May to July 2022.

The following chart shows May to July 2022 three-month average vacancies in the UK, quarterly growth from February to April 2022 and growth from a pre-coronavirus pandemic January to March 2020:



Source: ONS – Vacancy Survey

Regional Labour Market[7]

Please note data is only available at a regional level – please see quarterly Annual Population Survey section for lower-level analysis.

- For the three months ending June 2022, the West Midlands Region employment rate (aged 16 – 64 years) was 74.9%. Since the three months ending March 2022, the employment rate decreased by 1.3pp which was the second highest decrease across all regions. There was an increase of 0.3pp when compared to the same period in the previous year. The UK employment rate was 75.5%, a decrease of 0.1pp when compared to the previous quarter but an increase of 0.5pp when compared to the previous year. The highest employment rate within the UK for the three months ending June 2022 was in the East of England (78.4%) and the lowest in Northern Ireland (69.7%).

- For the three months ending in June 2022, the West Midlands Region unemployment rate (aged 16 years and over) was 4.6%, which has increased by 0.1pp since the previous quarter but a decrease of 0.4pp from the previous year. The UK unemployment rate was 3.8%, an increase of 0.1pp from the previous quarter, but a 0.9pp decrease when compared to the previous year. The highest unemployment rate in the UK for the three months ending June 2022 was in the North East with 5.1%, with the lowest unemployment rate in East Midlands at 2.4%.

- For the three months ending March 2022, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.3%, an increase of 1.0pp from previous quarter but a decrease of 0.1pp when compared to the previous year. The UK economic inactivity rate was 21.4%, remaining the same level from the previous quarter and an increase of 0.2pp from the previous year. The highest economic inactivity rate in the UK for the three months ending February 2022 was in Northern Ireland (28.3%), with the lowest in the East of England (18.9%).

The table below provides a summary of the latest headline estimates and quarterly changes for regions of the UK, seasonally adjusted, April to June 2022:

[7] Source: ONS, Labour Market in the Regions of the UK: August 2022

	Employment rate – Apr to Jun 22 (aged 16- 64 years)	Change on Jan to Mar 22	Unemployment rate - Apr to Jun 22 (16 years +)	Change on Jan to Mar 22	Inactivity rate – Apr to Jun 22 (aged 16-64 years)	Change on Jan to Mar 22
UK	75.5%	-0.1pp	3.8%	0.1pp	21.4%	0pp
Great Britain	75.7%	-0.1pp	3.8%	0.1pp	21.2%	0pp
England	75.9%	0pp	3.9%	0pp	21.0%	0pp
North East	71.4%	0.4pp	5.1%	0.1pp	24.9%	-0.3pp
North West	73.9%	0.8pp	4.1%	-0.2pp	22.9%	-0.6pp
Yorkshire and The Humber	74.4%	1.3pp	4.5%	0.5pp	22.0%	-1.7pp
East Midlands	76.2%	0.1pp	2.4%	-0.2pp	21.9%	0.1pp
West Midlands	**74.9%**	**-1.3pp**	**4.6%**	**0.1pp**	**21.3%**	**1.0pp**
East	78.4%	0.5pp	3.3%	0pp	18.9%	-0.4pp
London	74.9%	-0.3pp	4.6%	-0.1pp	21.3%	0.3pp
South East	78.0%	-0.3pp	3.6%	0.4pp	19.0%	0.1pp
South West	78.2%	-1.0pp	2.8%	-0.1pp	19.5%	1.0pp
Wales	72.7%	-1.4pp	3.8%	0.8pp	24.4%	0.8pp
Scotland	75.4%	-0.1pp	3.2%	0pp	22.0%	0.1pp
Northern Ireland	69.7%	-0.9pp	2.7%	0.1pp	28.3%	0.8pp

Source: ONS – Labour Force Survey

Annual Population Survey: Employment Activity: Year Ending March 2022[8]

The table below provides a summary of the latest headline estimates for the working age population in the WMCA and the UK for the year ending March 2022 and percentage point (pp) change since year ending March 2021:

	Economic Activity Rate		Employment Rate		Economically Inactive	
	Year To Mar 2022	PP change	Year To Mar 2022	PP change	Year To Mar 2022	PP change
Birmingham	71.7%	-0.7pp	66.2%	0.5pp	28.3%	0.7pp
Bromsgrove	83.5%	1.8pp	80.3%	0.3pp	16.5%	-1.8pp
Cannock Chase	86.4%	-0.1pp	76.5%	-3.8pp	13.6%	0.1pp
Coventry	74.7%	-1.4pp	69.2%	-3.6pp	25.3%	1.4pp
Dudley	82.1%	4.4pp	78.7%	6.2pp	17.9%	-4.4pp
East Staffordshire	80.6%	-0.9pp	77.0%	-0.2pp	19.4%	0.9pp
Lichfield	73.9%	-7.3pp	72.0%	-2.5pp	26.1%	7.3pp
North Warwickshire	82.4%	2.4pp	81.3%	3.4pp	17.6%	-2.4pp
Nuneaton and Bedworth	82.9%	0.1pp	82.0%	1.7pp	17.1%	-0.1pp
Redditch	75.3%	-9.3pp	73.9%	-3.9pp	24.7%	9.3pp
Rugby	82.7%	2.3pp	81.8%	5.8pp	17.3%	-2.3pp
Sandwell	74.8%	-3.3pp	69.6%	-4.4pp	25.2%	3.3pp
Solihull	81.0%	-1.6pp	77.0%	-2.0pp	19.0%	1.6pp
Stratford-on-Avon	82.4%	3.2pp	80.3%	4.3pp	17.6%	-3.2pp
Tamworth	80.8%	-0.3pp	78.7%	-2.4pp	19.2%	0.3pp
Walsall	75.0%	-3.3pp	70.8%	-1.9pp	25.0%	3.3pp
Warwick	83.1%	-3.2pp	80.1%	-1.6pp	16.9%	3.2pp
Wolverhampton	77.1%	0.3pp	72.3%	-0.5pp	22.9%	-0.3pp
Wyre Forest	68.4%	-17.1pp	66.5%	-15.9pp	31.6%	17.1pp
WM 7 Met.	**75.0%**	**-0.7pp**	**70.0%**	**-0.5pp**	**25.0%**	**0.7pp**
Black Country LEP	77.2%	-0.6pp	72.8%	-0.2pp	22.8%	0.6pp
Coventry and Warwickshire LEP	79.3%	-0.3pp	76.0%	-0.2pp	20.7%	0.3pp
Greater Birmingham and Solihull LEP	74.8%	-2.1pp	70.1%	-1.2pp	25.2%	2.1pp
WMCA (3 LEP)	**76.5%**	**-1.2pp**	**72.2%**	**-0.7pp**	**23.5%**	**1.2pp**
UK	78.4%	-0.1pp	75.1%	0.4pp	21.6%	0.1pp

[8] ONS, Annual Population Survey, August 2022. Please note the WMCA (3 LEP) summary is based on LEPs and not local authorities due to data gaps.

Employment Rate

- In the year ending March 2022, the employment rate in the WMCA (3 LEP) area was 72.2%, compared to 75.1% for UK-wide. This was a 0.7pp decrease in the employment for the WMCA (3 LEP) area when compared to the year ending March 2021. The UK employment rate increased by 0.4pp over the same time period. For the WMCA (3 LEP) area to reach the UK rate of 75.1%, an additional 74,702 people are required.

- Since the year ending March 2021, the employment rate for the WM 7 Met. area decreased by 0.5pp and was 70.0% in the year ending March 2022. For the WM 7 Met. area to reach the UK rate of 75.1%, an additional 94,210 people are required.

- Within the WMCA (3 LEP) area, the Black Country LEP employment rate decreased by 0.2pp since the year ending March 2021 to 72.8% in the year ending March 2022. Coventry and Warwickshire LEP's employment rate remains higher than the UK average (76.0% vs 75.1%) but decreased by 0.2pp since the year ending March 2022. Greater Birmingham and Solihull LEP experienced a decrease of 1.2pp to an employment rate of 70.1%.

- At local authority level in the WMCA (3 LEP) area, seven of the local authorities' employment rate increased; Dudley had the largest percentage point increase since the year ending March 2021; by 6.2pp; the employment rate was then 78.7%. In contrast, Wyre Forest had the highest percentage point decrease in employment rate; by 15.9pp – down to 66.5% in the year ending March 2022.

Economic Activity Rate

- The economic activity rate for the WMCA (3 LEP) area was 76.5% compared to 78.4% for the UK in the year ending March 2022. For the WMCA (3 LEP) area, there has been a 1.2pp decrease in the economic activity rate, the UK decreased by 0.1pp since the year ending March 2021.

- The economic activity rate in the WM 7 Met. area for the year ending March 2022 was 75.0%, a decrease of 0.7pp from the year ending March 2021.

- The Black Country LEP area experienced a 0.6pp decrease from the year ending March 2021 to 77.2% in the year ending March 2022. While Coventry and Warwickshire LEP decreased by 0.3pp to 79.3% and Greater Birmingham and Solihull LEP decreased by 2.1pp to 74.8% over the same period.

- Economic activity rate varies across the WMCA (3 LEP) local authorities in the year ending March 2022, from 68.4% in Wyre Forest (decreasing by 17.1pp since the year ending March 2021, the highest decrease in the WMCA) to 86.4% in Cannock Chase (-0.1pp). Dudley had the highest increase in the economic activity rate since the year ending March 2021 by 4.4pp to 82.1% in the year ending March 2022.

Economic Inactivity Rate

- The economic inactivity rate for the WMCA (3 LEP) area was 23.5% compared to 21.6% UK-wide for the year ending March 2022. For the WMCA (3 LEP) area, this increased by 1.2pp, while the UK increased by 0.1pp since the year ending March 2021.

- The economic inactivity rate in the WM 7 Met. area for the year ending March 2022 was 25.0%, an increase of 0.7pp from the year ending March 2021.

- In the year ending March 2022, the WMCA (3 LEP) had a higher percentage of people that were inactive when compared to the UK in three categories, these categories were; students (31.9% vs 27.6%), looking after family home (22.8% vs 19.5%) and temporarily sick (2.5% vs 2.2%), with similar patterns seen in the WM 7 Met. area.

The following table shows the proportions of economic inactivity rate by reason for the WMCA and UK-wide in the year ending March 2022:

	WM 7 Met.	Black Country LEP	Coventry & Warwickshire LEP	Greater Birmingham & Solihull LEP	WMCA (3 LEP)	UK
Student	34.1%	22.9%	31.3%	36.9%	31.9%	27.6%
Looking after family/home	23.9%	25.7%	19.5%	22.6%	22.8%	19.5%
Temporary sick	2.6%	3.9%	1.5%	2.2%	2.5%	2.2%
Long-term sick	22.0%	25.4%	19.5%	20.6%	21.7%	25.1%
Discouraged	0.4%	0.4%	0.5%	0.2%	0.3%	0.4%
Retired	7.5%	10.5%	10.9%	9.2%	9.9%	13.5%
Other	9.6%	11.4%	16.9%	8.1%	10.8%	11.7%

Employment by Occupation

- In the year ending March 2022, the WMCA (3 LEP) area had a higher percentage of people employed in four of the nine occupations when compared to the UK, these include; associate professional occupations (15.0% vs 14.8%), administrative & secretarial occupations (11.0% vs 10.3%), process, plant & machine operatives (7.4% vs 5.6%) and elementary occupations (10.6% vs 9.5%). The WM 7 Met. area followed similar patterns, although there was also a higher proportion for caring, leisure & other service occupations when compared to the UK (8.5% vs 8.1%).

The following table shows the proportions of employment by occupation for the WMCA and UK in the year ending March 2022:

	WM 7 Met.	Black Country LEP	Coventry & Warwickshire LEP	Greater Birmingham & Solihull LEP	WMCA (3 LEP)	UK
1: managers, directors and senior officials	7.4%	7.7%	8.4%	9.7%	8.8%	10.3%
2: professional occupations	23.6%	18.6%	27.2%	26.0%	24.2%	25.5%
3: associate prof & tech occupations	15.2%	15.1%	15.1%	14.8%	15.0%	14.8%
4: administrative and secretarial occupations	11.9%	13.1%	9.3%	10.7%	11.0%	10.3%
5: skilled trades occupations	8.2%	10.5%	8.6%	7.5%	8.6%	8.7%
6: caring, leisure and other service occupations	8.5%	9.7%	5.9%	7.1%	7.6%	8.1%
7: sales and customer service occupations	6.6%	5.4%	6.5%	7.4%	6.6%	6.7%
8: process, plant and machine operatives	7.3%	9.4%	6.4%	6.7%	7.4%	5.6%
9: elementary occupations	11.1%	10.2%	12.5%	9.9%	10.6%	9.5%

Modelled Unemployment Rate[9]

- In the year ending March 2022, the modelled unemployment rate in the WMCA (3 LEP) area was 5.5%, compared to 4.2% for England-wide. This was a 0.6pp decrease in the unemployment for the WMCA (3 LEP) area when compared to the year ending March 2021. England-wide unemployment rate decreased by 0.7pp over the same time period. For the WMCA (3 LEP) area to reach the England rate of 4.2%, a reduction of 26,890 people are required.

- Since the year ending March 2021, the modelled unemployment rate for the WM 7 Met. area decreased by 0.3pp and was 6.5% in the year ending March 2022.

- Within the WMCA (3 LEP) area, the Black Country LEP modelled unemployment rate decreased by 0.4pp since the year ending March 2021 to 5.6% in the year ending March 2022. Coventry and Warwickshire LEP's unemployment rate decreased by 0.1pp to 4.1% in the year ending March 2022. Greater Birmingham and Solihull LEP experienced a decrease of 1.0pp to an unemployment rate of 6.1%.

- At local authority level in the WMCA (3 LEP) area, two local authorities increased – Coventry by 0.3pp to 5.9% and Sandwell by 0.2pp to 6.1% in the year ending March 2022. In contrast, Dudley had the highest percentage point decrease in the unemployment rate; by 2.2pp – down to 4.0% in the year ending March 2022.

[9] The model-based estimate improves on the APS estimate by borrowing strength from the claimant count to produce an estimate that is more precise i.e. has a smaller confidence interval. The claimant count is not itself a measure of unemployment but is strongly correlated with unemployment, and, as it is an administrative count, is known without sampling error. The gain in precision is greatest for areas with smaller sample sizes. Modelled unemployment rate is based on all people aged 16+ without a job who were available to start work in the two weeks following their interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained. The unemployment count as a percentage of the economically active population aged 16+.

The table below provides a summary of the modelled unemployment rate for those aged 16 years and over in the WMCA and the England for the year ending March 2022 and percentage point (pp) change since year ending March 2021:

	Modelled Number	Modelled Rate	PP change Since Year to Mar 21
Birmingham	39,700	7.3%	-0.7pp
Bromsgrove	1,800	3.4%	-0.7pp
Cannock Chase	1,900	4.0%	-0.1pp
Coventry	11,200	5.9%	0.3pp
Dudley	6,400	4.0%	-2.2pp
East Staffordshire	2,200	3.6%	-0.7pp
Lichfield	1,600	3.4%	-0.9pp
North Warwickshire	1,000	3.2%	-1.0pp
Nuneaton and Bedworth	2,400	3.4%	-1.2pp
Redditch	1,600	3.8%	-1.0pp
Rugby	1,800	3.2%	-1.3pp
Sandwell	9,800	6.1%	0.2pp
Solihull	4,400	4.1%	-0.7pp
Stratford-on-Avon	1,900	3.0%	-0.7pp
Tamworth	1,400	3.8%	-0.6pp
Walsall	7,900	5.9%	-0.5pp
Warwick	2,500	3.2%	-0.4pp
Wolverhampton	7,500	5.9%	-0.5pp
Wyre Forest	1,600	3.9%	-0.7pp
WM 7 Met.	**93,000**	**6.5%**	**-0.3pp**
Black Country LEP	32,900	5.6%	-0.4pp
Coventry and Warwickshire LEP	20,000	4.1%	-0.1pp
Greater Birmingham and Solihull LEP	60,300	6.1%	-1.0pp
WMCA (3 LEP)	**113,200**	**5.5%**	**-0.6pp**
England	1,199,200	4.2%	-0.7pp

Claimant Count

Claimant count for people aged 16 years and over[10]:

- There were 145,745 claimants in the WMCA (3 LEP) area in July 2022. Since June 2022, there has been a decrease of 0.01% (-20) claimants in the WMCA (3 LEP) area, while the UK decreased by 0.5%. When compared to July 2021, the number of claimants has decreased by 22.8% (-43,035) in the WMCA (3 LEP) area, with the UK decreasing by 31.0% over the same period. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 23.9% (+28,155) in the WMCA (3 LEP) area, with the UK increasing by 21.5% over the same period.

- The Black Country LEP area had 44,790 claimants aged 16 years and over in July 2022, an increase of 70 (+0.2%) claimants from the previous month. Compared to the same month in 2021, Black Country LEP claimants decreased by 13,795 (-23.5%). When compared to March 2020, the number of claimants has increased by 6,515 (+17.0%).

- In Coventry and Warwickshire LEP, there were 21,635 claimants aged 16 years and over in July 2022, a decrease of 35 (-0.2%) claimants since June 2022. Compared to the same month in 2021, Coventry and Warwickshire LEP claimants decreased by 7,365 (-25.4%). When compared to March 2020, the number of claimants has increased by 5,810 (+36.7%).

- In Greater Birmingham and Solihull LEP, there were 79,320 claimants aged 16 years and over in July 2022, a decrease of 55 (-0.1%) claimants since June 2022. Compared to the same month in 2021, Greater Birmingham and Solihull LEP claimants decreased by 21,875 (-21.6%). When compared to March 2020, the number of claimants has increased by 15,830 (+24.9%).

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

The following table shows a breakdown of number of claimants aged 16+ and change since July 2022 on selected months for WMCA and UK:

	Mar 2020	Jul 2021	Jun 2022	Jul 2022	Jul 2022 (Claimants as proportion aged 16-64) Rates	% Change Since Mar 20	% Change Since Jul 21	% Change Since Jun 22
Birmingham	49,370	76,550	62,200	62,030	8.5%	25.6%	-19.0%	-0.3%
Bromsgrove	1,165	2,150	1,525	1,555	2.6%	33.5%	-27.7%	2.0%
Cannock Chase	1,655	2,860	1,925	1,950	3.1%	17.8%	-31.8%	1.3%
Coventry	8,000	15,125	11,820	11,760	4.6%	47.0%	-22.2%	-0.5%
Dudley	8,515	12,335	9,500	9,500	4.9%	11.6%	-23.0%	0.0%
East Staffordshire	1,720	3,330	2,200	2,220	3.0%	29.1%	-33.3%	0.9%
Lichfield	1,320	2,230	1,530	1,555	2.5%	17.8%	-30.3%	1.6%
North Warwickshire	845	1,540	1,030	1,020	2.6%	20.7%	-33.8%	-1.0%
Nuneaton and Bedworth	2,830	4,350	3,180	3,175	4.0%	12.2%	-27.0%	-0.2%
Redditch	1,535	2,680	2,015	2,015	3.9%	31.3%	-24.8%	0.0%
Rugby	1,535	2,620	1,900	1,955	2.9%	27.4%	-25.4%	2.9%
Sandwell	10,780	17,320	13,480	13,515	6.6%	25.4%	-22.0%	0.3%
Solihull	3,650	6,225	4,380	4,365	3.4%	19.6%	-29.9%	-0.3%
Stratford-on-Avon	1,050	2,405	1,610	1,625	2.1%	54.8%	-32.4%	0.9%
Tamworth	1,490	2,390	1,680	1,715	3.6%	15.1%	-28.2%	2.1%
Walsall	8,605	13,360	9,690	9,705	5.6%	12.8%	-27.4%	0.2%
Warwick	1,570	2,955	2,135	2,095	2.3%	33.4%	-29.1%	-1.9%
Wolverhampton	10,380	15,570	12,050	12,070	7.4%	16.3%	-22.5%	0.2%
Wyre Forest	1,580	2,785	1,920	1,915	3.3%	21.2%	-31.2%	-0.3%
WM 7 Met.	**99,300**	**156,490**	**123,120**	**122,945**	**6.6%**	**23.8%**	**-21.4%**	**-0.1%**
Black Country LEP	38,275	58,585	44,720	44,790	6.1%	17.0%	-23.5%	0.2%
Coventry and Warwickshire LEP	15,825	29,000	21,670	21,635	3.5%	36.7%	-25.4%	-0.2%
Greater Birmingham and Solihull LEP	63,490	101,195	79,375	79,320	6.2%	24.9%	-21.6%	-0.1%
WMCA (3 LEP)	**117,590**	**188,780**	**145,765**	**145,745**	**5.5%**	**23.9%**	**-22.8%**	**-0.01%**
United Kingdom	1,268,620	2,232,760	1,548,500	1,541,090	3.7%	21.5%	-31.0%	-0.5%

- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 - 64 years old was 5.5% compared to 3.7% for the UK in July 2022.

Youth Claimants (Aged 18-24)

- There were 24,740 youth claimants in the WMCA (3 LEP) area in July 2022. Since June 2022, there was an increase of 1.9% (+460) youth claimants in the WMCA (3 LEP) area, while the UK increased by 2.4%. When compared to July 2021, the number of youth claimants has decreased by 30.4% (-10,785) in the WMCA (3 LEP) area, with the UK decreasing by 37.7% over the same period. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 9.6% (+2,160) in the WMCA (3 LEP) area, with the UK increasing by 4.0% over the same period.

- The Black Country LEP area had 7,795 youth claimants in July 2022, an increase of 180 (+2.4%) claimants from the previous month. Compared to the same month in 2021, Black Country LEP youth claimants decreased by 3,630 (-31.8%). When compared to March 2020, the number of youth claimants has increased by 105 (+1.4%).

- In Coventry and Warwickshire LEP, there were 3,505 youth claimants in July 2022, an increase of 110 (+3.2%) claimants since June 2022. Compared to the same month in 2021, Coventry and Warwickshire LEP youth claimants decreased by 1,590 (-31.2%). When compared to March 2020, the number of claimants has increased by 630 (+21.9%).

- In Greater Birmingham and Solihull LEP, there were 13,440 youth claimants in July 2022, this is an increase of 170 (+1.3%) claimants since June 2022. Compared to the same month in 2021, Greater Birmingham and Solihull LEP youth claimants decreased by 5,565 (-29.3%). In the Greater Birmingham and Solihull LEP area, when compared to March 2020, the number of claimants has increased by 1,425 (+11.9%).

The following table shows a breakdown of number of claimants aged 18-24 years old and change since July 2022 on selected months for WMCA and UK:

	Mar 2020	Jul 2021	Jun 2022	Jul 2022	Jul 2022 (Claimants as proportion aged 18-24) Rates	% Change Since Mar 20	% Change Since Jul 21	% Change Since Jun 22
Birmingham	9,105	14,250	10,345	10,445	7.5%	14.7%	-26.7%	1.0%
Bromsgrove	215	415	225	240	4.0%	11.6%	-42.2%	6.7%
Cannock Chase	365	580	365	380	5.3%	4.1%	-34.5%	4.1%
Coventry	1,535	2,685	1,935	1,970	3.6%	28.3%	-26.6%	1.8%
Dudley	1,750	2,445	1,630	1,635	6.9%	-6.6%	-33.1%	0.3%
East Staffordshire	320	590	340	330	3.9%	3.1%	-44.1%	-2.9%
Lichfield	270	390	265	265	3.8%	-1.9%	-32.1%	0.0%
North Warwickshire	160	285	180	195	4.4%	21.9%	-31.6%	8.3%
Nuneaton and Bedworth	555	810	555	570	6.1%	2.7%	-29.6%	2.7%
Redditch	310	495	340	340	5.8%	9.7%	-31.3%	0.0%
Rugby	235	465	280	290	4.0%	23.4%	-37.6%	3.6%
Sandwell	2,115	3,335	2,295	2,355	9.0%	11.3%	-29.4%	2.6%
Solihull	825	1,285	780	790	5.2%	-4.2%	-38.5%	1.3%
Stratford-on-Avon	160	350	175	195	2.3%	21.9%	-44.3%	11.4%
Tamworth	295	500	310	325	5.8%	10.2%	-35.0%	4.8%
Walsall	1,915	2,770	1,775	1,815	7.9%	-5.2%	-34.5%	2.3%
Warwick	230	510	270	285	1.7%	23.9%	-44.1%	5.6%
Wolverhampton	1,910	2,880	1,920	1,990	9.6%	4.2%	-30.9%	3.6%
Wyre Forest	310	500	300	325	4.9%	4.8%	-35.0%	8.3%
WM 7 Met.	**19,155**	**29,645**	**20,675**	**21,000**	**6.9%**	**9.6%**	**-29.2%**	**1.6%**
Black Country LEP	7,690	11,425	7,615	7,795	8.3%	1.4%	-31.8%	2.4%
Coventry and Warwickshire LEP	2,875	5,095	3,395	3,505	3.5%	21.9%	-31.2%	3.2%
Greater Birmingham and Solihull LEP	12,015	19,005	13,270	13,440	6.7%	11.9%	-29.3%	1.3%
WMCA (3 LEP)	**22,580**	**35,525**	**24,280**	**24,740**	**6.3%**	**9.6%**	**-30.4%**	**1.9%**
United Kingdom	238,085	397,515	241,910	247,675	4.4%	4.0%	-37.7%	2.4%

- Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18- 24 years old was 6.3% compared to 4.4% for the UK in July 2022.

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

- As seen in the following table, there were a selection of age bands where claimants increased from June 2022 to July 2022.

- For those aged 16-24 in the WMCA (3 LEP) area, when comparing July 2022 to the previous month, there was an overall increase of 470 claimants. This can be split by an increase of 190 males and an increase of 275 females.

- For those aged 25-49 in the WMCA (3 LEP) area, when comparing July 2022 to the previous month, there was an overall decrease of 325 claimants. This can be split by a decrease of 215 males and a decrease of 115 females.

- For those aged 50 years and over in the WMCA (3 LEP) area, when comparing July 2022 to the previous month, there was an overall decrease of 165 claimants. This can be split by a decrease of 150 males and a decrease of 15 females.

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

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

		Mar 2020	Jul 2021	Jun 2022	Jul 2022	No. Change Since Mar 20	No. Change Since Jul 21	No. Change Since Jun 22
Total	**Age 16+**	**117,590**	**188,780**	**145,765**	**145,745**	**28,155**	**-43,035**	**-20**
	Aged 16-24	**22,835**	**35,865**	**24,510**	**24,980**	**2,145**	**-10,885**	**470**
	Aged 16-17	250	340	230	240	-10	-100	10
	Aged 18-24	22,580	35,525	24,280	24,740	2,160	-10,785	460
	Aged 25-49	**67,130**	**108,935**	**86,395**	**86,070**	**18,940**	**-22,865**	**-325**
	Aged 25-29	15,945	25,205	18,650	18,615	2,670	-6,590	-35
	Aged 30-34	15,635	25,715	20,450	20,310	4,675	-5,405	-140
	Aged 35-39	13,715	22,890	18,780	18,715	5,000	-4,175	-65
	Aged 40-44	11,230	18,805	15,775	15,705	4,475	-3,100	-70
	Aged 45-49	10,605	16,330	12,750	12,720	2,115	-3,610	-30
	Aged 50+	**27,635**	**43,965**	**34,860**	**34,695**	**7,060**	**-9,270**	**-165**
	Aged 50-54	9,960	15,960	12,330	12,315	2,355	-3,645	-15
	Aged 55-59	8,985	13,860	10,825	10,795	1,810	-3,065	-30
	Aged 60-64	7,675	11,660	9,580	9,460	1,785	-2,200	-120
	Aged 65+	1,020	2,490	2,125	2,125	1,105	-365	0
Male	**Age 16+**	**69,420**	**112,210**	**86,335**	**86,170**	**16,750**	**-26,040**	**-165**
	Aged 16-24	**14,100**	**22,130**	**15,400**	**15,590**	**1,490**	**-6,540**	**190**
	Aged 16-17	115	155	105	120	5	-35	15
	Aged 18-24	13,980	21,980	15,290	15,470	1,490	-6,510	180
	Aged 25-49	**38,965**	**64,370**	**50,420**	**50,205**	**11,240**	**-14,165**	**-215**
	Aged 25-29	9,610	15,555	11,425	11,440	1,830	-4,115	15
	Aged 30-34	9,095	15,200	12,015	11,940	2,845	-3,260	-75
	Aged 35-39	7,730	13,330	10,700	10,645	2,915	-2,685	-55
	Aged 40-44	6,440	10,870	8,955	8,885	2,445	-1,985	-70
	Aged 45-49	6,080	9,415	7,315	7,300	1,220	-2,115	-15
	Aged 50+	**16,355**	**25,700**	**20,525**	**20,375**	**4,020**	**-5,325**	**-150**
	Aged 50-54	5,820	9,275	7,205	7,175	1,355	-2,100	-30
	Aged 55-59	5,295	8,130	6,450	6,390	1,095	-1,740	-60
	Aged 60-64	4,575	6,770	5,575	5,510	935	-1,260	-65
	Aged 65+	655	1,515	1,300	1,305	650	-210	5
Female	**Age 16+**	**48,175**	**76,570**	**59,425**	**59,570**	**11,395**	**-17,000**	**145**
	Aged 16-24	**8,730**	**13,735**	**9,115**	**9,390**	**660**	**-4,345**	**275**
	Aged 16-17	135	185	130	120	-15	-65	-10
	Aged 18-24	8,595	13,550	8,990	9,270	675	-4,280	280
	Aged 25-49	**28,165**	**44,565**	**35,980**	**35,865**	**7,700**	**-8,700**	**-115**
	Aged 25-29	6,340	9,655	7,225	7,180	840	-2,475	-45
	Aged 30-34	6,530	10,515	8,430	8,375	1,845	-2,140	-55
	Aged 35-39	5,985	9,560	8,075	8,070	2,085	-1,490	-5
	Aged 40-44	4,790	7,935	6,820	6,820	2,030	-1,115	0
	Aged 45-49	4,525	6,910	5,435	5,420	895	-1,490	-15
	Aged 50+	**11,280**	**18,270**	**14,335**	**14,320**	**3,040**	**-3,950**	**-15**
	Aged 50-54	4,135	6,680	5,125	5,135	1,000	-1,545	10
	Aged 55-59	3,690	5,730	4,375	4,405	715	-1,325	30
	Aged 60-64	3,100	4,895	4,005	3,955	855	-940	-50
	Aged 65+	360	965	820	830	470	-135	10

Lightcast[12] Job Postings WMCA 3 LEP Geography July 2022[13]

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

- After a strong rebound in job postings in March 2022, job postings across the WMCA (3 LEP) area dipped for the 3 proceeding months, only to increase again in June 2022, up by 27,615 to 159,982, +20.9% since the previous month.

[12] EMSI/Burning Glass are now known as Lightcast

[13] Source: Lightcast, August 2022 - please note, as of March 2022, Lightcast, previously known as Emsi Burning Glass implemented new data collection and processing procedures within the Analyst Tool. It is estimated that this will result in an approximate 22% reduction in overall job posting counts, which will vary depending on the filters used within the research. Lightcast believe that these new procedures will mean fewer duplicates are collected upfront alongside an enhanced deduplication process.

- There was a mixed picture at the local level, yet all 19 local authority areas reported an increase.

- Whilst Cannock Chase (+32%) and Stratford-on-Avon (+31%) recorded the greatest increase, Birmingham (+18%), and Nuneaton and Bedworth (+19%) recorded the smallest increase.

- Unsurprisingly, posting intensity, i.e., the effort towards hiring for particular positions was subdued in all 19 LAs, it remained strongest across the 7 Met. areas, Rugby, Tamworth and Nuneaton and Bedworth.

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

	July 2022 Unique Postings	% Change (June 2022 - July 2022)
Birmingham	66,912	18%
Bromsgrove	1,713	27%
Cannock Chase	2,358	32%
Coventry	15,642	20%
Dudley	7,324	23%
East Staffordshire	5,663	20%
Lichfield	2,600	28%
North Warwickshire	1,485	21%
Nuneaton and Bedworth	3,896	19%
Redditch	3,899	22%
Rugby	3,502	23%
Sandwell	6,970	28%
Solihull	7,239	23%
Stratford-on-Avon	4,081	31%
Tamworth	3,391	28%
Walsall	5,178	25%
Warwick	8,490	22%
Wolverhampton	7,796	25%
Wyre Forest	1,843	28%

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

Black Country Consortium Economic Intelligence Unit

On the 11th August 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 and the cost of living 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 29th July and 5th August 2022, total online job adverts decreased by 0.7%. On the 5th August 2022, total online job adverts were at 121.9% of their average level in February 2020. Out of the 28 categories (excluding unknown) 17 decreased, with the largest weekly decrease in "legal", which decreased by 15.3%. In contrast, the highest increase was in "wholesale and retail" by 19.4% to 217.7%. There were six categories below the February 2020 average level, these were; "legal" (74.3%), "property" (83.9%), "healthcare and social care" (89.7%), "sales" (93.4%) "energy/oil & gas" (94.7%) and "accounting/finance" (97.1%).

Online job adverts across 7 of the UK regions decreased between the 29th July and 5th August 2022. The West Midlands online job adverts decreased by 2.0% and on the 5th August 2022, it was at 120.9% of the average level in February 2020. All 12 regions were above their February 2020 levels, varying from; 108.4% in the East of England to 149.8% 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 5th August 2022, for the West Midlands region visits to retail and recreation, transit stations and workplaces had not yet returned to pre-coronavirus levels.

Visits to each location type for the West Midlands region in the week to 5th August 2022 compared with the previous week shows that residential decreased by 0.4% (to 103.5%) and workplaces decreased by 2.1% (to 72.1%). While grocery and pharmacy increased by 0.9% (to 107.1%), retail & recreation increased by 3.7% (to 98.8%), transit stations increased by 9.1% (to 87.1%) and parks increased by 13.4% (to 161.7%).

National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 15,980 company incorporations in the week to the 5th August 2022, up from 13,152 recorded in same week in 2021. This is down from 16,658 recorded in the same week in 2020 but up in the same week in 2019 (12,828).

Also, for the week to the 5th August 2022, there were 5,576 voluntary dissolution applications, up from 5,480 recorded in the same week in 2020. Also, up from 4,522 recorded in the same week of 2020 but down from the same week in 2019 (6,042).

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 31st July 2022, across the UK there were 44 employers proposing 2,268 potential redundancies. The potential redundancies 4-week rolling average was 2,844 and the employers proposing redundancies 4-week rolling average was 43. 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 58 and the employers proposing redundancies 4-week rolling average was 77.

System Average Price of Gas

The System Average Price (SAP) of gas decreased by 6% in the week to 7th August 2022 (from the previous week), falling to 61% of the peak level seen on 10 March 2022. It was 158% higher than the equivalent period from the previous year and 1022% higher when compared to the pre-Coronavirus baseline.

Revolut Spending on Debit Cards

Revolut is a financial technology company with around 4.8 million users within the UK financial payment ecosystem. This timely data source provides insight into the spending patterns of UK consumers that complements the broader overview provided by the CHAPS-based indicator of UK spending on credit and debit cards.

Revolut debit card transaction data showed spending in all sectors rose in the week to 7th August 2022, apart from "retail" spending. "Retail" spending fell by 6 percentage points but remains 16 percentage points higher than at the same time last year. The largest weekly increase was in "food and drink" spending, which rose by 4 percentage points and was 24 percentage points above the level at the same time last year.

Business Insights and Conditions Survey

The final results from Wave 62 of the Business Insights and Conditions Survey (BICS) based off the 5,090 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 24.4% (1,241) and 3,063 businesses that are head quartered in the West Midlands, with a response rate of 23.7% (726). Please note, the survey reference period was 1st to 30st June 2022 with a survey live period of 25th July to 7th August 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

98.8% of responding West Midlands businesses were trading over the survey period, split by 96.5% fully trading and 2.3% partially trading.

Trade

Excluding "not sure" responses, 32.1% of responding West Midlands businesses reported to exporting within the last 12 months, 4.4% reported to exporting over 12 months ago. While 48.7% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 8.0% reported to never exporting previously but have goods or services that could be developed for exporting.

Excluding "not sure" responses, 47.0% of responding West Midlands businesses reported that exporting stayed the same in June 2022 when compared to June 2021. 22.3% of West Midlands businesses reported to exporting less and 18.5% reported to exporting more.

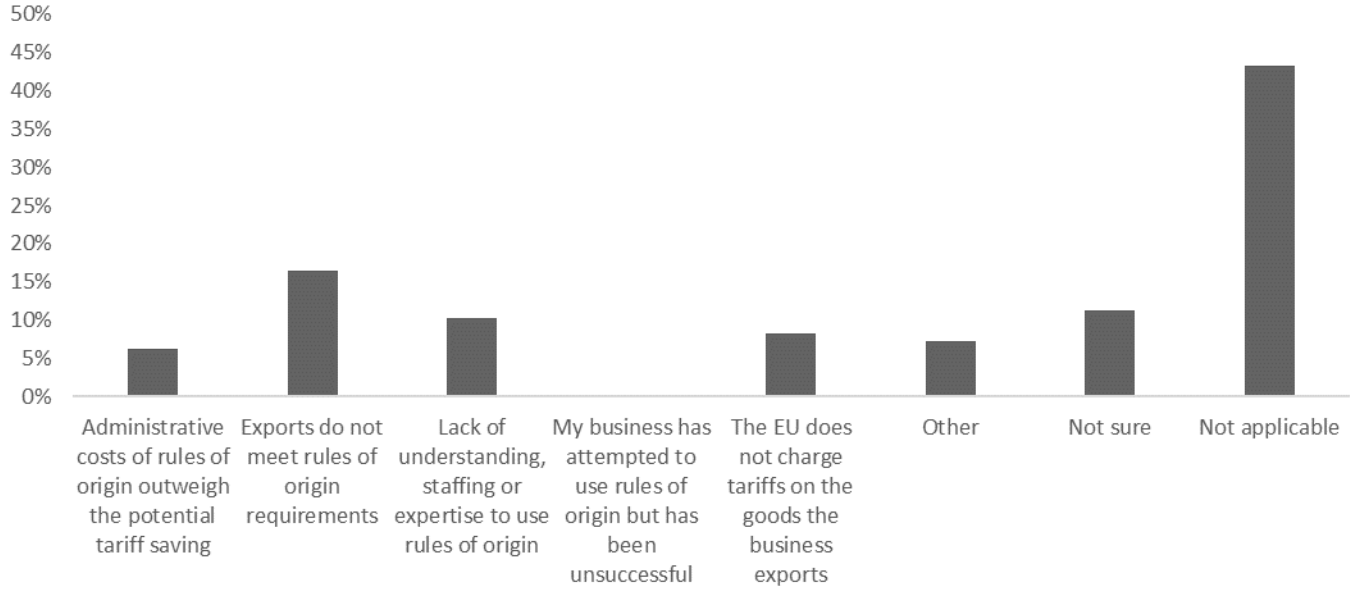
Excluding "not sure" responses, 55.7% of responding West Midlands businesses reported that importing stayed the same in June 2022 when compared to June 2021. 14.3% of West Midlands businesses reported to importing less and 17.3% reported to importing more.

10.7% of West Midlands businesses reported to currently using rules of origin to access lower or zero tariffs on exports to EU countries only and 20.8% were to both EU and non-EU countries. While 24.6% of West Midlands businesses reported they were not using rules of origin to access lower or zero tariffs on exports.

32.3% of West Midlands businesses reported that administration had stayed the same when using rules of origin when exporting to the EU. While 59.7% reported that administration had increased.

16.5% of West Midlands businesses reported not using rules of origin to access lower or zero tariffs due to exports not meeting the rules of origin requirements.

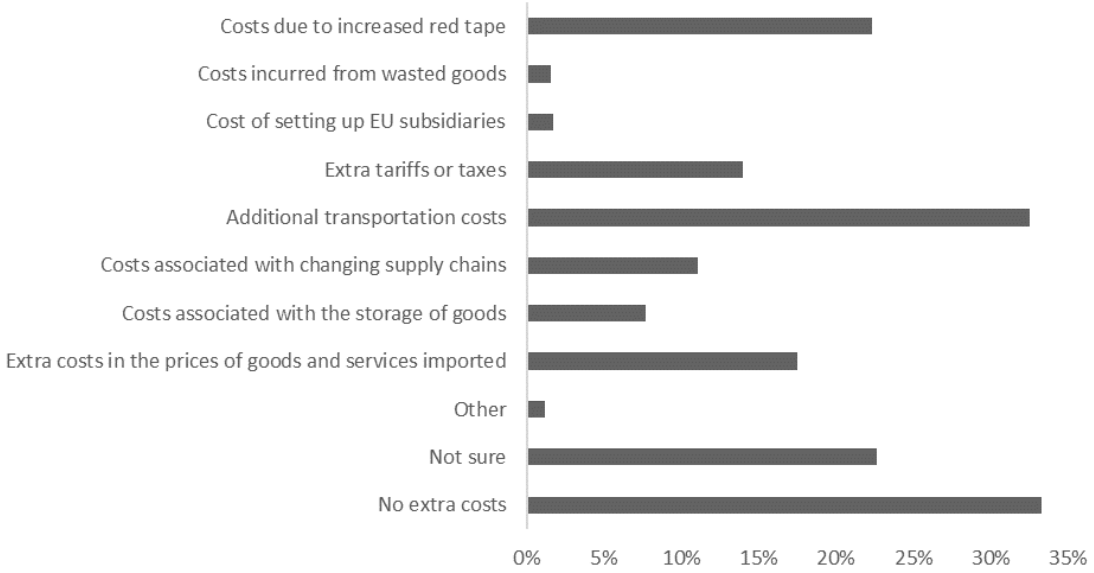
Reasons, if any, why West Midlands businesses are not currently using rules of origin to access lower or zero tariffs:



Supply Chains

32.5% of West Midlands businesses reported additional transport costs due to the end of the EU transition period.

Reasons, if any, West Midlands had extra costs due to the end of the EU transition period:



2.4% of West Midlands businesses intend to open new branches or subsidiaries in the EU in the next 12 months.

Where applicable, 66.3% of West Midlands businesses had been able to get the materials, goods or services it needed and a further 14.0% had but the business had to change suppliers or find alternative solutions. While 7.5% of responding West Midlands businesses reported not being able to get the material, goods or services needed.

2.3% of West Midlands businesses reported no disruption to the business caused from these challenges and 32.7% reported just a minor disruption. While 51.5% of West Midlands businesses reported moderate disruption and 11.3% reported major disruption.

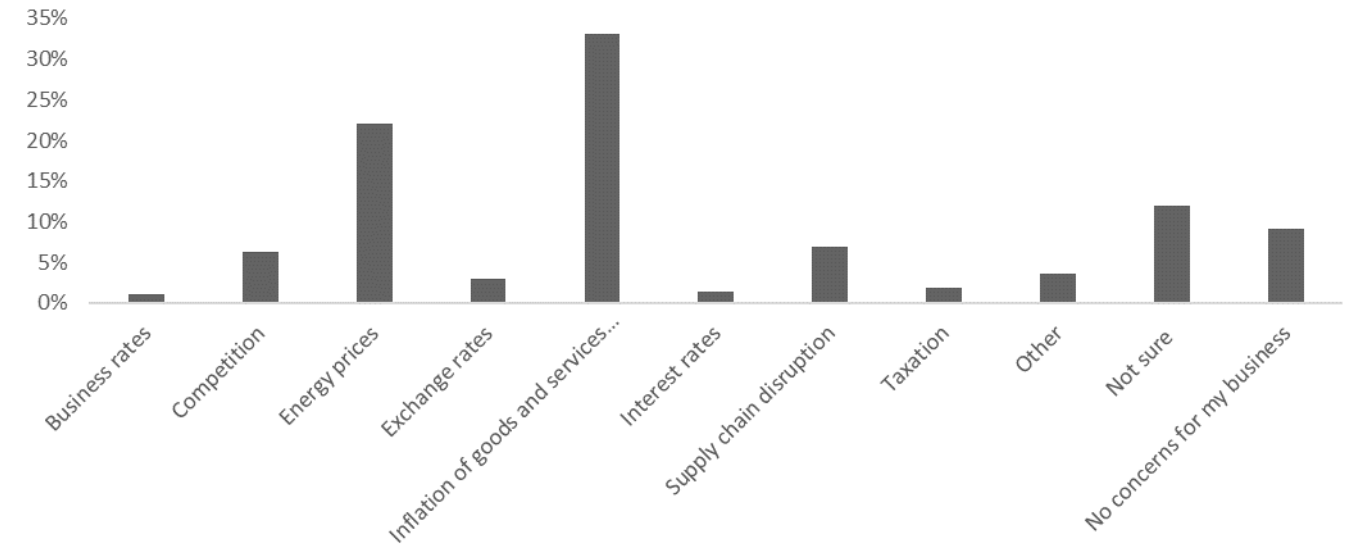
Global Supply Disruption

21.9% of West Midlands businesses reported experiencing global supply chain disruption in June 2022. In contrast, 45.4% reported none.

Main Concerns for Business

33.1% of West Midlands businesses expect the main concern for business in August 2022 will be inflation of goods and services prices.

The following chart shows the main concern (if any) for businesses in the West Midlands:

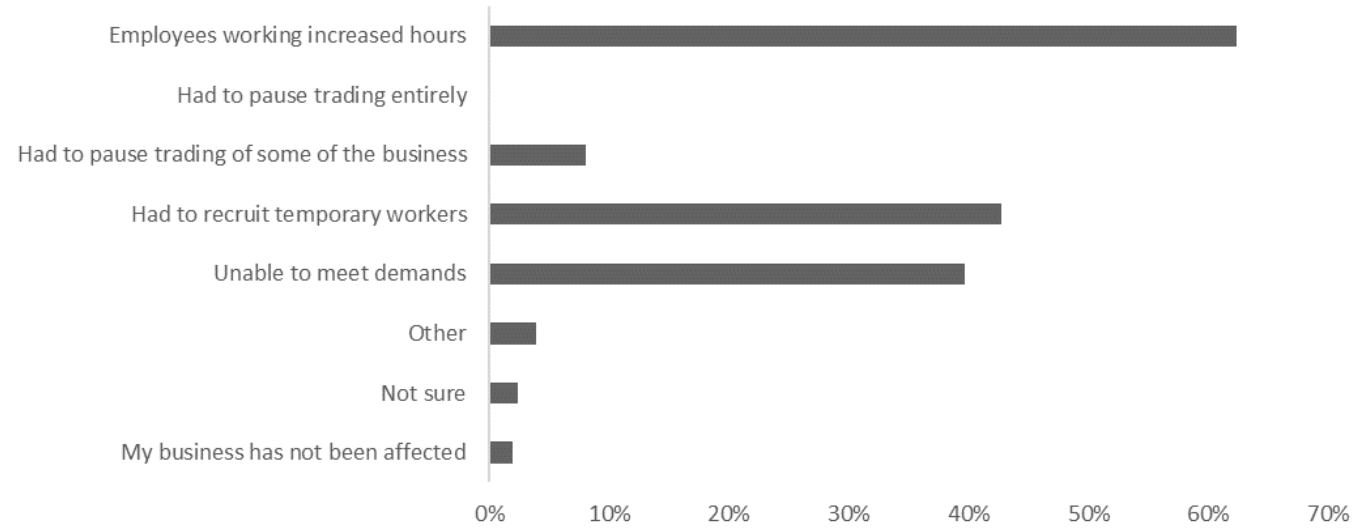


Worker Shortages

37.3% of West Midlands businesses reported to currently experiencing a shortage in workers. Although, 48.0% reported no shortages in workers.

62.3% of West Midlands businesses reported that the worker shortage had caused employees to work increased hours.

How the shortage of workers has affected West Midlands businesses:



Wages

70.0% of West Midlands businesses reported that employees' hourly wages in June 2022 when compared to the previous month had not changed. 19.0% reported an increase in wages and 1.2% reported a decline in wages.

Cost of Living

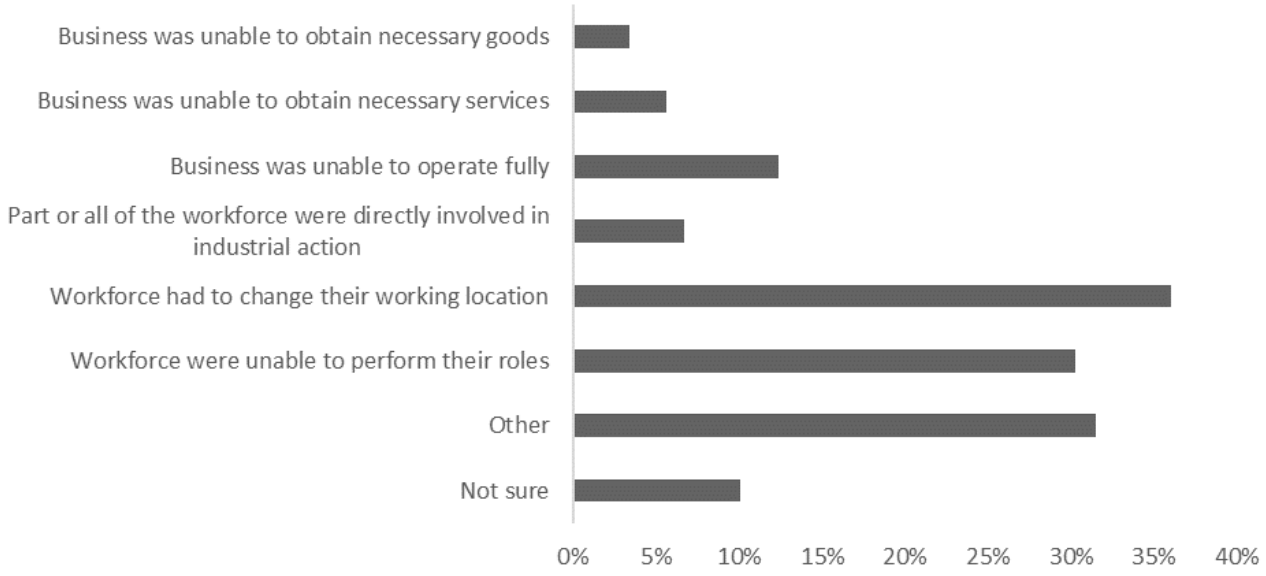
4.6% of West Midlands businesses offered employees a one-off cost of living payment in the last three months.

Industrial Action

7.2% of West Midlands businesses reported to being affected by industrial action in June 2022. Although, 64.9% of West Midlands businesses reported not being affected by industrial action.

36.0% of West Midlands businesses reported that due to industrial action in June 2022, the workforce had to change their working location.

How West Midlands businesses were affected by industrial action in June 2022:



Public opinions and social trends

A Breakdown by region are no longer provided within this dataset due to the smaller responding sample size of the OPN survey. Estimates are based on data collected between 20th to 31st July 2022, (the "latest period") and 6th to 17th July 2022 (the "previous period").

Cost of Living Crisis

75% of adults reported being very or somewhat worried about rising costs of living in the last two weeks; although, this estimate has remained relatively stable since the question was first asked in the period 27th April to 8th May 2022.

Paying Energy Bills

44% of adults who pay energy bills reported they found it very or somewhat difficult to afford them in the latest period, compared with 46% in the previous period.

Personal Well-Being

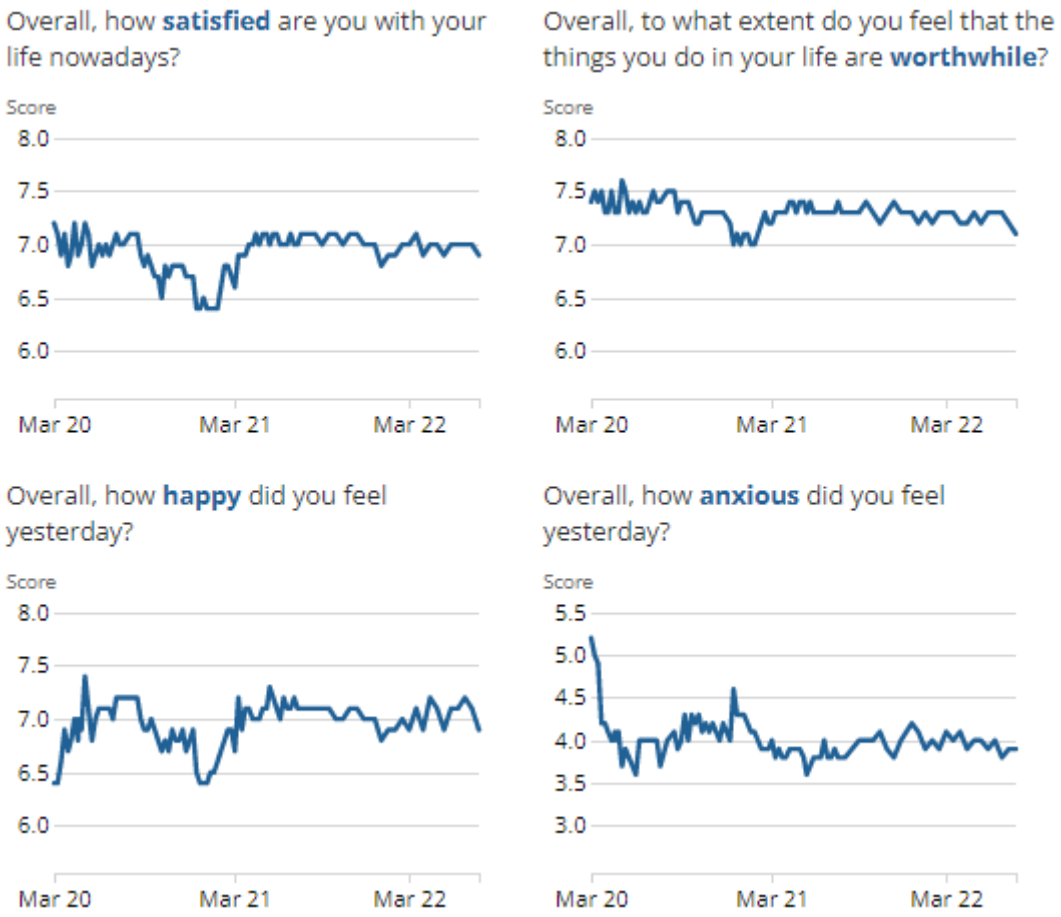
Life satisfaction – decreased by 0.1 since the previous period to 6.9.

Feeling that the things done in life are worthwhile – decreased by 0.1 since the previous period to 7.1.

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

Anxiety – remained at 3.9 since the previous period.

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



Source: Office for National Statistics – Opinions and Lifestyle Survey

25% of adults reported feeling lonely always, often or same of the time in the latest period (the same as in the previous period).

HEADLINES

SECTOR	KEY INSIGHTS
Cross Sector	**Overview** **The impact of inflation on rising costs / prices continue to be a major business issue**, particularly for utilities, wages and materials. Business groups have warned that the **inflationary spiral is "unsustainable"** for businesses. Increasing prices continue to significantly impact businesses across all sectors, who are dealing with **price rises in every area and step of their supply chain.** Predominantly, hospitality businesses, hotels, and retailers have reported that they are experiencing huge cost changes – including a **minimum of a tripled price for electricity and gas** – and are having to **decide between substantially raising prices for customers, and thereby discouraging footfall, or to absorb the costs in their business models.** SMEs are finding it slightly easier to adapt due to their versatility, though are highly concerned by having to absorb costs. **Businesses have flagged that they urgently need help with input costs, such as cash grants for energy bills and continued business rates relief.** Independent retailers have shared their concerns about **low levels of consumer confidence**, which is in turn **damaging their confidence to continue trading**. Given the difficulties that they are having with recruitment, retaining staff, and supply chain disruption, **many are nervous about how they will fare in the coming months**. Businesses have highlighted that action must be taken to boost consumer confidence to subsequently raise footfall in both town and city centres. **Labour Market** • Although unemployment rates continue to fall, **recruiting staff is becoming increasingly difficult and problematic for many businesses**. The combination of changed employee expectations (e.g., reduced hours worked, working from home etc) plus the high demand for labour across sectors and disciplines, **are fuelling demands for very high wages and favourable conditions** – even from those who are unskilled, inexperienced or new entrants to the labour market. • Some businesses have reported that, once trading returns to pre-pandemic levels, this issue will be greatly exacerbated and thus intervention or additional support from Government is needed. One organisation flagged that **previously implemented Government schemes to tackle skills were helpful, such as skills bootcamps and a focus on apprenticeships, and should be implemented again.** • While some larger firms are able to go some way towards meeting these expectations and demands, **smaller firms often lack the financial and developmental capacity to pay high wages for - and then develop - new starters**. • Regional business groups have stressed the need therefore to **find ways of attracting new talent, both at home and from overseas**, in a suite of support from Government that also encourages businesses to invest in their infrastructure and people. **Trading Environment** • **Supply Chain –** Difficulty in obtaining materials continues with **increases in lead times and costs leading to lost business.** Quotations are also difficult to pin down with businesses holding quotes for much shorter periods as opposed to their normal 30 days due to the volatility of markets. Timescales of between 7 days and in some cases only 24 hours were given as examples.

SECTOR	KEY INSIGHTS
	• **Energy bills continue to be a major concern for businesses** across the region as fixed term deals come to an end. Support for energy costs is required, as businesses look to **reduce usage and save spiralling costs,** as well as **meeting carbon neutrality / net zero aspirations**. • **Diversification** – there is a strong appetite for diversification, probably more relevant post pandemic as many businesses have been forced to look at **how else their people and operations can be used to widen service and product portfolios.** • **Land values are increasing** – the lack **of available commercial land and property is frustrating growing businesses that wish to remain in the region** due to increasing prices per square foot. **Enquiries** • **Efficiency Measures –** Examples of **process improvements** and the **desire to bring activity in house** seem to be more frequent enquiries to regional Growth Hubs this month. • **Net Zero –** Carbon reduction **projects are on the increase** with many businesses seeking **grants** to support **low carbon projects** and initiatives. **Solar PV, energy efficient lighting and heating** projects are amongst the most popular. • **Foreign Exchange Issues –** Support required from a number of businesses looking ahead and **seeking training to understand more about the risks associated with foreign currency transactions**.

COMPANY	LOCATION	SECTOR	DETAIL
Lloyds Bank	Region-wide	Banking	Lloyds Banking Group has confirmed a further 66 branch closures from October, including another nine branches across the Midlands. The West Midlands will lose Lloyds Bank branches in Edgbaston, Weoley Castle, Aldridge and Malvern Link, as well as a Halifax branch in Birmingham.
Trinity Hotel Ltd	Kenilworth	Accommodation	A popular hotel and wedding venue is being sold after the cash-strapped company behind it went into administration. Its owners Trinity Hotel Ltd took over the business in 2020 just before the pandemic led to restrictions across the country. After opening post lockdown, the hotel has struggled and the company was placed in administration last week.
Economy-Wide	Region-wide	All	The West Midlands is reported to have 13,385 businesses struggling in Q2 due to rising inflation, higher labour, material and energy prices, and faltering consumer and business confidence. According to the latest figures from Begbies Traynor's "Red Flag Alert", which monitors the financial health of British companies, saw sectors such as real estate, property and manufacturing under stress.

NEW ECONOMIC SHOCKS

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL
Accenture	Birmingham	Professional Services	Accenture's Midlands regional hub will be located in Norfolk House, Birmingham, adding to the company's existing operations across the UK, with hubs in Scotland, the North West, North East, Yorkshire and the South East. The hub will bring together and expand Accenture's capabilities to serve clients in the Midlands and across the UK, with a particular focus on driving innovation in the financial services and digital manufacturing sectors.
Wetherspoon	Kenilworth	Pubs	Pub operator Wetherspoon is set to invest £2 million to open a new outlet in the centre of Kenilworth after a deal was agreed on a key property. It is expected to create 60 jobs in the Warwickshire town when it opens
Modpods International	Coventry	Manufacturing	A Coventry company that specialises in the design and manufacture of modular homes is set to create 125 jobs thanks to a major investment. Modpods International has received £250,000 from the Midlands Engine Investment Fund (MEIF).
Barberry	Wolverhampton	Manufacturing	A new factory at the i54 business park will be occupied by more than 200 staff within five years. Barberry has submitted plans for a new plant at the Wobaston Road site, which will be taken over by an unnamed manufacturing firm once complete.
Parfetts	Birmingham	Wholesale	More than 100 jobs are to be created as wholesaler Parfetts expands into a site in central Birmingham. The employee-owned firm is opening its eighth depot in a 100,000 sq ft unit, later this year.
Alcomet	Dudley	Manufacturing	A Black Country supplier of electrical metals and components to the electricity transmission and distribution market has completed a £2m management buyout. Alcomet Ltd has expanded to become a specialist supplier of electrical metals and components to the UK substation and energy sector.

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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