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 forecasters are predicting that the UK will enter a recession in the 4th quarter of the year and global climate change issues are compounding the inflationary effects of energy prices, product supply and war. The West Midlands is being buffeted and affected by these impacts, the region particularly hit by fuel and energy costs. Latest data tells us that people are starting to increase debt to cover costs, which means less resilience if inflation continues to grow.

- Globally the economy is continuing to weaken. Driven by prices, war, and a housing market crash in China.
- Extreme weather effects continue, flash floods in Pakistan and the costs of rebuilding and the demand for raw materials will exacerbate the price issues globally. Whilst China is facing a heatwave affecting the autumn harvest and Europe is facing the worst drought in 500 years.
- The energy price cap is set to rise by 80% from the 1st of October for 24 million Britons in England, Wales and Scotland. Joseph Rowntree Foundation (JRF) has found that in 2023/24, the poorest 5th of families, forecast to have an average of £11,600 after taxes and housing costs, however with the recent energy price rises almost half (46%) of their income will be spent on energy bills. Middle income households, with average incomes of £31,400, will spend 19% on the same energy bills, which is historically large for this group. The group most impacted will be low-income single parent households which will rise to 120% of their incomes after taxes and housing costs. These households may also be forced to increase their credit use in order to pay for essentials, debt which they will unlikely be able to afford and struggle to pay back.
- Goldman Sachs has warned that inflation in the UK could reach as high as 20% next year, if rising energy prices (specifically gas) continue. This will likely plunge millions of households into poverty and leave businesses at risk. If gas prices remain elevated at current levels than headline inflation could reach 22.4%, well above their baseline forecast of 14.8%.
- Savanta ComRes found that if energy bills were to rise in the Autumn, those in the South East (60%), West Midlands (58%) and East Midlands (58%), would be the most likely to be unable to afford the rise
- According to the Bank of England, individuals borrowed an additional £1.4 billion in consumer credit in July, on net, following £1.8 billion of borrowing in June. This is returning to levels pre-pandemic, with credit card growth at highest rates since Oct 2005.
- Smart Money People conducted a survey that found almost 75% of the UK population have less disposable income now than they would usually have, due to the cost-of-living crisis. 2/3 of people are more worried about their finances now than they were during the pandemic. The survey also found that 2 in 5 expect that they will take out a new form of credit in the next year, at an average of £5,250 each. This adds up to £101.1 billion over the next 12 months.
- Food prices are the second largest concern, (12%), petrol and diesel are consumers third largest concern with an average 8% of the England population concerned. Concern around petrol and diesel prices was also highest within the West Midlands at 14%, 6% higher than the England average.
- Centre for Cities' highlighted that government policy in the 1960s deliberately stifled Birmingham's economy after the Second World War, where restrictions on office supply were unfairly introduced to deal with the city's growth in population and increases in office employment. As of 2021, Birmingham has more industrial space (28%) than the English city centre average (10%) but still lags behind the country average for office space (41% versus 53%).
- Mega event short and long-term benefits have been identified through analyses of FIFA World Cups, Olympic and Commonwealth Games, as well as Formula One Grand Prix. However, these events do not tend to translate into long-term growth – turning a short-term boost to spending and jobs into sustained economic growth needs a different set of policy interventions. To achieve impact requires targeted and sustained support to ensure the attention, investment and interest generated by the games can provide a lasting positive legacy to Birmingham's cultural and creative landscape.
- City-REDI/ WMREDI released our City Index Dashboard, a tool that ranks England's cities across 10 different categories currently using 55 different metrics to measure key performance. There are significant issues with data availability and setting levels. There are 3 levelling up missions without good metrics at a local authority level: mission 3 R&D; Mission 9 Pride in place; Mission 12 local power.
- SDG dashboards look at thematically grouping indicators which often cut across the various WMREDI's research projects as well as the indicators/metrics. Over 35 various metrics with each identified metric having a dashboard dedicated to it. These goals are accessible via the WM Data Lab for all Local Authorities

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

West Midlands Combined Authority

UKRI Research England

- WMREDI/CityREDI have launched The **Universities & Regions Policy Forum** which will bring together academic researchers with policymakers and practitioners from outside higher education (HE) seeking to enhance their understanding of levelling up challenges and build more effective shared responses to them.

Megatrends - Future Skills Impacts:

- Increasing technological innovation and growing adoption of new technologies is changing the types of jobs available and the range of skills required by employers. At the same time, participation in training is declining. The Covid-19 pandemic risks accelerating and accentuating these trends, further polarising labour markets and widening inequalities. As the Futures of Work blog puts it "By compressing processes already underway, the pandemic has expedited the future of work into the present".
- Key policy implications - Reskilling and upskilling the UK workforce is urgent to avoid significant skills gaps and mismatches within the next decade; Developing training and improving the quality of managers is important if firms are to maximise the benefits of increased technological capability; There is a need for employers to work with government, education providers and job search platforms to improve data regarding job and skills opportunities for workers; There is a need to work across organisations to share good practice for developing the quality of managers and a broader institutional culture which champions training. It is vital such initiatives are actively led from the top of organisations; Firms need to work with skills providers to develop opportunities for school and university students and leavers who have faced two years of disrupted education. Strategic partnerships are essential to preventing a spiral of decline.
- Modelling by McKinsey suggests that by 2030 skills shortages are likely to be more severe in terms of 'workplace skills' than 'qualifications' and 'knowledge' and that the most widespread under-skilling is predicted to be in basic digital skills. In line with advances in technology, 'basic digital' skills by this point, are likely to be increasingly advanced compared to skills considered 'basic' today.

Megatrends – Future Transport Impacts:

- Analysis from 20 countries shows that "more than 20% of the workforce could work remotely three to five days a week as effectively as they could if working from an office. This means that if remote working took hold at that level, there would be three to four times as many people working from home than before the pandemic"
- The importance of growth in walking and cycling goes beyond the coronavirus outbreak. Pre Covid-19, the West Midlands is a region which already had poor health outcomes. Walking and cycling can help to implement more physical activity into people's lifestyles while commuting and help to reduce the health costs of sedentary lifestyles
- Hyper-proximity can be a source of new economic and social models in cities. An approach of dense but friendly cities can help to boost the economy since pedestrianised streets can help to encourage shopping in an approach that can translate into a more favourable impact on the well-being of communities.
- A pre-Covid-19 study by the Mayor's office in Madrid using data from BBAV Bank found that the increased use of walking and public transport had a positive impact on the businesses in the centre
- Policy recommendations - Infrastructure is essential but this should go hand in hand with a change in values and behaviour; "Local transport authorities to produce plans to permanently reshape local transport networks based on active travel shared and public transport and ensure local authorities and bus operators work together to re-plan bus provision, with better integrated, multi-modal networks"; Increase support and guidance for developing staggered working hours and other measures in order to distribute the demand for transport; Enhance support for individuals and businesses to incentivise mobility start-ups and scale-ups projects as well as encourage public-private partnerships to revive the hardest-hit sectors and further enable MaaS; "Redesign the mobility taxation to stimulate alternatives for car: a higher demand for both green and electric vehicle technologies, as well as public transport with attractive first and last-mile solutions"; Re-allocation of street space from cars to cycling and walking in order to realize modal shift and climate ambitions; Strong commitment to academia and research institutes since these "will be critical to economic and social recovery from the impacts of COVID-19"

ONS Data update

- Vacancies are still increasing the largest increase was in "legal", which increased by 5.5%. the highest decrease was in "wholesale and retail" by 4.1% to 201.9% of Feb 2020. West Midlands online job adverts increased by 1.4%
- Reasons for mobility in the West Midlands region compared with the previous week shows that grocery & pharmacy decreased by 2.3% (to 105.0%), retail & recreation decreased by 3.0% (to 91.3%), transit stations decreased by 11.1% (to 76.8%) and parks decreased by 13.8% (to 135.4%). While workplaces increased by 0.3% (to 73.5%) and residential increased by 2.2% (to 105.2%).
- There were 6,119 voluntary dissolution applications in the wk 19/8, up from 4,825 recorded in the same week in 2020. This is also up from 4,142 recorded in the same week of 2020 and from the same week in 2019 (4,462).
- Debit card transaction data showed spending in all sectors fell in the week to 21st August 2022. The largest weekly decrease was in "automotive fuel" spending, which fell by 11 percentage points. The "food and drink" and "entertainment" spending categories both fell by 7 percentage points in the latest week.
- 26.2% of West Midlands businesses reported that turnover in July 2022 had increased when compared to the previous calendar month. 41.6% of West Midlands businesses reported turnover had stayed the same. However, 24.3% had reported that turnover had decreased.
- 54.5% of responding West Midlands businesses reported that importing stayed the same in July 2022 when compared to July 2021. 10.8% of West Midlands businesses reported to importing less and 15.1% reported to importing more.

- 47.4% of responding West Midlands businesses reported that exporting stayed the same in July 2022 when compared to July 2021. 19.0% of West Midlands businesses reported to exporting less and 16.8% reported to exporting more.
- 48.7% of West Midlands businesses were able to get the materials, goods or services it needed from the EU in July 2022. 10.2% had to change suppliers or find alternative solutions and 5.1% of West Midlands businesses reported they could not get the materials, goods or services needed in July 2022
- Where applicable, 22.9% of West Midlands businesses reported experiencing global supply chain disruption in July 2022. In contrast, 43.4% reported none. 34.2% of West Midlands businesses reported the main reason for the global supply chain disruption was due to the shortage of materials.
- 32.0% of West Midlands businesses expect the main concern for business in September 2022 will be inflation of goods and services prices.
- 26.0% of West Midlands businesses reported the prices of goods or services sold in July 2022 when compared to the previous month had increased. 57.8% reported that prices had stayed the same and 1.2% of West Midlands businesses reported that prices of goods or services sold had decreased.
- Factors that are causing West Midlands businesses to consider raising prices in September 2022 include; energy prices (43.2%), raw material prices (38.3%) and labour costs (36.0%).
- 6.3% of West Midlands businesses reported production had been affected by recent increases in energy prices, 19.1% of West Midlands businesses reported suppliers had been affected and 22.2% of West Midlands businesses reported that both production and suppliers were affected. 60.2% of West Midlands businesses have had to absorb costs due to price rises
- 38.6% of West Midlands businesses reported to currently experiencing a shortage in workers. Although, 40.9% reported no shortages in workers.
- 7.1% of West Midlands businesses reported to being affected by industrial action in June 2022. Although, 61.1% of West Midlands businesses reported not being affected by industrial action. 31.9% of West Midlands businesses reported that due to industrial action in June 2022, the workforce had to change their working location

Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

Recession

Weaking economic activity in the US, Europe and Asia is reinforcing concerns that soaring prices and the war in the Ukraine will lead to a global recession. US figures pointed to weaker demand for both manufacturers and service providers, as riding interest rates and high inflation weighed on consumers. Germany is highly dependant on Russia for its energy demand and with Russia restricting the flow of gas that would usually be expected, Germany Europe's largest economy is facing rapidly rising energy prices. As a result, of the rising energy prices both output and demand have drastically slowed, as retail sales slump. China also saw consumption and output drastically slow down over the summer. This is largely due to China's zero-Covid approach slowing economic growth. As well, as China's housing market crashing, following this sector being one of the largest drivers of growth in China, over the last decade.

Extreme Weather

Again, people are continuing to suffer the impacts of climate change this week. Unprecedented flash floods have led to historic monsoon rains in Pakistan, which has killed at least 1,136 people and affected more than 33 million people, over 15% of the country's population. Heavy waters in the Swat Valley have swept away bridges and roads, cutting off entire villages. Thousands of people living in mountainous areas have been ordered to evacuate, however, authorities are still struggling to reach those who are trapped. Those which have been able to evacuate are now living displaced in camps across the country. Pakistan is potentially facing a large-scale displacement of its population in the long run, as people may not return to high-flood risk areas in the future.

Additionally, there is growing concern around the looming cost of building back from this disaster, with Pakistan's government appealing for financial help from aid agencies, friendly countries and international donors. Pakistan's planning minister Ahsan Iqbal is forecasting that "A very early, preliminary estimate is that it is big, it is higher than $10bn (£8.5bn)". Almost half of the country's cotton crop has been washed away and vegetable, fruit, and rice fields have sustained significant damage. With such a large proportion of food crops destroyed, Pakistan will now likely face a massive food crisis. Placing further pressure on aid supplies which have already been stretched globally, following a number of crises including the Russian invasion of the Ukraine and extreme weather in Europe destroying billions of euros worth of food crops.

Meanwhile China is facing a heatwave that has latest over 70 days so far, with wildfires spreading across multiple regions of China, impacting the autumn harvest. Europe is facing its worst drought in at least 500 years, with two-thirds of the continent in a state of alert or warning, reducing inland shipping, electricity production and the yields of certain crops. Globally, the world is facing the extreme weather brought by climate change and without drastic changes to the way we live and consume, the worse extreme weather will become, rising the likelihood of loss of life and land.

National

Energy Price Cap

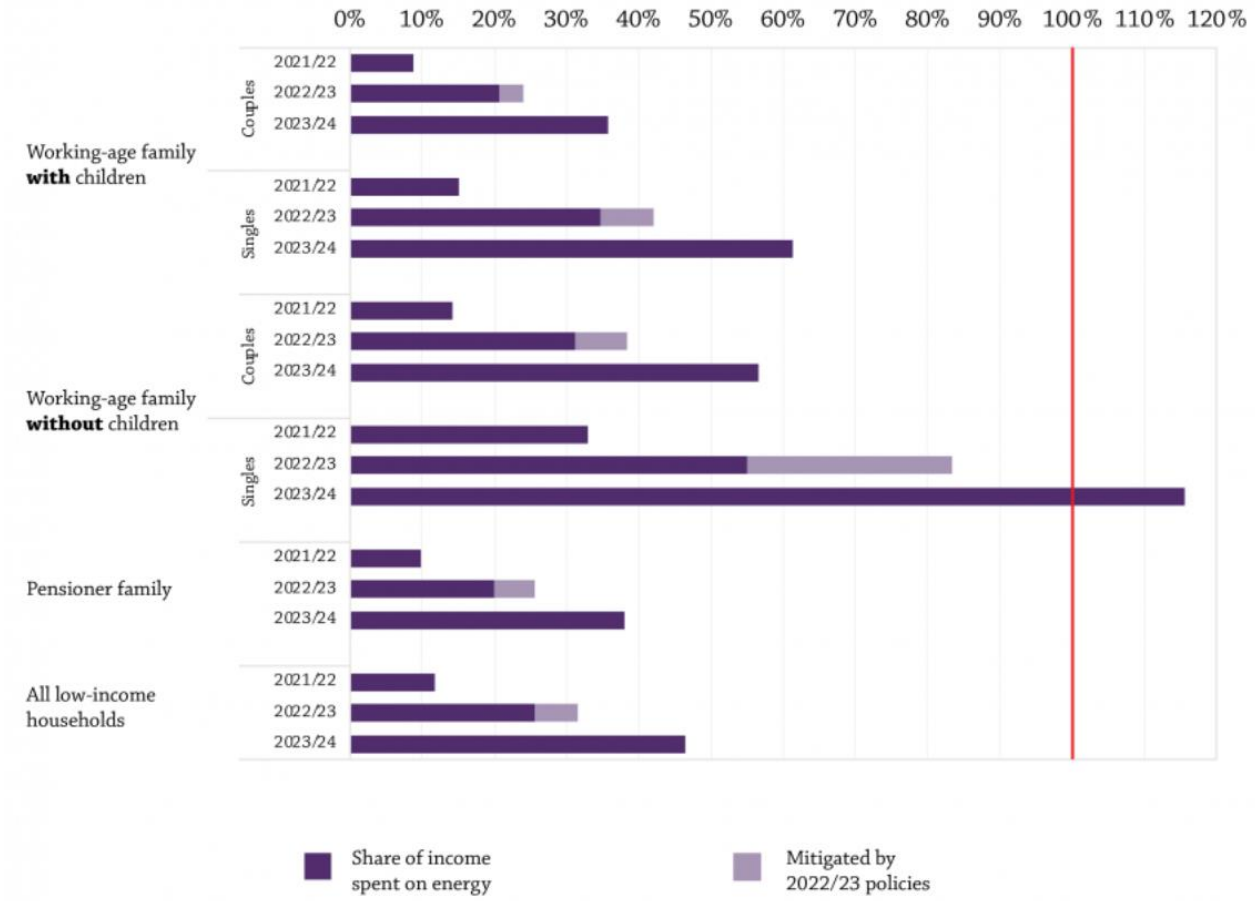
The energy price cap is set to rise by 80% from the 1st of October for 24 million Britons in England, Wales and Scotland. The cap sets the maximum amount that energy suppliers can charge for each unit of energy. For an average household, if on a default tariff and pay by direct debit, bills will increase by £1,578 a year to £3,549. If the household is a pre-payment customer, payments will rise by £1,591 a year to £3,608. However, as these figures represent the costs for an average household, some households will likely pay more than this is they have higher than average energy use.

It is expected that as the winter approaches, usually leading to increased gas demands, the energy price cap will increase again in January. However, Ofgem is not providing projections for the next quarter given the market

remains too volatile at present. Some households are so concerned about the cost of heating their homes, that 1 in 4 adults (23%) will not turn on their heating at all over winter, this figure rises to 27% amongst parents with children under 18. The poll by Savanta ComRes surveyed 2,000 people and also found that 69% of respondents said they would switch their heating on less, and one in 10 said they would take out a loan. However, it should be noted that this survey was conducted before the announced increased energy prices.

Research by the Joseph Rowntree Foundation (JRF) has found that in 2023/24, the poorest fifth of families, forecast to have an average of £11,600 after taxes and housing costs, however with the recent energy price rises almost half (46%) of their income will be spent on energy bills. Middle income households, with average incomes of £31,400, will spend 19% on the same energy bills, which is historically large for this group. The group expected to be most impacted by energy price rises will be low-income single parent households for which their energy bills in 2023/24 will exceed to 120% of their incomes after taxes and housing costs (figure 1).

Figure 1: Energy Bills as a proportion of income after housing costs UK



Source: Joseph Rowntree Foundation, 2022

This will leave some of the most vulnerable households in the UK having to make impossible decisions, potentially having to choose whether to 'heat or eat'. These households may also be forced to increase their credit use in order to pay for essentials, debt which they will unlikely be able to afford and struggle to pay back. In the coming months energy price rises will likely outstrip people's incomes. With potential for the situation to worsen if the energy prices were to increase in January following the start of the winter.

Recession

Goldman Sachs has warned that inflation in the UK could reach as high as 20% next year, if rising energy prices (specifically gas) continue. This will likely plunge millions of households into poverty and leave businesses at risk. Goldman Sachs told Reuters that if gas prices remain elevated at current levels then headline inflation could reach 22.4%, well above their baseline forecast of 14.8%. This come following the Bank of England also warning that the UK is likely to fall into a recession this year. Also, citing energy prices as the main contributor to the slowing of the economy.

Forecasts, show that the UK will likely enter a recession towards the fourth quarter of this year, which is concerning since the UK currently has yet to elect a new leader before significant actions can be taken to tackle the economy. A new leader will likely also mean a new government and a new chancellor, which will leave just under 8 weeks for the new chancellor to develop their Autumn budget.

Debt

According to the Bank of England, individuals borrowed an additional £1.4 billion in consumer credit in July, on net, following £1.8 billion of borrowing in June. This is above the 12-month pre-pandemic average up to February 2020 of £1.0 billion. The additional consumer credit borrowing in July was split between £0.7 billion on credit cards, and £0.7 billion through other forms of consumer credit (such as car dealership finance and personal loans). The annual growth rate for all consumer credit increased to 6.9% in July; the highest rate since March 2019 (7.2%). The annual growth rate of credit card borrowing was 13.0%, while other forms of consumer credit was 4.5%. These were the highest rates since October 2005 (13.7%) and March 2020 (5.6%) respectively.

Smart Money People recently conducted a survey that found almost 75% of the UK population have less disposable income now than they would usually have due to the cost-of-living crisis. As well as this, 2/3 of people are more worried about their finances now than they were during the pandemic. The survey also found that 2 in 5 UK adult expect that they will take out a new form of credit in the next year, at an average of £5,250 each. This adds up to a staggering £101.1 billion over the next 12 months for the whole UK population, according to analysis by the Smart Money People.

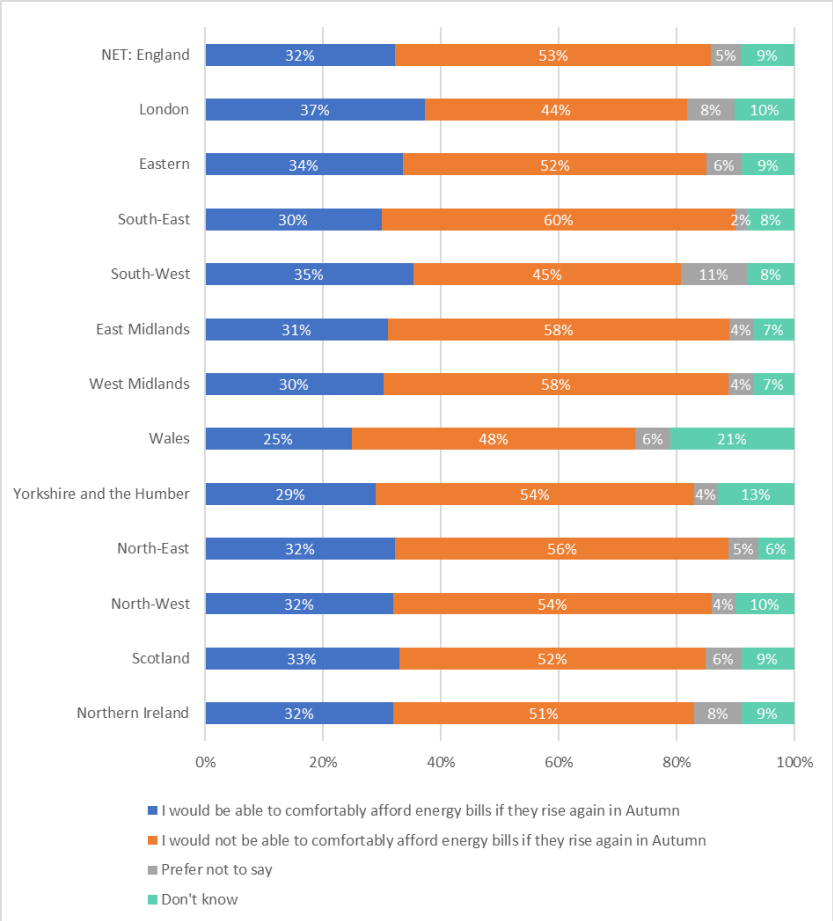
Of the 40% who expect to borrow money, nearly half are already concerned about how they'll meet the terms of their repayment commitments. The survey also revealed that five and a half million people across the UK are expecting to borrow in the next year in order to cover day-to-day expenses, and one in ten plan to borrow money to consolidate existing debts. The most popular method of borrowing in the next 12 months is predicted to be a credit card, with a third of borrowers expecting to use this method. Other popular options include an agreed overdraft, Buy-Now-Pay-Later schemes, and borrowing directly from family and friends.

Regional

Energy Price Cap

The cost-of-living poll by Savanta ComRes found that if energy bills were to rise in the Autumn, those in the South East (60%), West Midlands (58%) and East Midlands (58%), would be the most likely to be unable to comfortably afford the rise. In more affluent areas such as London and the South West, the percentage of people that expect to be unable to comfortably afford rising energy bills was lower at 44% and 45% retrospectively.

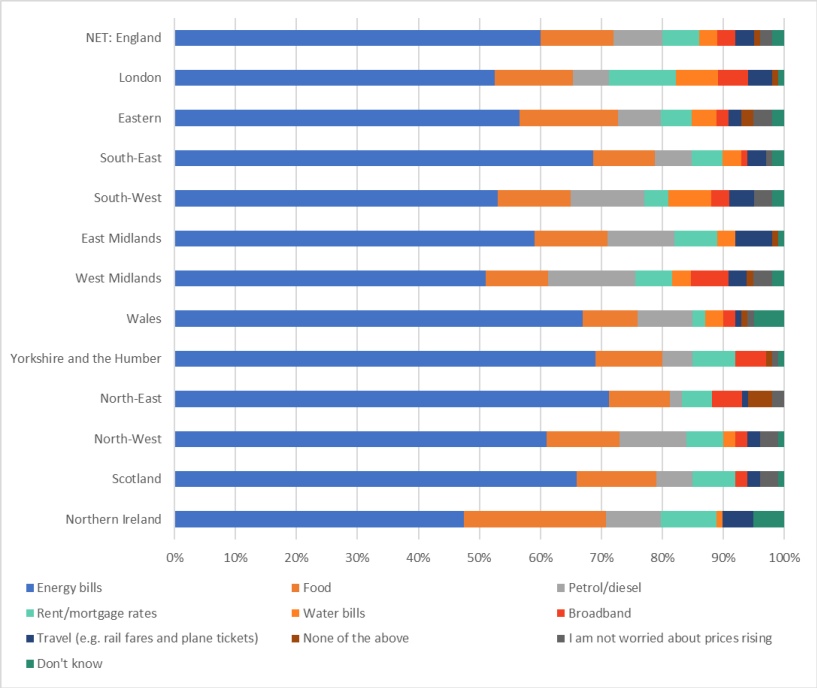
Figure 2: Energy affordability if energy bills rise in the Autumn



Source: Savanta ComRes, 2022

Across, all UK regions consumers are most concerned by energy price rises. With almost 50% of respondents in every region across the UK concerned about rises in energy bills, with the NET England score being 60%. Food prices are the second largest concern, however across England 12% are worried, this is a much smaller proportion than are concerned about energy. Petrol and diesel are consumers third largest concern with an average 8% of the England population concerned. Concern around petrol and diesel prices was also highest within the West Midlands at 14%, 6% higher than the England average.

Figure 3: Which, if any, are you most worried about prices rising for?



Source: Savanta ComRes, 2022

Innovation

Centre for Cities' Senior Analyst, Anthony Breach, highlighted that government policy in the 1960s deliberately stifled Birmingham's economy after the Second World War, where restrictions on office supply were unfairly introduced to deal with the city's growth in population and increases in office employment. As of 2021, Birmingham has more industrial space (28%) than the English city centre average (10%) but still lags behind the country average for office space (41% versus 53%). They state a priority should be to increase the provision of office space for high-value added businesses to locate in. High value-added jobs, namely those in the knowledge intensive business service sectors (KIBS), are now helping to drive economic growth in Birmingham, even though manufacturing still remains integral to the West Midlands economy.

Birmingham's economy has improved over the years, growing 30% between 1998 and 2015. However, it still lags behind other English core cities, such as Manchester (85%), Bristol (40%) and Leeds (35%). Across the city region, workers' wages are lower than the national average, yet in the Birmingham local authority they are higher than the national average. Therefore, the focus for policy makers should be on supporting workers to access those higher wages and jobs in the region's city centres, particularly in innovative industries, thereby improving living standards across the whole of the West Midlands conurbation.

The Legacy of Mega-Events: Birmingham's Challenges in Securing Lasting Impact From the 2022 Commonwealth Games

James Davies and Simon Collinson, University of Birmingham

James Davies and Simon Collinson examine the economic and cultural benefits for Birmingham and the West Midlands from the 2022 Commonwealth Games.

This article was originally published on the University of Birmingham news site.

With the 2022 Commonwealth Games taking over the city of Birmingham this summer, it's a perfect moment to consider the Games' potential economic and cultural benefits to the region, whilst exploring some of the misconceptions and challenges presented in creating a lasting positive legacy from such an event. The Games were expected to attract over 1 million visitors to Birmingham and the surrounding area over the course of its duration, as well as a global audience in excess of 1.5 billion.

Such events have become defined as 'mega-events' due to their size and scale. Short and long-term benefits have been identified through analyses of FIFA World Cups, Olympic and Commonwealth Games, as well as Formula One Grand Prix. However, these events do not tend to translate into long-term growth – turning a short-term boost to spending and jobs into sustained economic growth needs a different set of policy interventions. As a result of this, there is a marked difference between academic analyses of the additional impacts on long-term economic growth and the marketing literature used to promote the hosting of these events.

Short-term benefits are often visible opportunities directly related to the event: contracts with local businesses, live music events, local businesses benefiting from sponsorship or public grants, as well as increased visibility and international exposure. There is a temporary boost to sales and employment – there have been some £350 million of goods and services to procure, as well as 40,000 jobs and volunteering opportunities to recruit for. Some 75% of the supply chain spend has been to West Midlands suppliers, enabling a wider set of local firms to benefit from the boost.

Over the longer term, 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. The government is keen to capitalise on this, 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. The University played a strong role in showcasing the region to potential investors during the Games in partnership with the WM Growth Company and Department for International Trade (DIT) who transformed The Exchange into 'UK House' to host VIPs.

Also, amongst the potential longer-term economic benefits, mega-events are associated with the development of regional creative industry profiles and local talent. Birmingham has a thriving creative sector, just last week the BBC 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.

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.

Beyond the pure economics of investment, employment and regional growth, the government department for Culture, Media and Sport (DCMS) take an integrated approach to culture, creativity and sport. It is hoped that the impact of events like the Commonwealth Games will be seen on a more cultural and societal level. More health and well-being resulting from an uptake of sports, music and community events. The benefits of these creative and physical activities have been linked to an increase in self-confidence, improved physical and mental health,

combating feelings of loneliness, and healthy ageing. Cultural events also contribute to an increased level of local and regional pride.

Birmingham Commonwealth Games 2022 has a well-articulated legacy programme spanning 11 different areas and defining itself as 'helping Birmingham and the West Midlands to maximise the benefits of hosting the Games'. The aim is to realise £200 million in 'social value' – boosting the skills, confidence and optimism of local people who experienced a positive impact from the Games in their daily lives – but much of this will be difficult to precisely measure.

However, it's not all good news. Analysis of previous mega-events, including the 2012 London Olympics and the 2010 FIFA World Cup in South Africa, call into question the extent to which such events can fulfil their promise and deliver the legacy upon which they are often marketed.

Much of the economic impact is short-lived and long-term effects depend on the degree to which the brand, reputation and identity of a city-region gains a sustained boost from a global event. This can improve its attractiveness to inward investors, and people with skills and spending power to lift local productivity and consumption. This is possibly the biggest win for Birmingham, which has sat in the shadow of other UK cities – even acquiring a negative reputation as a place to work and live.

An event such as the Commonwealth Games has huge potential to deliver a raft of economic, societal and cultural benefits to Birmingham and the Midlands. But to achieve this requires targeted and sustained support from local and regional government to ensure the attention, investment and interest generated by the games can provide a lasting positive legacy to Birmingham's cultural and creative landscape.

Perspectives on the Future of Work and Training

Abigail Taylor, WM REDI

Abigail Taylor looks at trends that might impact the future of work and training and what this could mean for the West Midlands.

This article is part of larger project looking at Megatrends in the West Midlands. Megatrends are major movements or patterns or trends that are having a transformative impact on business, economy, society, cultures and personal lives. The project examines some of these megatrends in a series of provocations, podcasts and a report.

View the full provocation.

This article is a summary version of a slightly longer paper prepared in early 2021 for a project on Megatrends and Future Cities, which is also informing a Future Business District Study. It is concerned with trends in the future of work and training and their implications for the West Midlands. Increasing technological innovation and growing adoption of new technologies is changing the types of jobs available and the range of skills required by employers. At the same time, participation in training is declining. The Covid-19 pandemic risks accelerating and accentuating these trends, further polarising labour markets and widening inequalities.

As the Futures of Work blog puts it "By compressing processes already underway, the pandemic has expedited the future of work into the present".

Introduction

Work in the future is likely to involve greater demand for higher-level skills, especially technology and interpersonal/people skills. Unless the UK finds a way to radically upskill its workforce, over the next decade, this will lead to skills mismatches limiting individual employment and earnings opportunities and also firm performance and productivity, so reducing UK competitiveness. Reskilling and upskilling the workforce is urgent. Unless the UK finds a way to radically upskill its workforce, over the next decade, this will lead to skills mismatches which could limit both individual employment and earnings opportunities but also firm performance and productivity.

By investing in training, firms can build on existing talent and prepare themselves for the changing labour market. Developing the quality of managers and a broader institutional culture which champions training is essential to this.

Key policy messages

- Reskilling and upskilling the UK workforce is urgent to avoid significant skills gaps and mismatches within the next decade.
- Developing training and improving the quality of managers is important if firms are to maximise the benefits of increased technological capability.
- There is a need for employers to work with government, education providers and job search platforms to improve data regarding job and skills opportunities for workers.
- There is a need to work across organisations to share good practice for developing the quality of managers and a broader institutional culture which champions training. It is vital such initiatives are actively led from the top of organisations.
- Firms need to work with skills providers to develop opportunities for school and university students and leavers who have faced two years of disrupted education. Strategic partnerships are essential to preventing a spiral of decline.

Major trends and issues

Employer surveys have identified key skills gaps within the existing workforce, including time management, leadership skills, customer skills, analytical skills and digital skills. In the 2019 Employer Skills Survey, 32% of employers cited being unable to recruit specific skills as the main cause of skills gaps compared to 25% in

2015. Interviews conducted with employers in 2019 identified how employers increasingly value staff who possess a mix of social and behavioural skills.

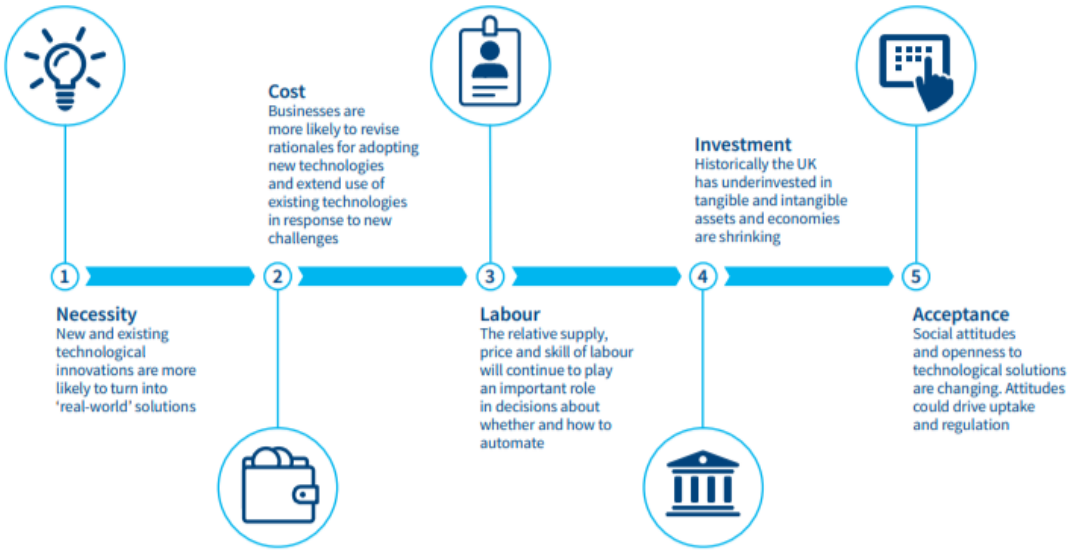
While employers have indicated that the existing skills gaps are already causing issues in terms of firm performance, participation in training is also declining, UK employers stand out internationally for their preference to recruit rather than train and employer investment in training in the UK is low relative to that in many international competitor countries. The average volume of training in the UK has declined over recent decades. For example, the average time spent on job-related training over a four-week period declined by 10% from 2011-2018 according to the Labour Force Survey whilst the annual volume of formal training in the UK Household Longitudinal Study fell by 19 % over the period 2011 and 2017.

This lack of training provided by employers is compounded by trends relating to employee participation in training. The low skilled, poorly paid, young and lower qualified are the least likely to undertake training. In the 2017 Adult Participation in Learning Survey, full-time staff were "significantly more likely" to learn for work or career-related reasons than those who worked part-time or were self-employed. In the 2019 Survey, whilst social grade continued to be the most common factor predicting whether an adult would participate in training, participation among those in higher social grades and with higher levels of education also fell. The 2019 survey identifies particular concerns regarding a continued decline in training participation among working-age adults.

While the UK population is gradually becoming more qualified, demand for higher qualifications is expected to outstrip the rise in the proportion of the population with degree level qualifications or above. Advances in technology such as automation and big data mean that 7.4% of jobs in England are at high risk of some of their duties and tasks being automated in the future. By 2030, there could be a 13% increase in jobs requiring a bachelor's degree, and 7 million additional workers could find themselves under-skilled compared to the requirements of their job.

The pandemic had an immediate impact on the demands of firms and their workers, with the increased adoption of new digital technologies among firms. In the period from late March to late July 2020, over 60% of firms adopted new digital technologies and management practices; and around a third invested in new digital capabilities. This digitalisation of work requires an urgent process of training and upskilling staff: the Industrial Strategy Council suggests that this most important of skills is expected to experience the highest level of under-skilling by 2030 if existing trends continue (see here and here).

Covid-19 could accelerate automation in five ways: necessity, cost, labour, investment and acceptance, as demonstrated in the Figure below showing the extent, nature and pace of technological adoption. The role that automation will play for skills will be to replace lower-skilled jobs, requiring reskilling and upskilling of workers if they are to remain in the labour market.



The existing gaps in skills required by employers combined with the current underfunding of training, the inequalities in access to training, and likely continued increases in demand for highly skilled workers clearly demonstrate the urgent need for reskilling and upskilling of the workforce. As the Industrial Strategy Council has argued, employees with a range of social and emotional skills, analytical and interpretative skills, and digital skills will be better placed to adapt to changing job requirements in the eyes of employers.

What might the future look like?

The existing analysis provides insight into how continued growth in automation and AI may impact skills demand over future decades.

Modelling by McKinsey suggests that by 2030 skills shortages are likely to be more severe in terms of 'workplace skills' than 'qualifications' and 'knowledge' and that the most widespread under-skilling is predicted to be in basic digital skills. In line with advances in technology, 'basic digital' skills by this point, are likely to be increasingly advanced compared to skills considered 'basic' today. Predictions suggest 5 million workers could be acutely under-skilled in basic digital skills by 2030 whilst up to two-thirds of the workforce might face some level of under-skilling.

Other skills in which employers are likely to face acute skills shortages include core management, STEM and teaching and training skills. The analysis suggests that 2.1 million workers are likely to suffer from acute under-skilling in at least one core management skill (leadership, decision-making or advanced communication), whilst 1.5 million workers are likely to face acute under-skilling in at least one STEM workplace skill and 800,000 workers are likely to face acute under-skilling in teaching and training skills which are vital upskilling others.

Some sectors and occupations are likely to be harder hit by the impact of automation than others. It is likely that across Europe, occupational categories such as STEM professionals and healthcare workers will grow significantly, whilst declines are predicted in relation to the number of office support and production jobs. For example, predicted changes in human and health services mean that by 2025 technology will replace many repetitive tasks such as data entry. Caseworkers will instead have more time to develop specific interventions whilst managers will have more time to spend on coaching their teams and developing external partnership opportunities.

NESTA has used machine learning to produce an interactive map of the labour market with suitability for machine learning (see below) which identifies the similarities between over 1,600 jobs and compares their risk of automation.

Built on an understanding of skills and work activities in each role, it reveals clusters of jobs in which the core tasks appear most suitable for machine learning. Jobs within the sales and business sectors appear to be most vulnerable to automation risk. By contrast, roles in the construction and manufacturing sectors appear to contain fewer jobs which are vulnerable to automation. The map also provides insight into worker resilience by providing guidance on how workers can transition out of 'at risk' occupations into lower-risk roles. The research finds that the risk of automation is likely to be hard for employees in certain occupations to escape because occupations that are at high risk of automation tend to require similar skills. It identifies the need to focus reskilling efforts, particularly on at-risk workers in sales, customer service and clerical roles.

There are concerns that these sectoral changes could result in a greater geographical concentration of job growth over the next ten years. Research suggests that unless Covid-19 leads to considerable changes in employer and employee preferences for less dense communities, the same 48 megacities and superstar hubs that contributed 35 per cent of the EU's job growth in the past decade could capture more than 50 per cent through 2030. For the UK, this trend is likely to mean a continued concentration of high-skilled jobs in London and the South East.

Which trends provide the greatest opportunity for change?

Over recent decades the West Midlands has suffered from low qualifications levels, comparatively high unemployment and low/poor jobs growth, albeit there have been recent improvements in skills levels. Whilst certain of the predicted trends might at first seem alarming, there are opportunities for firms to respond positively.

By investing in training, firms can build on the existing talent within their workforce and prepare themselves for the changing labour market. Deloitte emphasised that the pandemic reinforced the importance of "understanding what workers are capable of doing than understanding what they have done before". Emerging from the pandemic employers should "double down on commitments to building a resilient workforce that can adapt in the face of constant change".

One way in which employers can seek to shape the opportunities made available to, and the incentives for, employees to participate in skills development and use their skills in the workplace is through developing the quality of managers and a broader institutional culture which champions training. This can be facilitated through identifying clear training goals, improving skills development and skills utilisation systems within the organisation and establishing of clear internal career progression paths which raise awareness of training benefits. Improving data relating to training outcomes is also important in informing better training decisions. Managers need to develop their own skills in terms of supporting staff. This should not be limited to day-to-day organisational working requirements but extend to supporting staff to participate in skills development. The impact of the Covid-19 pandemic in accelerating the more widespread adoption of remote and hybrid working requires managers to develop new skills to best manage workers who spend more of their time outside traditional office settings.

The table below illustrates the importance of investment in upskilling and reskilling to wider economic development and progress in addressing social inequalities in the West Midlands in two contrasting scenarios.

High levels of investment in upskilling and reskilling	Low levels of investment in upskilling and reskilling
Clear skills pathways which enable school leavers, graduates and employees to effectively upskill across the life course	Poor relationships with employers and skills providers (schools, Further Education, higher education)
The risk of increased youth unemployment is reduced as, thanks to strong strategic partnerships, school leavers and graduates are equipped with the skills required by firms in the region	Increase in youth unemployment as school leavers and graduates lack the skills required by firms within the region
The risk of increased unemployment across age groups is reduced thanks to effective and upskilling programmes within firms and partnerships with skills providers. Training opportunities are fostered within firms by organising developing the quality of managers	Increase in unemployment across other age groups as roles are replaced by automation and AI and employees lack higher level skills required to move into new roles

and upskilling initiatives being actives led by senior management	
Firms in the region are highly competitive nationally and internationally. Productivity is driven by high skills levels and cutting edge technology	Decrease in productivity of firms in the region
The region is perceived as an attractive place to live, work and invest	Decrease in attractiveness of the region for firms and students
Decreasing health inequalities	Widening health inequalities
Decreasing economic inequalities with continued progress in increasing skills and employment levels	Widening economic inequalities

Future Mobility

Madga Cepeda-Zorrilla, WM REDI

Madga Cepeda-Zorrilla explores future urban mobility and the functioning of places. She considers the challenges for transport from shift to homeworking and hybrid working; the growth in walking and cycling; car ownership, technology and behaviour and safety on public transport.

This article is part of larger project looking at Megatrends in the West Midlands. Megatrends are major movements or patterns or trends that are having a transformative impact on business, economy, society, cultures and personal lives. The project examines some of these megatrends in a series of provocations, podcasts and a report.

View the full provocation.

Introduction

The Covid-19 pandemic has deeply affected the way that cities function, with a shift of activity away from city centres during the lockdown. This has negatively affected not only the economy but also the social dynamics and people's health and wellbeing. The lockdowns also led to a reduction in traffic congestion, improved air quality and growth in walking and cycling. This is important because it shows that old problems in the region, such as poor air quality and lack of physical activity could be addressed by adaptations during the Covid crisis.

In the UK according to DEFRA and PHE, poor air quality represented the largest environmental risk to the Public Health system. The UK has air pollutants such as NO2 above the guidelines set by the World Health Organization (DEFRA, 2019). In the UK the NO2 and particulate matter are traffic-related pollutants (Sayegh, et al. 2016); therefore a reduction in car use and a modal shift towards walking and cycling can help to reduce air pollution and in consequence reduce the number of air pollution deaths.

At the international level, different cities are introducing new urban models to address urban planning issues. Post Covid-19 megatrends vary across the cities but all are based on the same principle: inverting the transport planning pyramid and prioritising walking, and cycling (Nieuwenhuijsen, 2020), as well as encouraging the use of public transport rather than private vehicles. This means placing people at the centre of the equation.

This article explores future urban mobility and the functioning of places; it considers the challenges for transport from shift to homeworking and hybrid working; the growth in walking and cycling; car ownership, technology and behaviour and safety on public transport.

Key trends and issues

The shift to remote working and the emptying out of cities

Pre Covid-19, 37.5% of employees in the Netherlands sometimes or usually from home, followed by Luxembourg (30.8%) and Belgium (22.7%) (Walker, A. and Desomer, E. 2020). In the UK the numbers were somewhat lower, but after increasing to over 40% in the first lockdown, they dropped to 36.5% in June 2020 (Felstead and Reuschke, 2020).

Analysis from 20 countries shows that "more than 20 per cent of the workforce could work remotely three to five days a week as effectively as they could if working from an office. This means that if remote working took hold at that level, there would be three to four times as many people working from home than before the pandemic" (Lund et al. 2020).

While remote working can lead to a reduction of demand for transport for travel-to-work, hitting financially transport operators and increasing the risk of job losses, therefore "demands an urgent operational response by the

public transport systems" (Wong, 2020), growth in e-commerce (online buying) might have a negative impact on traffic and pollution in as a result of the use of conventional private vehicles for the deliveries (Nieuwenhuijsen, 2020).

Growth in walking and cycling

Walking and cycling have been encouraged by several cities across the world (Combs, 2020) during the Covid-19 pandemic. To accommodate social distancing it has been necessary to reconfigure streets to allow more space for pedestrians: one study (ESRI, 2020) found that "only 30% of Great Britain's footpaths are at least 3 metres wide, 36% are between 2-3 metres and 34% are less than 2 metres wide". In the West Midlands, maps of Birmingham show that the city does not have the conditions to provide the minimum distance of separation for pedestrians.

In the UK there has been an encouragement to cycle in order to commute and as a way of exercising. During the lockdown, cycling increased and 17 % of respondents to the Covid 19 travel change survey said they are likely to cycle more post lockdown (WMREDI, 2020). To encourage more cycling, the government allocated funds to improve cycling infrastructure; the Department for Transport announced an investment of £2 billion (part of the previous announcement of £5 million) to improve infrastructure for cycling in 2020.

The importance of growth in walking and cycling goes beyond the coronavirus outbreak. Pre Covid-19, the West Midlands is a region which already had poor health outcomes. Walking and cycling can help to implement more physical activity into people's lifestyles while commuting and help to reduce the health costs of sedentary lifestyles (Cepeda, 2019). Even a short walk or cycle can have a positive impact on people's mental and physical health.

Besides health, walking and cycling can have positive effects on the central business districts. Living Streets in the UK, previously evaluated case studies from several English cities to illustrate and predict the economic and social value of pedestrianizing areas. For instance, in 2007 "evaluations of pedestrian improvements in Coventry and Bristol (including pedestrianisation, a new civic square, clearer signage and better placement of street furniture) showed a 25% increase in footfall on Saturdays and predicted £1.4 million benefits respectively" (Living Streets, 2018).

Car ownership

In the UK in 2015 "one-third of households were identified as car-free with the lowest levels of car ownership in urban areas"1 (Living Streets, 2018). On average a car is used only 4% of the time and the rest of the time is parked (Bates and Leibling, 2012). However, street infrastructure is designed to prioritise private cars, and people in a vulnerable situations due to economic barriers, disability, age, sex, or employment status suffer most of the negative effects of private car use (such as air pollution and traffic accidents) (Living Streets, 2018).

During the pandemic, "43 % of public transport users expressed concern about using public transport post lockdown" (WMREDI, 2020). Such concern can lead to a rise in the use of private cars, which are a source of CO2 emissions and affect the zero-emissions target for 2050 set by the government (GOV.UK. 2019).

The pressure over the ambitious target is leading to investment in research and development of electric vehicles (EVs) by private companies, but there is also a requirement for governmental investment in infrastructure to adapt the roads and add public charges. Using EVs provides an excellent opportunity to reduce emissions of Carbon Dioxide and other Greenhouse Gases (GHG) (Jones, et al. 2020) but the encouragement of private EVs will not help to tackle other urban problems such as congestion and social challenges such as physical inactivity. Besides, not everybody will be able to afford these new vehicles (Walker, A. and Desomer, E. 2020).

Safety on public transport

Public transport is essential to society and is essential for some workers (including key workers) to commute to work. However, during a pandemic public transport is considered by some users to be a risky option, especially when services are crowded. In 2020 43% of public transport users expressed concern about using public transport post lockdown" (WMREDI, 2020).

Possible future scenarios

What if we do nothing?

- During lockdown, there were fewer people driving, fewer people using public transport, less traffic congestion, less air pollution and thus better air quality. But with increased home deliveries, there is potential for traffic and pollution from using conventional (petrol and diesel operated) vehicles for the deliveries.

- Post-lockdown an increase in home/ hybrid working is likely to lead to an increase in social inequalities, given that possibilities for such working arrangements are greatest for highly educated workers in high-skilled jobs (Lund et al. 2020).

Evidence of what works

- **Leveraging emerging transport innovations to reduce the long-term impact of CO2 and other vehicle pollutants**. New technologies such as drones and robots can help to maintain clean and sanitized public areas and public transport. For instance, drones can spray disinfectants, monitor social distancing behaviour and make public service announcements (ITF, 2020).

- Adopting an approach towards city centres **offering services within walking distance** can be more open and more green. Hyper-proximity can be a source of new economic and social models in cities (Moreno, 2019). An approach of dense but friendly cities can help to boost the economy since pedestrianised streets can help to encourage shopping in an approach that can translate into a more favourable impact on the well-being of communities. Different approaches include:
    - **The 15-minute city** where "locals are able to access all of their basic essentials at distances that would not take them more than 15 minutes by foot or by bicycle" (Moreno, et al. 2021). One example of this is the city of Paris, where the mayor Anne Hidalgo refers to the "de-concentration" of power to be nearer the citizens and "co-constructions" of initiatives and to move to a more circular economy2 (Power, 2020).
    - **The 20-minute neighbourhood** aims to "give people the ability to meet most of their daily needs within a 20-minute walk from home, with safe cycling and local transport options" (Plan Melbourne, 2020)
    - **Hyper-proximity** is a concept introduced by the cities of Groningen and Utrecht in the Netherlands as well as Copenhagen and Aarhus in Denmark. The concept is based on the idea of "developing social, economic and cultural interactions, of ensuring substantial densification while increasing spaces for public meetings and mixing, travelling by foot or cycling and ensuring that digital technology becomes a factor for social cohesion and inclusion" (Moreno, 2019)
    - **Compact City** refers to a city with "higher densities that are contained and reduce urban sprawl, protect agricultural and amenity land, and make more efficient use of the existing urban land. There is a mixture of uses in close proximity, claimed to encourage sustainable modes of travel such as walking, cycling, and the use of public transport. Environmental, social, and economic benefits are suggested because there would be less dependency on cars and a reduction in GHG emissions. Mixed uses and more people living and working in the same place would give rise to social and cultural vitality, with facilities within easy reach of everybody. Higher densities and the close proximity of a larger population would mean that local businesses become more viable" (Jenks, M. 2019)

- **Support for walking and cycling to boost the economy**. Previous studies have pointed out that improving walking and cycling can help the economy by providing support to industries such as retail (Littman, 2017). A pre-Covid-19 study by the Mayor's office in Madrid using data from BBAV Bank found that the increased use of walking and public transport had a positive impact on the businesses in the centre (Ayuntamiento de Madrid, 2019). Although the study only took into consideration three zones of the centre of Madrid, it shows the potential of making more car-free streets.
    - **Investment and planning for bicycle use**. The city of Paris, for instance, has planned to create cycling lanes and make every street in Paris cycling-friendly by 2024 (investing £300m) (Carey, 2020).
    - **Encouraging people to walk more**. Widening the footpaths is likely to positively influence people to walk more in fact; previous research found that pedestrians feel that commuting on foot leaves

them vulnerable and at risk of accidents (Hodgson et al., 2004). Although to face the pandemic temporary street transformations happened, in the longer term it is important to plan for a complete reconfiguration of space with pedestrians as a priority.

- Reduction of car use, increase in the use of new technologies such as EVs for commercial use and support for the sharing economy. Possible approaches for reducing car use are:
    - **Car-Free City,** which aims to "reduce unnecessary private motorized traffic and provide easy access to active and public transportation" Analysis of the impact of car-free cities have shown that they can help in reducing air pollution and noise levels, increase the level of physical activity and create space for green areas (Nieuwenhuijsen and Khreis, 2016). An example of this is Vauban in Freiburg, Germany, a neighbourhood without cars and with sustainable housing (Melia, 2006) and the city of Hamburg which plans to be car-free by 2034 (Nuwer, 2014).
    - **Urban Superblock**: the aim of this approach is "to reclaim public space for people, reduce motorized transport, promote sustainable mobility and active lifestyles, provide urban greening and mitigate effects of climate change". Empirical analysis from the city of Barcelona found that creating superblocks can achieve reductions in air pollutants (NO2); noise, heat and increase in green space and thus reduce the number of premature deaths (Muller, et al. 2020).

- **Improving and incentivising the use of Public Transport**. In the short term, it is important to keep reinforcing the cleaning patrols until passengers' perceptions of risk reduction. Post pandemic, in the long term PT might not require the levels of current hygiene but "the demand will be for environments that will enable safety effortlessly" (WMREDI, 2020). This means that shifting to more use of artificial intelligence (AI) and deep learning tools in public transport is important.
    - "Automated vehicles (AVs) and Electric Vehicles (EVs) can be put into public transport service. For instance, last year the project by the Future Automated Bus Urban Level Operation System (FABULOS) "demonstrated actual public transport operations using AVs in regular traffic in a variety of locations in Europe" (Schweiger, 2021)
    - Adoption of Mobility as a Service (MaaS) and Mobility On Demand (MOD) options can help to allocate demand for transport and help improving mobility. MaaS is based on the use and integration of shared modes of public transport and rideshare systems such as Uber, bike-share and car-share (MAAS.EU. 2020). MOD on the other hand, "consumers access mobility, goods, and services on-demand by dispatching shared modes, courier services, public transport, and other innovative strategies" (Shaheen and Cohen, 2020).

Implications

The ultimate goal of any transport policy is to improve people's well-being by improving access to important activities. During the COVID19 pandemic, government restrictions o travel have affected more heavily vulnerable people. Hence it is essential to rethink the design of cities is essential to solve old problems and improve people's well-being. Because as the World Health Organisation manifesto for a recovery from the COVID-19 pandemic has stated, "we cannot go back to the way we did things before" (WHO, 2020).

To achieve healthier, cleaner and economically vibrant cities, is necessary to turn to more psychologically informed approaches to understanding shifting behaviours and values.

Policy recommendations

- Infrastructure is essential but this should go hand in hand with a change in values and behaviour.
- "Local transport authorities to produce plans to permanently reshape local transport networks based on active travel shared and public transport and ensure local authorities and bus operators work together to re-plan bus provision, with better integrated, multi-modal networks" (Better Transport, 2020)
- Increase support and guidance for developing staggered working hours and other measures in order to distribute the demand for transport (HMGOV. 2020)
- Enhance support for individuals and businesses to incentivise mobility start-ups and scale-ups projects (BEIS, 2021) as well as encourage public-private partnerships to revive the hardest-hit sectors and further enable MaaS" (Walker and Desomer, 2020)

- “Redesign the mobility taxation to stimulate alternatives for car: a higher demand for both green and electric vehicle technologies, as well as public transport with attractive first and last-mile solutions” (Walker and Desomer, 2020).
- Re-allocation of street space from cars to cycling and walking in order to realize modal shift and climate ambitions (Walker and Desomer, 2020)
- Strong commitment to academia and research institutes since these “will be critical to economic and social recovery from the impacts of COVID-19” (BEIS, 2021)

Mobilising the Power of Universities in Levelling-Up: A new Universities and Regions Policy Forum

John Goddard, WM REDI

Welcome to REDI-Updates. REDI-Updates aims to get behind the data and translate it into understandable terms. In this edition, WMREDI staff look at the government's flagship policy - Levelling Up.

We look at the challenge of implementing, understanding and measuring levelling up.

In this blog, Professor John Goddard, with Rebecca Riley, Professor Anne Green, Professor Chris Millward, Des McNulty and Mike Boxall discuss the creation of a new policy forum which will examine what role Universities can play in Levelling Up.

View REDI-Updates.

Find out more about the Policy Forum.

Missing Links in Levelling Up Responses

The regional and local inequalities in social, economic and place-based success that underly the levelling-up agenda are deep-seated and complex and have persisted and even worsened despite numerous policy initiatives over many years. The Levelling Up White Paper (LUWP) recognises these complexities and acknowledges the failings of past interventions. It proposes a range of locally-driven reforms to redress four essential pillars (or statuses) across 12 social and economic missions. One important engine for effective levelling up responses, largely neglected in the White Paper, is active collaboration between universities and civic partners (with others) to understand and address key community needs in their localities.

There is a powerful body of social science research on the contribution of universities to city and regional development but much of the research in this area has not hitherto informed policy and practice, particularly in the UK. This is in part because of silos within central government between those focusing on higher education, research and innovation, and those responsible for 'place'. Parallel silos of disconnected roles and interests are seen at local levels within and between local government and universities. As a consequence, there has been a generic failure to ensure that the weight of academic knowledge and research has been applied to regeneration policies and practices in the places where universities are located.

Box One: The WMREDI/WMCA partnership – Associate Professor Rebecca Riley and Professor Anne Green

Research institutes with a strong applied and policy focus are a vital part of an evidence-backed development landscape; they provide crucial evidence for policymakers and bring academic rigour and long-term perspectives in a short-term world.

City-REDI was established by the University of Birmingham to develop a better understanding of city-regions as complex, integrated and diverse economic, political and social systems. This mission was extended in 2019 with the establishment of the West Midlands Region Economic Development Institute (WMREDI). The creation of WMREDI coincided with significant economic and social shocks triggered by Brexit and Covid-19, which impacted regions differently, accelerating underlying socio-economic and spatial inequalities. Understanding different scenarios and impacts to provide real-time insights and intelligence for policymakers at regional and national levels is an ongoing priority, notably in partnership with the West Midlands Combined Authority (WMCA). A hybrid structure, combining the interests and expertise of academic researchers and those of data analysts and policy specialists, has been key to advancing understanding of place (in robust, objective, evidence-based terms) as well as being relevant to current policy and practice.

One of the largest concentrations of research capacity in this arena is City-REDI/WMREDI. The capabilities, work and impacts of City-REDI/WMREDI are discussed in **Box 1**. These capabilities will be applied and extended to bridge the gaps in university/civic engagement through **a new Universities and Regions Policy Forum**, based in City-REDI and providing a national research-informed focus on the roles of university R&D and education in city/regional regeneration.

Informing policy understanding and actions

The **Universities & Regions Policy Forum** will bring together academic researchers with policymakers and practitioners from outside higher education (HE) seeking to enhance their understanding of levelling up challenges and build more effective shared responses to them.

The Forum will have two strands of activity. The **first** will bring together key decision-makers from across Whitehall, local government, business and the community sector along with researchers and others from HE, meeting under Chatham House conventions to share experiences of engaging universities to help meet regional and place-based levelling up needs. The **second** will be an open strand in which City-REDI will share research findings relevant to the UK, including insights arising from the WMREDI programme. Each meeting will be co-hosted by a senior City-REDI staff member or associate and a prominent policy-maker appropriate to the topic.

The worlds of higher education research and city-regional policy and practice are each crowded marketplaces with multiple interest groups. The **Universities & Regions Policy Forum at Birmingham** will provide an opportunity to link these interests for the first time through a shared focus on the necessary political, organisational and systemic changes identified by the Levelling Up White Paper and elsewhere. We envisage the Forum exploring three core issues for realising the ambitions set out in the levelling up White Paper:

- The politics of devolving, distributing and aligning the funding and resources available for place-based levelling up interventions, recognising that there is little new money on offer or in prospect (Box 2)
- The balkanisation of the education and skills environment, between universities and even more so between schools, colleges and other providers, and the need for greater integration across this fragmented landscape (Box 3)
- The need for shared performance and accountability frameworks focused on the impacts of university/civic collaborations on the diversity of mission-related outcomes sought through the levelling up agenda (Box 4)

Box 2: A devolutionist view – Des McNulty

The political reaction to the levelling up White Paper, focusing on the lack of new money and the ways in which resources are allocated to different parts of the UK, might lead commentators to overlook its significance. As a flagship policy, it is dependent on the political fortunes of its standard bearers and in particular on the energy and commitment of Michael Gove. The White Paper provides a framework within which targets are set and progress is measured which will inevitably impact across government departments and institutions. The emphasis on place is not entirely new, but the levelling up White Paper is more ambitious, not just in geographical scope but in the extent to which accountability is being transferred to local agencies/partners to tackle difficult and long-standing problems.

It may be that the intentions of the White Paper are strangled by departmental rivalries within Whitehall, by the lack of governance structures able to advance the levelling up agenda in many parts of the UK and by silo mentalities and institutional cultures that are resistant to change. But the experience of devolution in England (and in Scotland, Wales and Northern Ireland) is that transfer of accountability to regional or city tiers of government opens up a better informed, more inclusive and generally more constructive policy debate about what is needed to improve economic and social outcomes.

Box 3: An Educationalist View – Professor Chris Millward

Strong connections between government and universities will be crucial to improve prosperity and opportunity in communities over coming years. National and local government need robust insights and evidence on the activity conducted by universities, and other learning providers, if their investments and regulatory interventions are to yield the desired results. Universities are also engines of the evidence and expertise needed for successful policy and service delivery across all parts of government.

Meeting this need is currently made difficult by the separation of responsibilities for education and skills activity between different parts of government and front line delivery providers. Policies promoting competition and choice in higher education have led to more dynamic and responsive institutions, but have also fostered separation and stratification of learning pathways and institutions. This creates problems for those learners who take non-traditional routes into higher education, such as through further education and work, and also for employers who want to understand which providers are best able to meet their skills needs, and indeed to stimulate partnerships between universities, colleges and schools to address them.

Learners from the most disadvantaged communities are more likely than others to study locally and employers need skills training that meets the circumstances of their local workforce. This is where the evidence, evaluation, assessment and accountability elements of the levelling up White Paper could become particularly important, ensuring that disparate areas of policy create complementary incentives and conditions at local levels.

Box 4: A higher education consultant's view – Mike Boxall

There is no doubting the commitment of (almost) all universities to playing more prominent roles at local levels in the 12 social and economic missions identified in the Levelling Up White Paper. A recent survey of UK vice-chancellors showed up to 60% placing aspects of local engagement among their top strategic priorities, while more than 60 institutions have signed up to Civic University Agreements with local partners.

But that commitment, and the potential impacts of universities in their localities, seem not to receive similar levels of engagement from national government or regional agencies. There is almost no substantive reference to the role of universities in the White Paper, other than their contributions to national and regional research and development capabilities. With some important exceptions, there has been similar neglect of central roles for universities in other local development plans, such as those from LEPs or mayoral combined authorities.

There is clearly a failure of connections here. Bridging these missed connections will be crucial for universities to translate their civic ambitions into substantive partnerships, and for civic partners to benefit from the contributions and benefits that universities can offer.

Central to this goal is a need for frameworks of shared purposes and shared accountabilities for multi-player civic collaborations. The collaborative work of developing and agreeing such performance frameworks, applicable at the micro level of specific local needs, can provide a powerful vehicle for outcome- and impacts-focused dialogues between universities and their potential partners.

Shaping the debate

Deep-seated change in lagging places requires linking up all four of the pillars identified in the White Paper: boosting productivity, pay, jobs and living standards; spreading local opportunities and improving public services; restoring a sense of community, local pride and belonging; and empowering local leaders to develop local change and delivery systems. The fact that the Government is trying to put in place a performance management and mission-based approach to how the available resources are deployed could represent a significant shift in the roles of universities in place-based levelling up. But the extent of this shift will depend on how rigorously the Government pursues it and is willing to direct some share of current funding to support university contributions to levelling up strategies. Regulatory and funding regimes, such as the Teaching Evaluation and Knowledge Exchange Frameworks, must recognise what universities can do for their places and specifically how they can contribute most effectively to the

levelling up missions. The research, evidence and debate generated by the Universities & Regions Policy Forum can be an important catalyst for achieving this.

View our Levelling Up research

View REDI Updates

Where is “The Level” in “Levelling Up”?

Josh Swan, Rebecca Riley and Hannes Read, WMREDI

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Josh Swan, Rebecca Riley and Hannes Read discuss the need for places to evaluate and measure "levelling up".

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The importance of place for levelling up

Understanding how places work is vital to levelling up. Indeed it’s important to all policies, programmes and projects which have a place impact. The revised Green Book highlights the need to carry out place impact assessments to understand place impacts and the levelling up paper reinforces this. However, the Levelling Up White Paper brings together a wide range of policies and programmes happening across government, and each has its own monitoring frameworks and outcome/output targets. Places, therefore, have to have a clear understanding of what they need to improve and what their own vision of improvement is, and their indicators should look to monitor that performance.

Places then need to actively seek out activities, funding and investment that helps them achieve that improvement. It is important that each place carries out a self-assessment of what they require to ‘level up’, both in terms of levelling up with other places but also within itself.

The White Paper missions

The missions in the White Paper cover aims in improving the orthodox economic measures such as pay, employment, productivity, research and development, transport and internet infrastructure, and skills. Something that governments for decades have pledged to improve. The White Paper puts metrics against these to reduce the geographical inequalities of these measures. The White Paper effectively condenses “the level” of “levelling up” to a minimum benchmark, of varying ambition. For example, in Mission 1, the aim is to raise pay, employment, and productivity in each area by 2030. However, achieving nominal increases is one thing, but seeing increases faster than inflation is another. Furthermore, faster improvements for the people ***and*** for the geographical areas that are lowest should be considered as successes for achieving “levelling up”, rather than just geographical areas as the White Paper focuses on.

At a local level therefore places need to work out what levels are appropriate for them across their indicators, and what performance levels they are happy with. At a national level, there is still work to be done to understand what government will measure itself by and when will it know it has achieved success in levelling up.

Measuring and evaluating “the level” of levelling up

The first issue to tackle when interpreting “levelling up” is to move away from the purely economic considerations and to recognise the importance of the social side of the economy, the White Paper has done this, but has it gone far enough?

The discourse around “levelling up” has covered a broad range of topics such as transport, wages, local government capacity, and funding for community and social initiatives. Economy and society are underpinned by local institutional capacity, productivity, sustainability, and inclusivity. “The level” of “levelling up” should be determined by agreeing and formalising a high minimum benchmark for these arrangements in every single place.

After determining a minimum benchmark, the next issue is to determine at which level of government should be held to account, at the core of levelling up is accountability to the electorate, so how can government demonstrate this? This can, in turn, determine the geographical scale that data should be collected. In many ways, the phrase

“levelling up” is driven by inequality between regions, cities, towns and villages. Northern England, alongside Scotland, Wales, and Northern Ireland, has had long-standing shortfalls in funding for transport infrastructure, wages, and research, compared to the south and east of England. In general, levelling up has been described as focusing on the ‘up’, bringing the ‘bottom-up not the ‘top-down, therefore improving things for those people and places at the most disadvantage rather than putting the brakes on those areas doing well. This means that performance should focus on targeting those that need to improve.

How do we know when we have levelled up?

As the government embarks on its levelling up agenda, one of the difficult questions will be to define and answer, ‘How do we know when we have levelled up?’ Before the release of the Government’s levelling up White Paper, data analysts and statisticians alike were particularly frustrated with identifying the point or the threshold that proclaims whether a geographical area has levelled up or is far off the mark. At this time, if one were to plot local authorities on a distribution curve based on metric performance or point to the mean, median or mode of metric performance as the benchmark for levelling up, then relatively speaking there will always be authorities that have failed to level up this year, even if their performance improved continuously year on year.

In 2022, City-REDI/ WMREDI released our City Index Dashboard, a tool that ranks England’s cities across 10 different categories currently using 55 different metrics to measure key performance. In this article, we will explore how the City Index dashboard could be used to align with the release of the government’s levelling-up white paper. The release of the Levelling Up White Paper has provided some much-needed clarity when measuring levelling up via metrics.

Geographical areas

The city index was designed before the release of the white paper, but there are few surprises from the paper in what data is used to profile each area. A major roadblock to effectively levelling up is geographical levels. It is best from an analysis point of view if the data released is at the finest possible level of spatial disaggregation. In a perfect world, that would be Local Super Output Areas (LSOAs). Lower level geographies can always be aggregated up to higher level geographies (e.g., local authority districts to regions) but not the other way around. However, this has a serious cost barrier and data is often produced at the appropriate level for the policy area (ie transport has different geography to schools and education). The city index uses local authority level data and then uses the UK Parliament’s classification of local authorities to identify cities. There is a disparity between the different geographical levels in the white paper and the single level of geography in the city index. By working with the same level of geography, comparisons are much easier to make at the local level, and by ranking each place between 0 and 1, we can objectively establish a performance table or index on how well each place is performing.

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REDI Updates 3: Review of Metrics

John Swan, WM REDI

Welcome to REDI-Updates. REDI-Updates aims to get behind the data and translate it into understandable terms. In this edition, WMREDI staff look at the government's flagship policy - Levelling Up. We look at the challenge of implementing, understanding and measuring levelling up.

Josh Swan maps the most appropriate metrics from our City Index dashboard to the Levelling Up missions from the White Paper. In this blog, we will examine each metric and why it is useful in the goal of measuring places on their levelling up progress.

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Mission 1- Living Standards

Gross Domestic Household Income per Head (GDHI per Head)

The ONS measure of GDHI per Head illustrates the level of disposable income left after deductions such as taxation, social contributions, and benefits. This measure is preferred over measuring the wealth of an area with measures such as Gross Value Added (a measure of the total value created in an area). GDHI per Head helps us understand the purchasing power of households in the area, and how it compares to the national average. Paired with a cost-of-living measure, this could show how comfortable people are according to living standards. If setting a level for GDHI we have to understand what the combination of both the income and price levels are for a place, this would allow us to see if the relative affordability for people, levelling up should be about people being able to live well in the place they are.

% of LSOAs (Lower Layer Super Output Area) in most deprived 10% nationally

Measuring household income and skills are just part of the picture, but if a local area is recognised as deprived, it is not fulfilling its true potential and requires the attention of investors to help level up. This measure highlights the living standards and the multiple types of deprivation that contribute to poorer life chances. However, this is a moving target and there will always be a bottom 10%. This raises the question of the absolute level that all places should be striving to achieve in modern society.

GVA per hour

Productivity is recognised as measuring the potential of an area in terms of generating value for the economy. Not all areas perform equally, as some areas with high-value service sectors will greatly outperform rural agricultural farmland in total GVA. However, recognising what the rate of wealth is by each hour worked will help identify if a region is lagging in production capability. Ideally, the gap would narrow between those places at the top and bottom and that would be the target; however, as noted the differences are often due to sectoral mix and diversity in the business base which can help to improve resilience to shocks

Percentage of jobs below the living wage

Of all the metrics on the City Index, none are as good a fit with levelling up as the percentage of jobs below the living wage. Here we have a benchmark that clearly defines the line to reach and one that changes each year to reflect living costs, inflation, and legislation around minimum wage. Therefore, it is appropriate to include this as a possible measure of levelling up – the greater the percentage of jobs above the living wage, the greater the productivity, wealth, and success of that area.

Unemployment rate 16-64

A metric from the ONS Annual Population Survey includes questions about economic activity and qualifications. The unemployment rate can be used to assess how much 'slack' there is in the economy. Low unemployment restricts businesses' ability to fill jobs, as we see in the economy at the moment. High unemployment is also a problem as it affects people's standard of living, well-being and crime. Every economy has to adjust to labour market shocks and lagged adjustments; currently, the global economy is going through one of the biggest shocks we have seen. There is, however, a debate on what the natural rate of unemployment is, and since the 1990s this stood at about 4.5% to

5.5% globally but this has been reducing and we have seen considerable tightening causing major employment problems. The challenges posed by tight and slack labour markets need to be borne in mind when interpreting local unemployment rates.

Mission 3- Transport Infrastructure

Total highways and transport services

This metric measures the expenditure of local authorities regarding road infrastructure and public transport. Whilst spending needs to take account of each authority's needs, budget and lending, it is nonetheless an indication of what investment is going into local transport infrastructure. The optimum level may change by place as it needs to reflect the population and the accessibility needs, more rural areas generally need high spending to ensure accessibility.

Mission 4- Digital Connectivity

4G outside coverage from the 4 main providers

Using data from OFCOM, we can determine the extent of 4G coverage from the four main phone providers, i.e. O2, EE, Vodaphone and 3. The metric is a percentage of coverage in the local authority, something in which more rural set cities are more likely to have less coverage than the larger metropolitan cities. This would need a level which looks at the minimum acceptable service, however, this will change as technology improves.

Median download (Mbps)

Each local authority has a median download speed for its fixed addresses. Given that internet connectivity is essential for living in the modern world, internet speeds determine how communities interact and how effectively businesses and ordinary people can do their jobs. This is an important metric for evaluating the digital infrastructure of an area. Again, the level will change as technology changes.

Mission 5- Education

School readiness: % of children achieving a good level of development at the end of Reception

Measuring the level of skills is a key component of levelling up. It is important to measure this at an early stage in the form of school readiness. Education is a crucial long-term policy that the government holds to be able to prepare future generations. Alignment with the measures already in place nationally and agreed performance levels is crucial here to avoid conflicting measures.

Mission 6- Skills

% above NVQ level 1

By measuring a proportion of those above NVQ level 2 (having at least 5 GCSEs A* – C or 4 to 9) in a local authority, we can determine how much of the population has fundamental skills such as English and Mathematics. As mentioned before, upskilling the population is essential to closing the poverty and income gap and providing a better-skilled workforce to firms. This relates to mission 6 as it mentions training for 'the lowest skilled areas'. Again this is difficult to put an ideal level as an older population may have fewer qualifications yet still be highly skilled due to experience but lack certification, therefore the population composition has a significant effect. However, at a local level places may want to set a target based on improving their past performance and against similar areas.

% above NVQ level 4

This level of NVQ looks at higher education qualifications. Mission 6 mentions 'high-quality skills training' which this metric identifies more closely. Places that have Higher Education Institutes, good quality jobs and housing have a significant advantage in improving on this indicator; (it is linked to employment and housing quality). Any target set to level up will therefore be highly dependent on the local circumstances and what is achievable. This is also a longer-term indicator given the time it takes to improve an individual's skills to this level.

Mission 7- Health

Life expectancy at birth and 65+ by males and females

Life expectancy is a clear indication of the health of a population and is often associated with better quality of life. Life expectancy between regions can highlight health concerns, pollution levels, the extent of demerit goods, such as tobacco products, in society and the quality of local facilities. Life expectancy is the result of decades of interconnected effects on people's lives, as well as the movement of people as they age, which can lead to some areas having a greater density of older people and more illnesses. Levelling up should aim at improving those places with low levels of life expectancy and lifting them up (similar to deprivation).

Mission 8- Wellbeing

Number of Suicides, Anxiety, Happiness, Worthwhileness, Life-satisfaction

An emerging consensus when looking at levelling up is that the general welfare of the population, health and wealth is critical. Quite simply, if people are feeling unhappy or unfulfilled in life then this is a potential sign of wider socio-economic malaise. In particular, suicide statistics point to other variables such as unemployment levels, quality of life and available facilities/services near individuals. If a population is unhappier and less satisfied than other areas, then local pride in the area will also be lowered. Wellbeing is a highly complex issue affected by all the other issues covered in the indicators, so again aiming to reduce the negative impacts across the board is essential.

Mission 10- Housing

House price to income ratios

This measure is crucial in understanding the biggest cost faced by many English households. It also helps determine barriers to homeownership which could trap people in a rent cycle (especially the younger generation). Although incomes tend to be higher in the Greater South East than elsewhere, so too are house prices, such that house prices may be more affordable in areas characterised by poorer economic performance. Hence, the spatial patterns on this measure are rather different to those for many of the others outlined above.

Mission 11- Crime

First-time offenders

Crime is extensively linked to deprivation and poor socioeconomics. If the rate of crime is higher in one area compared to others, then it is a sign that there may be deep structural problems. It must be noted that comparison against rural areas to cities where rural areas will almost always have lower crime rates, so this metric needs to be carefully considered within the setting of the area. Measuring first-time offenders enable us to track the flow into criminality in an area, at the local level recidivism may be an issue and therefore also tracking reoffending may be necessary.

Children in the youth justice system

This metric is useful for indicating if there is a lack of opportunities for young people in their local areas. Like the previous metric, the high youth crime in an area could indicate poor socioeconomic conditions, poverty and poor education and training opportunities. Also, high levels of children in social care feed through to crime levels later and this again is a long-term structural issue to tackle holistically

Missing Metrics in the City Index

There are three mission statements that cannot be addressed by the City Index. For mission 2 regarding Research & Development (R&D), the data that the white paper lays out has a regional focus instead of a city or local authority level. Similarly, mission 9, pride in place, looks to have an emphasis on green spaces and high-street rejuvenation. Whilst the ONS have data on green spaces at the local authority level that could be included as a measure, WMREDI and the WMCA carried out local modelling on the future of Birmingham City Centre and the possible scenarios that could befall the local high street, however, this cannot be done without building tools and data to examine small geographies. We are unable to recreate this data at the level of geography that the city index investigates (Local Authority), currently nowhere can be without detailed research and data collection (which reduces the ability to benchmark). Finally, mission 12 is too vague and unclear to be able to attach any meaningful data to measuring whether a place desires more local power.

Using the proposed metrics, we can analyse the performance of cities across the UK in how they are faring in their levelling up goals. Whilst the city index cannot be used for every area of levelling up (mainly data that does not go down to the local authority level) it nevertheless is useful to policymakers to be able to see how their place is compared, and identify what policy domains could be worked on to make each place a more prosperous and productive to make residents prouder of the place they reside in.

In terms of levelling up, the level needs to be set based on what is appropriate within a geography. Targets need to be linked to devolved powers, budgets and the levers places have in order to make a difference at the level.

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Using Sustainable Development Goals as Indicators for Levelling Up

Emerzon Somera, WM REDI

Welcome to REDI-Updates. REDI-Updates aims to get behind the data and translate it into understandable terms. In this edition, WMREDI staff look at the government's flagship policy - Levelling Up. We look at the challenge of implementing, understanding and measuring levelling up.

Emerzon Somera discusses using sustainable development goals as indicators for levelling up, looking at what they are and how to use the data effectively.

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What are Sustainable Development Goals?

Sustainable Development Goals (SDG) is an agenda which emphasises a holistic approach to achieving sustainable development for all. It was adopted by all members of the United Nations in 2015 as a universal call to action to end poverty, protect the planet and for all people to enjoy peace and prosperity by 2030. There are 17 goals in total, some of which aims to tackle and understand issues such as Good health & Well-being, Affordable and Clean Energy, inequality and education. The 2021 West Midlands State of the Region and the City Index draws on the SDG structure to develop the indicators set, looking for the best matches to the SDG in data available at the local level. The SDG approach has been adopted internationally as a shared goal with a vision of improving places across a holistic and interconnected set of thematic areas for policy. SDG goals offer a broader approach to levelling up than is suggested by the white paper but can form the basis of a place-based self-assessment that enables greater benchmarking and potential international comparison.

Utilising SDGs in the WMREDI Data Lab

The Sustainable Development Goals Dashboards are one of the first sets of products that the WMREDI Data Lab has produced and were initially built to be a prototype which brought together the technical work being carried out on indicators.

The SDG dashboards look at thematically grouping indicators which often cut across the various WMREDI's research projects as well as the indicators/metrics discussed within annually released reports such as the Birmingham Economic Review (BER) or the State of the Region (STOR).

The current iteration of the SDG dashboards hosts over 35 various metrics with each identified metric having a dashboard dedicated to it. These goals are accessible via the WM Data Lab Website.

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

Dashboard Structure

The dashboard follows almost an identical pattern throughout the SDGs. Clicking on one of the goals will take the user to its appropriate landing page where the following will be listed; the goal name; indicators covered including their sources; and the type of visualisation present within that dashboard.

A standard metric page will contain 6 visualisations and is split into 2 halves to enable a side-by-side geography comparison. The top row primarily focuses on uncovering any trends or patterns for the metric. The middle row focuses primarily on year-on-year changes where it looks at how much X Local Authority has improved/worsened over time. Finally, the bottom row will be a comprehensive statement of the most recent data available for the specified Local Authorities.

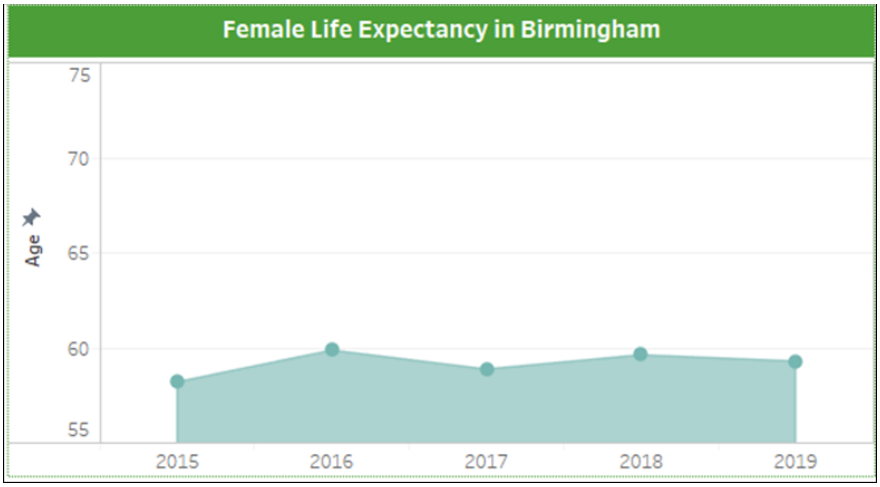
SDG dashboards and levelling up

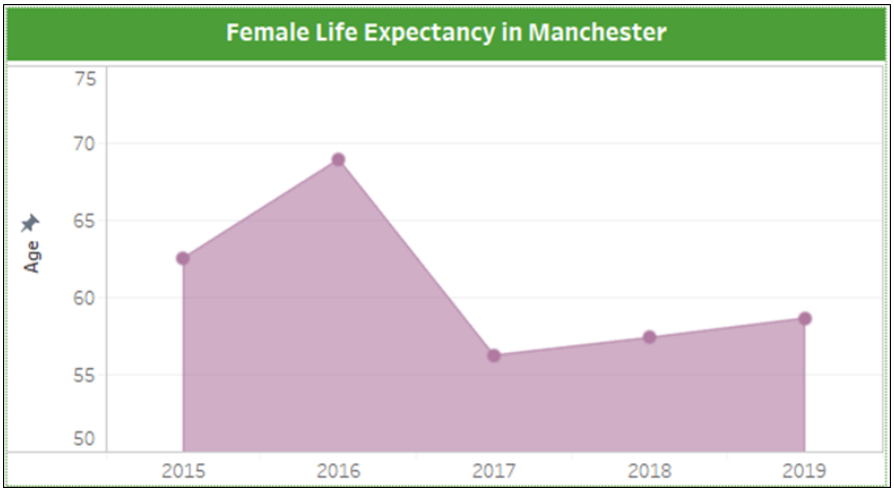
There is potential scope for the WMREDI SDG dashboard to give an insight into certain indicators that can be associated with the levelling up agenda. These indicators can be associated with some of the reoccurring themes of what 'levelling-up' should tackle. Some of these include:

- Boosting the Standards of Living
- Improving Public Services and spreading opportunity
- Improving the Economy

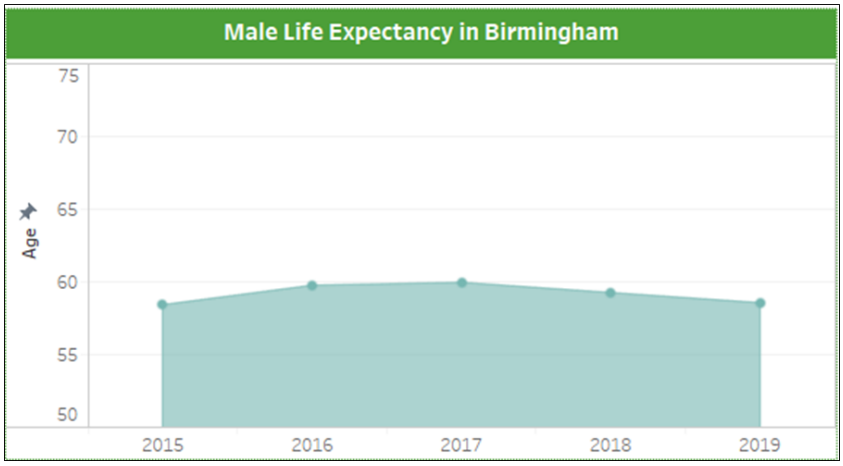
Improving standards of living

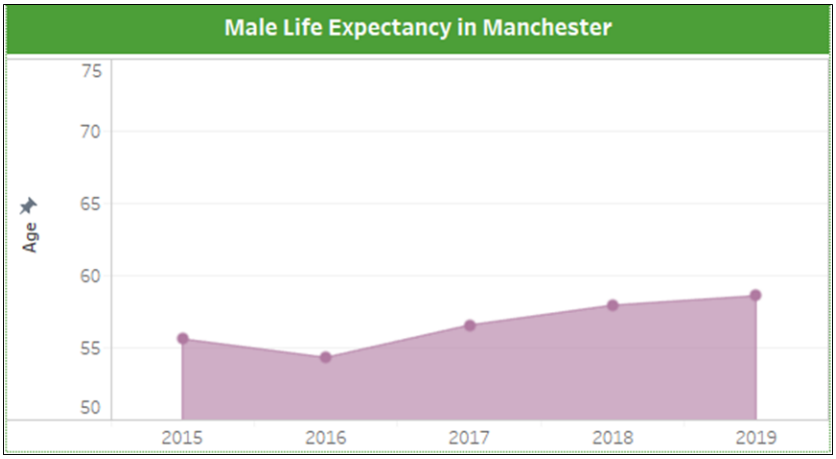
Standards of living can refer to improving wealth, access to commodities or implementing changes to achieve better health. ***Goal #3 Good Health and Well-being*** covers the Healthy Life Expectancy indicator (HLE). HLE is an estimate of how many years a person might live in a 'healthy' state. The tool can be used to assess how Birmingham is performing compared to a different local authority and identify any trends or patterns that emerge within the data.





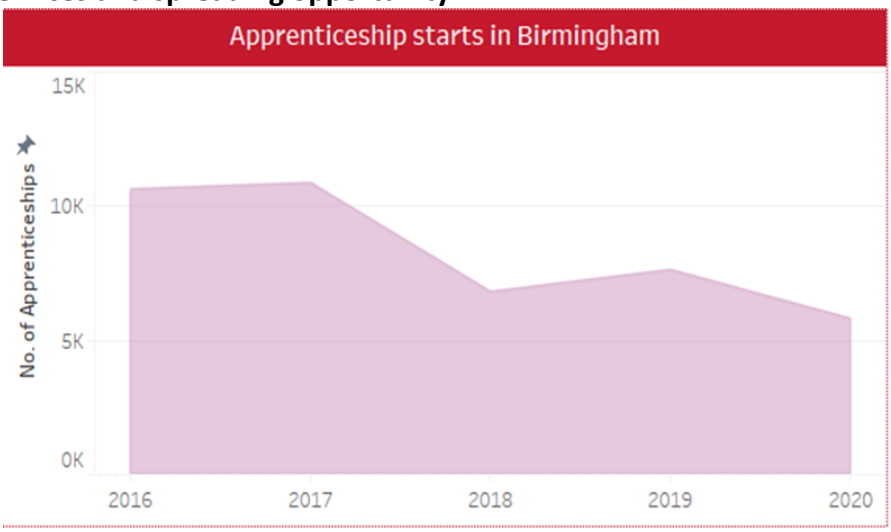
At a glance, the female HLE in Birmingham has consistently stayed the same with the values staying between the age of 58 and 59 for the years 2015 to 2019 whereas female HLE in Manchester covers a bigger range of figures falling between 58 to 68 years. Manchester had seen a significant decrease of over 12 years from the highest between the years 2016 and 2017 but has since steadily been climbing back up.

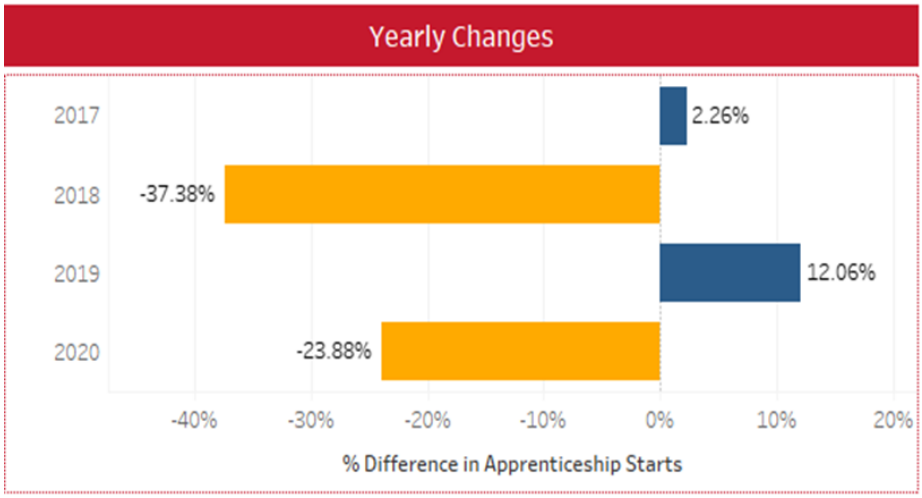




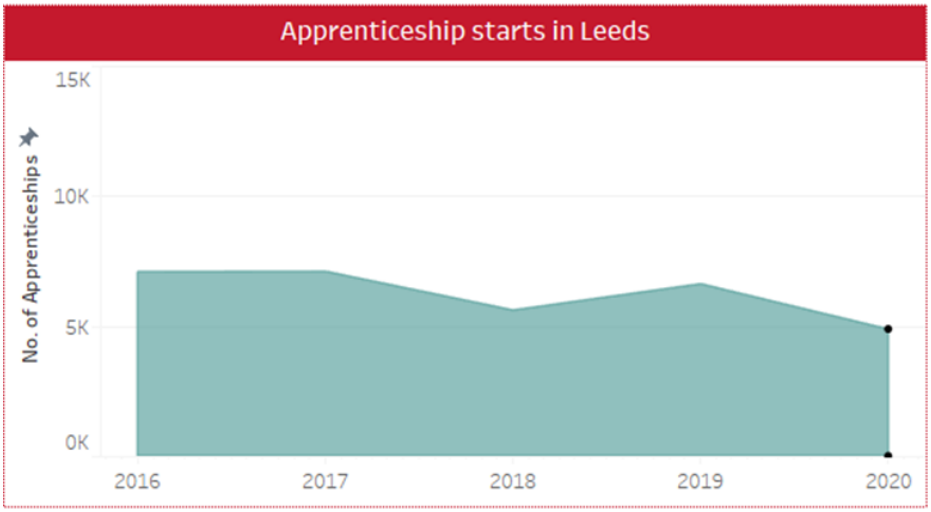
A similar pattern emerges for the male HLE in Birmingham. The figure remained consistent between the ages of 58 and 59 during 2015-2019. Additionally, Manchester's male HLE figures had also improved and had been experiencing steady growth over the last few years.
Whilst each Local Authority has experienced different changes, both of their figures are still below the UK average of 62.9 years for males and 63.3 for females. Each is moving at a different trajectory and one could interpret that Manchester is doing better in terms of improvement.

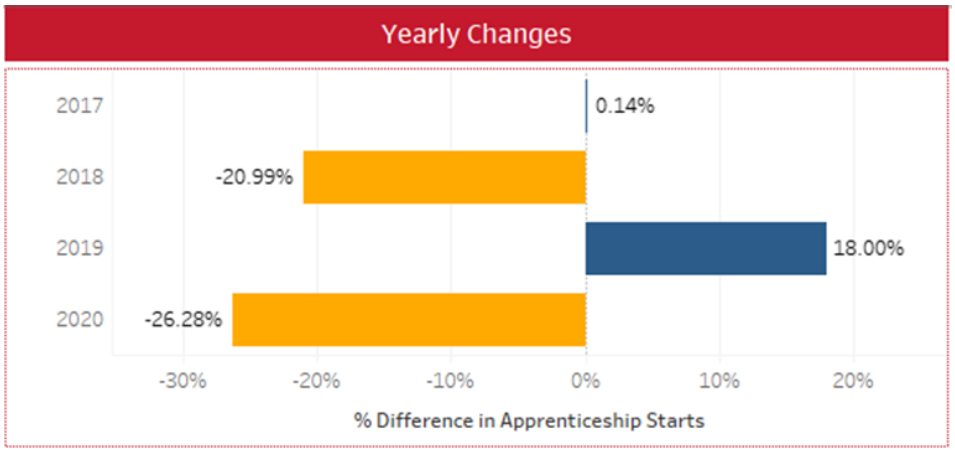
Improving Public Services and spreading opportunity





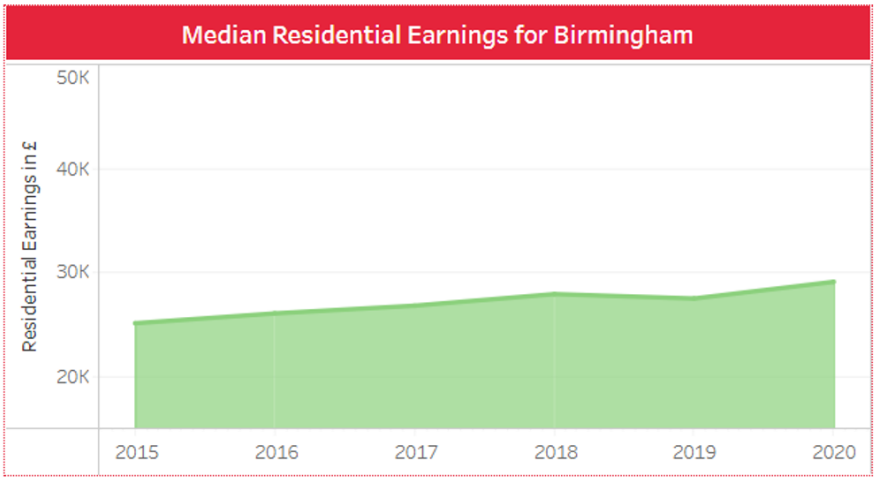
Goal #4 Quality Education's metrics look at skills, qualification levels and the number of apprenticeships starts. There has been a significant decrease of 23.9% (rounded to 1dp) or 1,820 apprenticeship starts for the 2019/2020 year in Birmingham. This may be due to the adverse effect of Covid-19 where businesses were more reluctant to take on new apprentices thus reducing the pool of apprenticeship opportunities available on the job market.

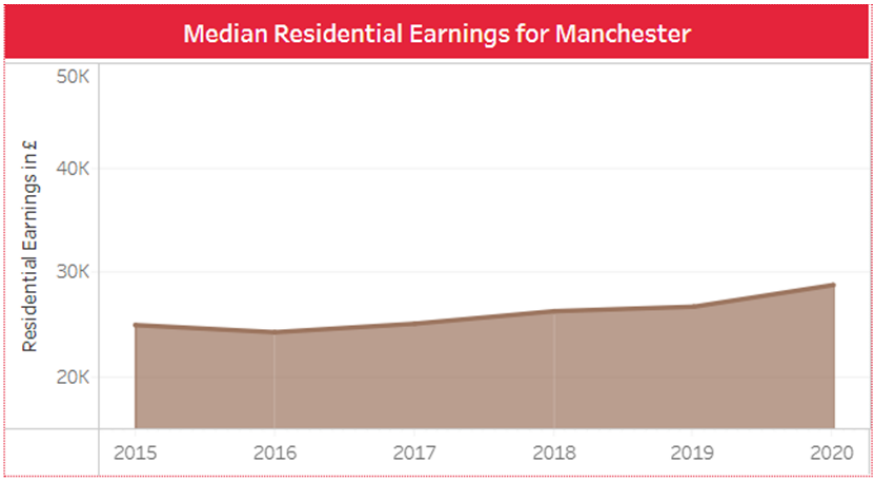




This effect is visible nationwide. For example – compared to Leeds, it's evident that the yearly changes follow a similar pattern.

Improving the economy





Another recurring theme looking at what to level up is the Economy. Out of the 11 core cities (excluding Belfast), Birmingham had the 5th highest median residential earnings of £29,030. Birmingham also holds the 5th position for most improved with a year-on-year increase of 5.8% for the year 2019/2020. Manchester was below Birmingham at the 7th position in terms of the amount of residential earnings however Manchester was the most improved across the board with a 7.8% earnings increase. With both rankings, Birmingham was placed in the middle of this group.

It is important to note that the SDG dashboards were developed and designed to be a tool used for data exploratory purposes and as an annex to various reports which simply gives users the ability to explore and examine the data being discussed. The SDG dashboards were not created to explicitly tackle the issues in the Levelling-Up White Paper. However, these dashboards can be used to monitor how a Local Authority is performing against another and against a range of indicators some of which are relevant to levelling up. SDGs cover wider policy areas including some which are notably absent in the LUWP, such as green space, energy, and reduced inequalities and so arguably provide a better holistic approach for place self-assessment.

In the West Midlands we have used this structure in the annual monitoring of the Combined Authority Area, so regardless of the policy environment, or national strategy focus we understand in detail how our local economy performs. The tool and data can also be used to track and monitor how the metric chosen has changed over time. As the term 'levelling up' detail becomes clearer in the future, so should the identification of what metrics to be used when assessing 3 things:

1. What to level up?
2. Who to level up?
3. How levelling up needs to be done?

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

Black Country Consortium Economic Intelligence Unit

On the 25th August 2022, the Office for National Statistics (ONS) released 'economic activity and social change in the UK, real-time indicators' statistical bulletin. 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 12th and 19th August 2022, total online job adverts increased by 0.5%. On the 19th August 2022, total online job adverts were at 120.7% of their average level in February 2020. Out of the 28 categories (excluding unknown) 17 increased (with a further 1 remaining the same - engineering at 109.2%); the largest weekly increase was in "legal", which increased by 5.5%. In contrast, the highest decrease was in "wholesale and retail" by 4.1% to 201.9%. There were eight categories below the February 2020 average level, these were; "legal" (76.4%), "sales" (86.0%), "property" (87.0%), "energy/oil & gas" (90.9%), "healthcare and social care" (93.2%), "education" (96.2%), "graduate" (98.3%) and "marketing/advertising/PR" (99.1%).

Online job adverts across 6 of the UK regions increased between the 12th and 19th August 2022. The West Midlands online job adverts increased by 1.4% and on the 19th August 2022, it was at 123.7% of the average level in February 2020. All 12 regions were above their February 2020 levels, varying from; 107.4% in the South East to 170.3% 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 19th 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 19th August 2022 compared with the previous week shows that grocery & pharmacy decreased by 2.3% (to 105.0%), retail & recreation decreased by 3.0% (to 91.3%), transit stations decreased by 11.1% (to 76.8%) and parks decreased by 13.8% (to 135.4%). While workplaces increased by 0.3% (to 73.5%) and residential increased by 2.2% (to 105.2%).

National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 14,947 company incorporations in the week to the 19th August 2022, up from 12,236 recorded in same week in 2021. This is down from 16,966 recorded in the same week in 2020 but up in the same week in 2019 (12,179).

Also, for the week to the 19th August 2022, there were 6,119 voluntary dissolution applications, up from 4,825 recorded in the same week in 2020. This is also up from 4,142 recorded in the same week of 2020 and from the same week in 2019 (4,462).

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 14th August 2022, across the UK there were 35 employers proposing 2,009 potential redundancies. The potential redundancies 4-week rolling average was 3,125 and the employers proposing redundancies 4-week rolling average was 41. When indexed (100 = weekly average from week ending 21st April 2019 to week ending 23rd February 2020), the potential redundancies 4-week rolling average was 64 and the employers proposing redundancies 4-week rolling average was 73.

System Average Price of Gas

The System Average Price (SAP) of gas increased by 20% in the week to 21st August 2022 (from the previous week), increasing to 83% of the peak level seen on 10 March 2022. It was 243% higher than the equivalent period from the previous year and 1436% 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 fell in the week to 21st August 2022. The largest weekly decrease was in "automotive fuel" spending, which fell by 11 percentage points. The "food and drink" and "entertainment" spending categories both fell by 7 percentage points in the latest week.

Business Insights and Conditions Survey

The final results from Wave 63 of the Business Insights and Conditions Survey (BICS) based off the 5,058 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 25.6% (1,297) and 3,027 businesses that are head quartered in the West Midlands, with a response rate of 24.5% (742). Please note, the survey reference period was 1st to 31st July 2022 with a survey live period of 8th to 21st 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

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

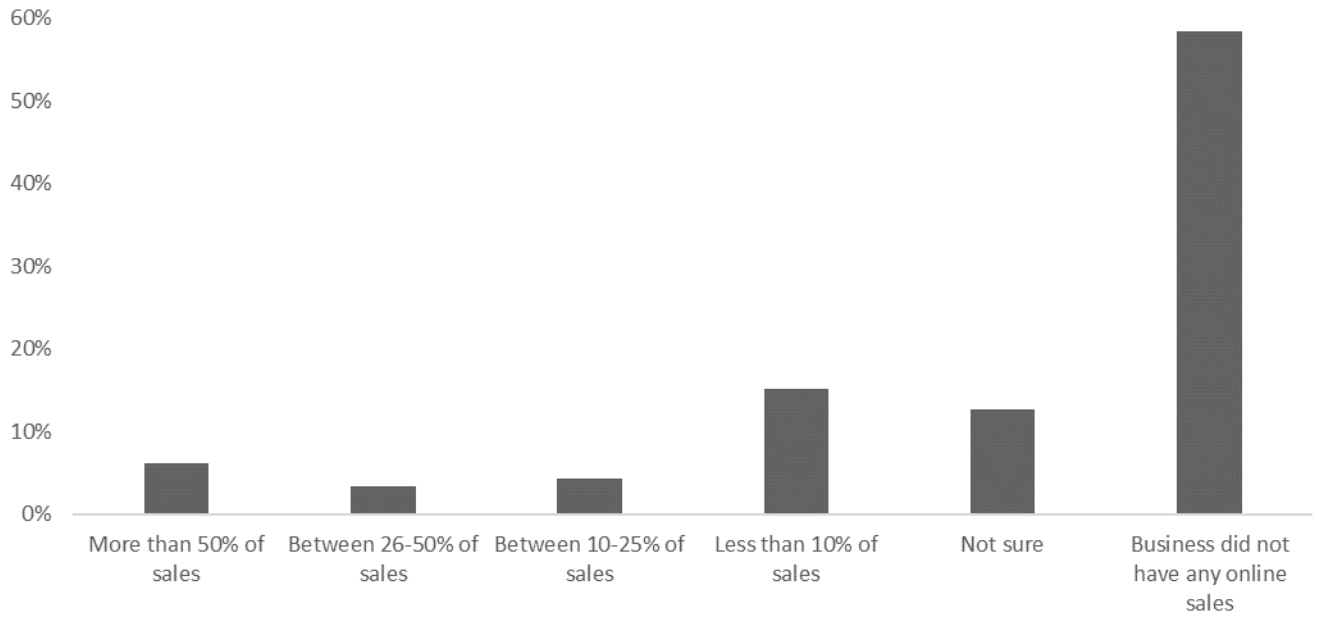
Financial Performance

26.2% of West Midlands businesses reported that turnover in July 2022 had increased when compared to the previous calendar month. 41.6% of West Midlands businesses reported turnover had stayed the same. However, 24.3% had reported that turnover had decreased.

23.2% of West Midlands businesses expect turnover to increase in September 2022. 50.2% reported expectations of turnover to stay the same. However, 14.1% of West Midlands businesses expect turnover decrease in September 2022.

6.1% of West Midlands businesses reported that more than 50% of the business turnover came from online sales in July 2022.

Percentage of West Midlands businesses turnover that came from online sales in July 2022:



Trade

Excluding "not sure" responses, 32.4% of responding West Midlands businesses reported to exporting within the last 12 months, 4.2% reported to exporting over 12 months ago. While 49.2% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 6.8% reported to never exporting previously but have goods or services that could be developed for exporting.

Excluding "not sure" responses, 47.4% of responding West Midlands businesses reported that exporting stayed the same in July 2022 when compared to July 2021. 19.0% of West Midlands businesses reported to exporting less and 16.8% reported to exporting more.

Excluding "not sure" responses, 54.5% of responding West Midlands businesses reported that importing stayed the same in July 2022 when compared to July 2021. 10.8% of West Midlands businesses reported to importing less and 15.1% reported to importing more.

Supply Chains

48.7% of West Midlands businesses were able to get the materials, goods or services it needed from the EU in July 2022. 10.2% had to change suppliers or find alternative solutions and 5.1% of West Midlands businesses reported they could not get the materials, goods or services needed in July 2022.

68.1% of West Midlands businesses were able to get the materials, goods or services it needed from within the UK in July 2022. 13.9% had to change suppliers or find alternative solutions and 5.8% of West Midlands businesses reported they could not get the materials, goods or services needed in July 2022.

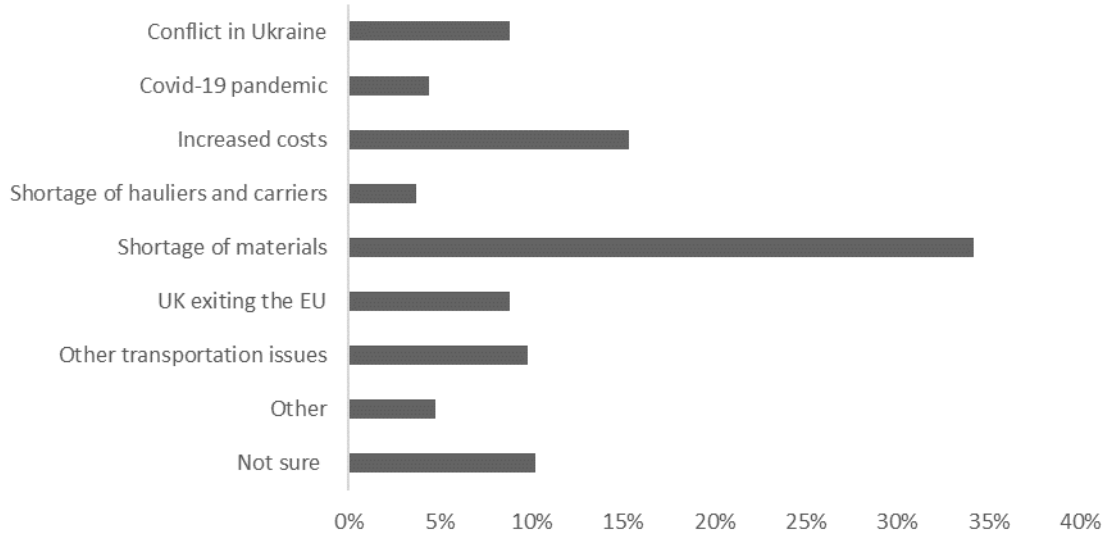
Where applicable, 1.2% of West Midlands businesses have moved from the UK to the EU in the last 12 months.

Global Supply Disruption

Where applicable, 22.9% of West Midlands businesses reported experiencing global supply chain disruption in July 2022. In contrast, 43.4% reported none.

34.2% of West Midlands businesses reported the main reason for the global supply chain disruption was due to the shortage of materials.

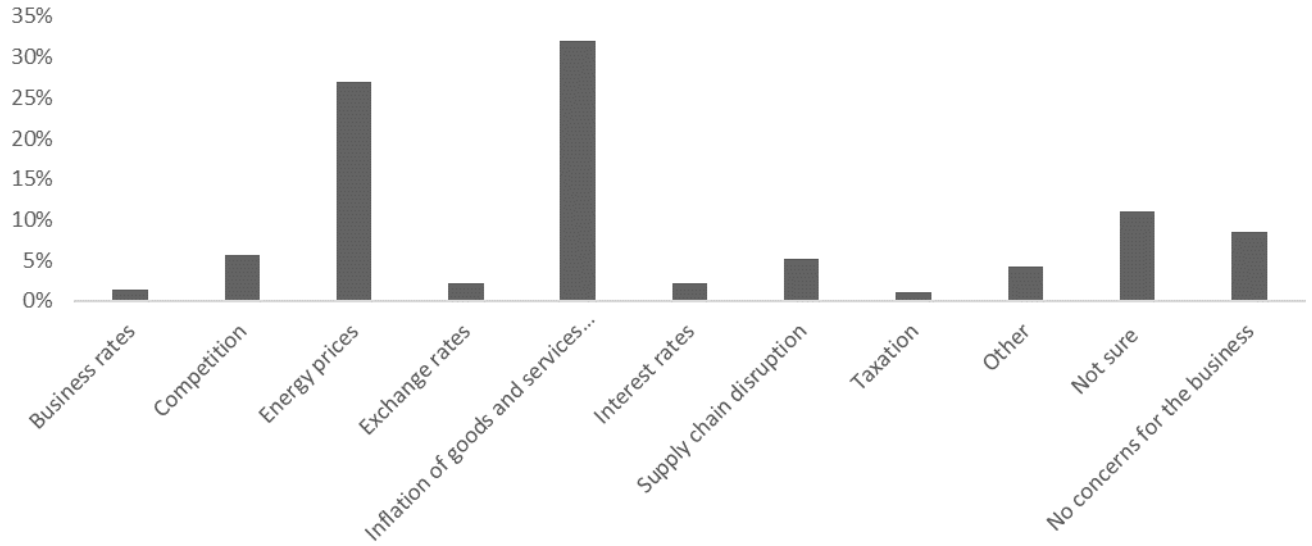
Main reason for the global supply chain disruption for West Midlands businesses:



Main Concerns for Business

32.0% of West Midlands businesses expect the main concern for business in September 2022 will be inflation of goods and services prices.

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

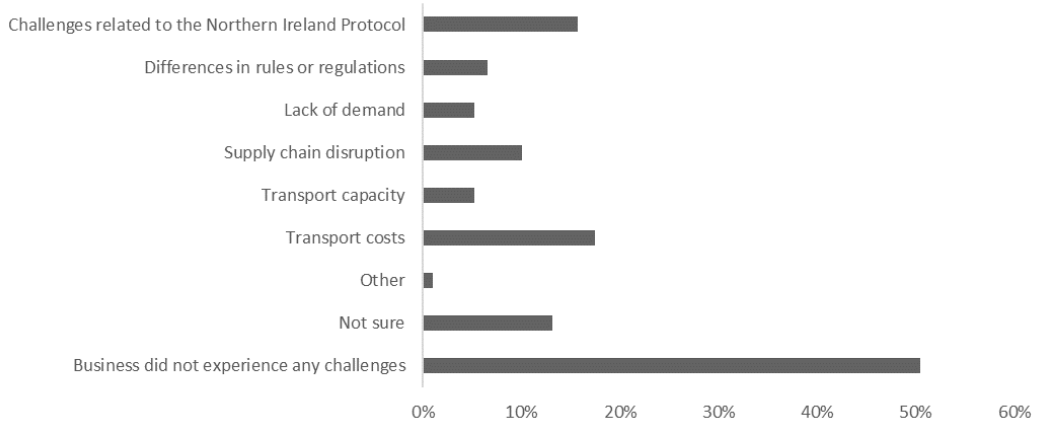


Intra-UK Sales

44.4% of West Midlands businesses reported in the last 12 months to have sold goods or services to customers in other UK nations and 42.7% have reported to have not.

50.5% of West Midlands businesses reported to experiencing no challenges when selling goods or services in other UK nations. Although, 17.5% of West Midlands stated experiencing challenges from transport costs.

Challenges (if any) West Midlands businesses have experienced in the last 12 months when selling goods or services to customers in other UK nations:



Prices

Where applicable and excluding unsure responses, 50.3% of West Midlands businesses reported the prices of goods or services brought in July 2022 when compared to the previous month had increased. 32.6% reported that prices had stayed the same and 1.1% of West Midlands businesses reported that prices of goods or services brought had decreased.

Where applicable and excluding unsure responses, 26.0% of West Midlands businesses reported the prices of goods or services sold in July 2022 when compared to the previous month had increased. 57.8% reported that prices had stayed the same and 1.2% of West Midlands businesses reported that prices of goods or services sold had decreased.

Where applicable and excluding unsure responses, 30.3% of West Midlands businesses expect the prices of goods or services sold in September 2022 to increase. 48.1% expect prices to stay the same and 1.4% expected the prices of goods or services sold to decrease.

Factors that are causing West Midlands businesses to consider raising prices in September 2022 include; energy prices (43.2%), raw material prices (38.3%) and labour costs (36.0%).

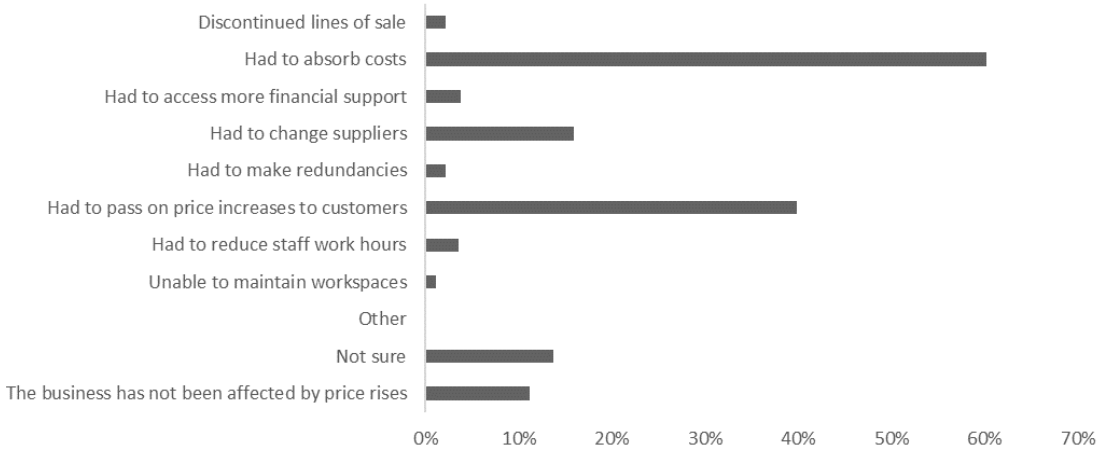
Energy Prices

6.3% of West Midlands businesses reported production had been affected by recent increases in energy prices, 19.1% of West Midlands businesses reported suppliers had been affected and 22.2% of West Midlands businesses reported that both production and suppliers were affected. 23.0% of West Midlands businesses reported to not being affected by the recent increases in energy prices.

Impacts of Price Rises

60.2% of West Midlands businesses have had to absorb costs due to price rises. 11.2% of West Midlands businesses reported to not being affected by price rises.

Reasons (if any), West Midlands businesses have been affected by price rises:



Demand for Goods and Services

12.6% of West Midlands businesses reported that domestic demand for goods and services in July 2022 when compared to the previous month had increased. 51.8% reported the domestic demand had stayed the same and 13.9% of West Midlands businesses reported the domestic demand for goods and services had decreased.

4.3% of West Midlands businesses reported that international demand for goods and services in July 2022 when compared to the previous month had increased. 23.3% reported the international demand had stayed the same and 7.1% of West Midlands businesses reported the international demand for goods and services had decreased.

Number of Employees

23.0% of West Midlands businesses reported in July 2022 when compared to the previous month, that the number of employees increased, 55.6% reported the number of employees had stayed the same and 13.0% of West Midlands businesses reported the number of employees had decreased.

23.6% of West Midlands businesses expect the number of employees will increase in September 2022, 57.3% expected the number of employees to stay the same and 7.2% of West Midlands businesses expect the number of employees to decrease.

Working from Home

25.3% of West Midlands businesses are using or intending to use increased homeworking as a permanent business model going forward. Excluding unsure of do not work from home responses, 29.9% of West Midlands businesses reported that employees work from home one to two days a week, 16.8% for three to four days a week and 4.7% reported five or more days a week working from home.

In the next 12 months, West Midlands businesses expect that the number if days a week an employee will work from home will likely to increase, 63.1% expect the number of days to likely stay the same and 8.9% of West Midlands businesses expect the number of days to decrease.

Recruitment Difficulties

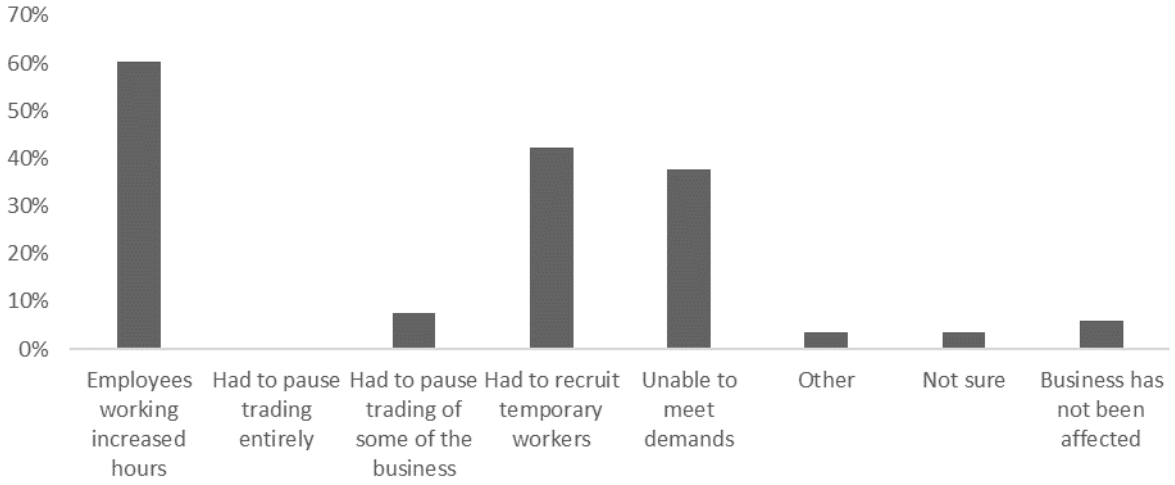
40.6% of West Midlands businesses reported to experiencing difficulties in recruiting employees in July 2022. However, 32.0% of responding West Midlands businesses did not experience any difficulties.

Worker Shortages

38.6% of West Midlands businesses reported to currently experiencing a shortage in workers. Although, 40.9% reported no shortages in workers.

60.2% 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:



Industrial Action

7.1% of West Midlands businesses reported to being affected by industrial action in June 2022. Although, 61.1% of West Midlands businesses reported not being affected by industrial action.

31.9% 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 July 2022:

Debts and Insolvency

Less then 1% of West Midlands businesses reported that debt repayments were more than 100% of turnover. Although, 2.7% reported repayments were between 50% and 100% of turnover, 2.8% repayments were between 20% and 50% of turnover and 24.2% reported repayments were up to 20% of turnover.

50.2% of West Midlands businesses had high confidence to meet the current debt obligations, 13.5% had moderate confidence and 1.9% had low confidence. Less than 1% of West Midlands businesses reported no confidence.

Less than 1% of West Midlands businesses reported to being at severe risk of insolvency, while 4.6% reported moderate risk, 45.5% reported low risk and 39.1% reported no risk to insolvency.

Overall Performance

31.7% of West Midlands businesses reported that overall performance in July 2022 increased when compared to July 2021. 38.1% of West Midlands businesses reported that performance had stayed the same and 19.2% reported that performance had decreased.

For the next 12 months, 35.5% of West Midlands businesses expect that performance will increase, 35.8% expect performance will stay the same and 10.6% expect performance will decrease.

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 3rd to 14th August 2022, (the “latest period") and 20th July to 31st July 2022 (the “previous period").

Cost of Living Crisis

76% 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

45% of adults who pay energy bills reported they found it very or somewhat difficult to afford them in the latest period, compared with 44% in the previous period.

Rail Disruptions

13% of adults reported that in the past two week that the rail strikes had disrupted travel plans, the most common impacts were; unable to take park in leisure activities (39%), spending more money on travel (19%) and being unable to work the hours they had planned to (15%).

Personal Well-Being

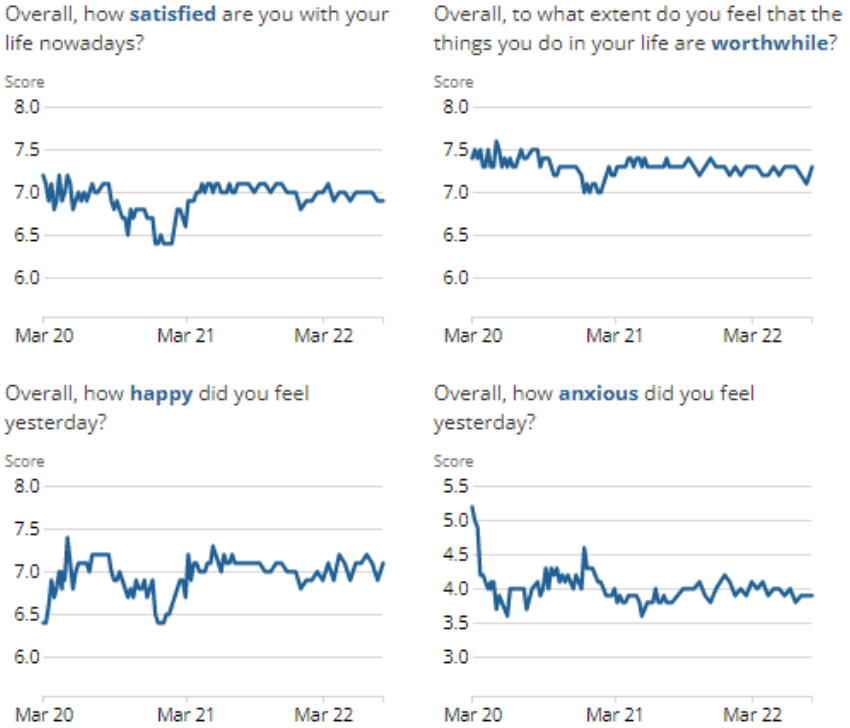
Life satisfaction – remained at 6.9 since the previous period.

Feeling that the things done in life are worthwhile – increased by 0.3 since the previous period to 7.3.

Happiness – increased by 0.2 since the previous period to 7.1.

Anxiety – remained at 3.9 since the previous period.

Levels of personal well-being, Adults in Great Britain, March 2020 to August 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).

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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