

**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 edition we look at the price of the UK's [12 favourite Christmas dinner trimmings](#), the price of a standard Christmas dinner (for a family of 4 or 5) has increased 17.6% from £32.93 in November 2021 to £38.72 in November 2022. However, despite the general gloom of cost-of-living an [Ipsos report](#) found that "Joy" in online conversations was the top emotion related to the holiday's, with a slight uptick in joy-related mentions in 2022 vs 2021. So, we can expect shoppers to be savvier and reducing spend but expecting to enjoy Christmas despite this.

## Economic outlook

- People in the UK are expected to spend [£20.1 billion this year](#) on Christmas gifts, this is 21% (£5.5bn) less than 2021's figure of £25.5 billion. This spend is also 33% lower than the 2019 pre-pandemic spend of £26.9 billion. Even during the lockdown over the 2020 Christmas period, UK spending was 21% higher at £24.3 billion.
- Research from the [World Economic Forum](#) indicates that 67% of executives from SMEs cite survival and expansion as their main challenge.
- The latest Business Confidence Monitor by [ICAEW](#) shows business confidence is falling nationally as difficult economic conditions combined with political turmoil. WM has become even more negative and sits below the UK average.
- [Halifax say](#) house prices in the UK have fallen by 2.3% in November, the largest monthly fall since 2008,
- [BBC's Newsround](#) has found that 72% of children are worried about the cost of living. 73% of children worry about their family having less money for things they need - with one in every five (22%) saying they are very worried. 1 in 7 (14%) of those who responded said that their family has used a foodbank
- 1 in 6 (16%) adults experienced moderate to severe depressive symptoms; this is similar to rates found in summer 2021 (17%), however higher than pre-pandemic levels (10%). 32% of those experiencing moderate to severe depressive symptoms reported that they had to borrow more money or use more credit than usual in the last month
- There are several strikes announced for over the Christmas period expected to be the worst strike action since 1989 with 2.4m days lost.
- System Average Price (SAP) of gas increased by 33% in the week to 27<sup>th</sup> November 2022, it was 42% lower than the equivalent time period in the previous year 74% lower than the peak level recorded on the 28<sup>th</sup> August 2022. It was 424% higher when compared to the pre-Coronavirus baseline (February 2020).
- 45% of adults who pay energy bills said they found it very or somewhat difficult to afford in the latest period (lower than 47% in the previous week). This varies by 63% among those living in the most deprived fifth of areas compared with 35% among those living in the least deprived. Further analysis shows the proportion appeared to decrease with age, at 53% among those aged 16 to 29 years, 49% among those aged 30 to 49 years, 43% among those aged 50 to 69 years and 35% among those aged 70 years and over.
- 30% of those who are currently paying rent or mortgage payments reported that these payments have gone up in the last six months (lower than 34% in the previous period).
- A survey by [Ipsos](#) has found that globally 87% of people feel stressed about rising costs, and 55% are on average more stressed than last year. 47% of consumers expected costs to significantly impact their holiday shopping and 43% their celebrations.
- Data recorded by Xero shows that sales by small businesses decreased by 7% in October 2022 compared with September 2022 but were 5% higher than October 2021. Retail sales fell by 5% compared with October 2021 and have decreased by 15% since the peak recorded in March 2022. Jobs in small businesses were broadly unchanged compared with the previous month and were 5% lower than October 2021
- 17.2% of WM businesses reported experiencing global supply chain disruption in October 2022. In contrast, 48.6% reported none.
- 28.2% of WM businesses expect the main concern in December will be inflation of goods and services.
- 73.5% of WM businesses reported that employees' hourly wages in October 2022 had stayed the same. While 17.1% reported an increase and 1.3% reported a decrease.
- 35.2% of WM businesses reported to currently experiencing a shortage of workers
- 11.4% of WM businesses reported to being affected by industrial action in October 2022

## Current labour market challenges

- The [Open University's 2022 Business Barometer](#) reveals 68% of SMEs and 86% of large organisations are currently facing skills shortages. 78% of organisations reported that such shortages have led to reductions in output, productivity, or growth, whilst 72% said it leads to increased workload on other staff.
- The [Federation of Small Businesses](#) has warned that "the widespread labour shortage is limiting small firms' ability to grow, as they also wrestle with a worsening energy crisis in the winter, rising interest rates and rampant inflation."
- Nearly ¾ of UK companies responding to the annual [CBI/Perstemps Employment Trends Survey](#) thought that the UK has become a less attractive place to invest/do business in over the past five years.
- The [2022 Youth Voice Census](#) of 11–30-year-olds points to a mental health emergency. 51% of young people aged 19+ suggested mental health challenges were their biggest barrier to accessing work now or in the future. 52% of respondents in work cited anxiety as their biggest barrier. It also indicates young people feel unprepared for future employment. Only 35% of those in education thought they understood the skills employers were looking for. Only 45% of respondents thought they could write a CV.
- The number of unique online job postings in the UK from August to November 2022 was 5.38 million, a drop of nearly one million (-15.3%) compared to the same period in the previous year (6.35 million job postings). This decline in job openings is a result of the looming economic recession, accompanied by [high inflation, rising interest rates and energy prices](#)
- The decline in the number of job postings was more pronounced in the South East (a decrease of 30.5% on 20<sup>th</sup> November 2022 relative to the previous year), followed by the East of England (-19.4%) and the West Midlands (-19.3%).
- the occupation categories that are currently in the highest demand in the West Midlands, accounting for over 70% of the total number of job adverts from August to November 2022
- Recruitment and Employment Federation suggests that such shortages could cost [£30-39 billion annually](#) in real GDP from 2024 to 2027.
- When the supply of skills does not meet the skills that employers seek in the labour market ([skills mismatches](#)), there are negative effects on productivity, innovative performance, and the overall competitiveness of firms and countries.
- The availability of people with the appropriate skills is important and has become more challenging as a result of [Brexit](#), as well as the consequences of the COVID-19 pandemic, partially reflected in [early retirements](#) and the increasing number of people reporting [chronic health problems](#)
- Recommendations include: The visa regime could be restructured to facilitate the attraction of international talent; focus on retaining their current staff by, for instance, providing more [flexible roles](#) and working conditions, as well as developing upskilling and training opportunities; supporting employees and self-employed and unemployed adults to learn new skills, the Government could expand Skills Bootcamps – free, flexible courses of up to 16 weeks designed to develop up sector-specific skills and fast-track participants to a job interview

### **Birmingham Economy**

- (In May prior to the cost-of-living crisis) The baseline Oxford Economic scenario forecasts the Birmingham GVA per job to grow to £64,923 by 2040 from £49,874 in 2020 – an average annual yearly growth rate of 1.33%, compared to the UK at 1.60%. The Birmingham GVA per head is predicted to grow to £30,605 by 2040 from £22,583 – an average annual yearly growth rate of 1.54%, compared to the UK at 1.87%.
- The city still has a strong employment performance in critical sectors, Professional, scientific, and technical (+31.2%) and Admin & Support (+28.9%), which have fuelled growth in the past and driven growth regionally. Overall total employment is set to increase by 10.9% between 2020 and 2040, whereas the UK will see a 6.7% increase.
- Income and Spending for Birmingham City Council has dramatically changed between 2010/11 and 2019/20. BCC has three main sources of income, being Government Spending, Council Tax and Business Rates. Whilst Business Rates income has increased 59.6% over this period, Council tax has decreased by 10.7% and Government funding has decreased by 77.8%. This has reduced overall spending power for BCC by 36.3%, though per capita spending power has decreased by 40.8%.
- 32% of funding available to local authorities between 2015/16 and 2019/20 has been competitive funding. This has created tensions between local authorities. Competing for the same pots of funding has made it increasingly difficult for councils to work in partnership.
- BCC saw a particularly large increase in business rates as it engaged in a trial with other West Midlands Combined Authority (WMCA) local authorities to retain 100% of business rates. Rates are based on the property valuation of the non-domestic space; however, the last valuation was in 2017 based on 2015 rateable values. Since then, the pandemic has led to significant decreases in non-domestic property values
- Net service revenue spending for BCC has decreased by 26% between 2010/11 and 2019/20. Of the nine main spending streams, only two saw an increase in spending in real terms. The hardest hit - Planning and Development with 84.4% decrease, Non-schools Education 56.6%, and Housing 44.6%.
- Inflationary pressures between 2014/15 and 2018/19 alone saw the BCC lose over £50m, as the cost of providing services becomes increasingly expensive.
- Birmingham, like much of the UK, has an aging population. This is increasing the pressure on adult social care, as demand from people with long term complex needs increases.
- Recommendations include - single pot funding, devolution of council tax to local authorities; review of business rates, corporate function to increase funding and collaboration to increase funding into the region

# Global, National and Regional Outlook

Alice Pugh, WMREDI

## Global

### China winding back Covid-19 restrictions

China is lifting its [most severe Covid policies](#) - including forcing people into quarantine camps - just a week after protests against the strict controls. People with no or mild symptoms can now isolate from home rather than state facilities. There has also been a winding back of testing rules, lockdown geographies and lockdown period. It all points towards China pre-paring to learn to live with the virus in the future. However, with [China experiencing its largest wave of infections](#), there are concerns as to what this could mean for health services in China. It does shed hope for the global economy though that the country could be re-opening its economy, with the slow return of China's economy being one of the main hindrances to global growth.

### Christmas spending

A survey by [Ipsos](#) has found that globally 87% of people feel stressed about rising costs, and 55% are on average more stressed than last year. It is no surprise therefore that around 47% of consumers expected costs to significantly impact their holiday shopping and 43% their celebrations. [Ipsos](#) used social listening, to find that conversations around inflation related to holiday shopping increased 35% in one month. To compensate for rising costs, consumers across all regions in this study, will make some budget cuts, with many reducing spend on holiday decorations, food and beverages, gifts, and even charitable donations. 56% say they are seeking the best prices and deals this holiday season. Online, [Ipsos social analytics](#) found that "discounts" is the most-correlated purchase factor in conversations about holiday shopping retail categories - particularly for Electronics and Food.

However, despite this the [Ipsos report](#) found that "Joy" in online conversations was the top emotion related to the holiday's, with a slight uptick in joy-related mentions in 2022 vs 2021. With [4 out the 5](#) largest conversation clusters being positive. Therefore, despite the stressors on global economies, many are looking forward to the Christmas period, however shoppers will be looking to be savvier with spending over the Christmas period. Brands and retailers will need to be mindful of this as we get closer to Christmas and may have to use value and better deals to entice consumers.

### Small and medium sized enterprises (SMEs)

SMEs are the backbone of the global economy, accounting for around 70% of employment and GDP worldwide. But, amid warnings of a global recession, research from the [World Economic Forum](#) and the National University of Singapore Business School indicates that 67% of executives from SMEs cite survival and expansion as their main challenge. [Business leaders](#) also cite talent acquisition and retention (48%), culture and values (34%), funding and access to capital (24%), as well as non-favourable business policy environments (22%) as their biggest challenge. Smaller businesses need to improve their future readiness, especially around sustainability and digital transformation. However, policy makers, investors and stakeholders need to be aware that SMEs ability to thrive will also be dependent on infrastructure for digital trade and finance.

## National

### House Prices

House prices in the UK have fallen by 2.3% in November, the largest monthly fall since 2008, according to [Halifax](#). With the [average house prices](#) falling from £292,406 in October to £285,579 in November. However, even though there has been a dip in house prices, prices are still [£12,000 higher](#) than last year, sitting well above pre-pandemic levels, which prices having gone up on average by £46,403 compared with March 2023. The main reason for the fall in house prices, is due to demand fall following the 'mini budget' pushing up interest rates and making mortgages for many unaffordable.

### Children and the Cost-of-Living crisis

A survey of young people by [BBC's Newsround](#) has found that 72% of children are worried about the cost of living. 73% of children worry about their family having less money for things they need - with one in every five (22%) saying

they are very worried. Around 3 in 10 (29%) of those who responded to their survey said that they sometimes skip meals - but this wasn't always due to the cost-of-living crisis, sometimes they are simply not hungry. 1 in 7 (14%) of those who skipped meals said there wasn't enough food at home, and just under 1 in 10 (9%) said they couldn't afford to buy food at school. With 1 in 7 (14%) of those who responded said that their family has used a foodbank. The cost-of-living in the UK is taking its toll on UK households and families are being forced to make more and more difficult discussions and their children are more than aware of this. Children are facing colder and hungrier home lives, dealing with stresses that no child should have to face in a modern country.

### Cost of living and depression in adults

The [ONS](#), in the context of a cost-of-living crisis, has conducted analysis into the prevalence of depression among adults in Great Britain in autumn 2022. Their [main findings](#) from this analysis include:

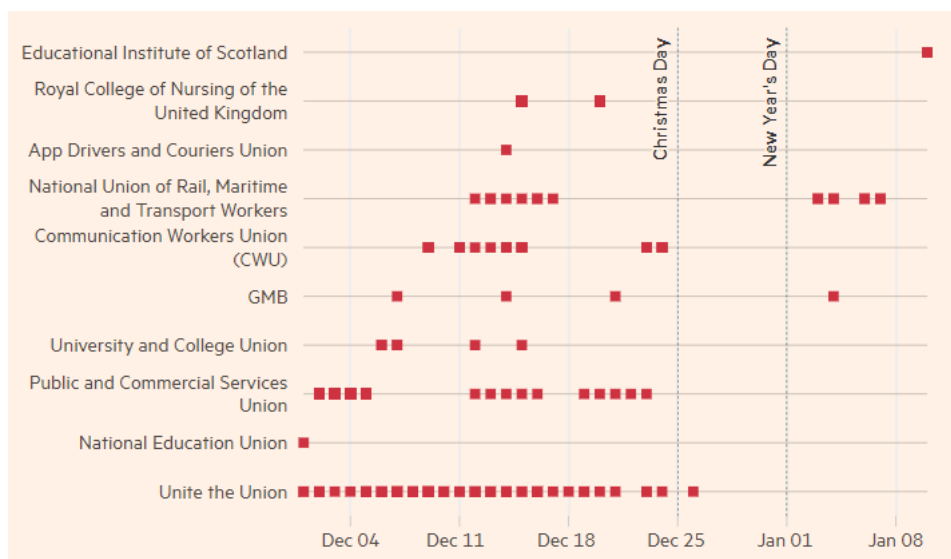
- Around 1 in 6 (16%) adults experienced moderate to severe depressive symptoms; this is similar to rates found in summer 2021 (17%), however higher than pre-pandemic levels (10%).
- When comparing within population groups, prevalence of moderate to severe depressive symptoms was higher among adults who were economically inactive because of long-term sickness (59%), unpaid carers for 35 or more hours a week (37%), disabled adults (35%), adults in the most deprived areas of England (25%), young adults aged 16 to 29 years (28%) and women (19%).
- Around 1 in 4 (24%) of those who reported difficulty paying their energy bills experienced moderate to severe depressive symptoms, which is nearly three times higher than those who found it easy to pay their energy bills (9%).
- Around 1 in 4 (27%) adults who reported difficulty in affording their rent or mortgage payments had moderate to severe depressive symptoms; this is around two times higher compared with those who reported that it was easy (15%).
- Nearly a third (32%) of those experiencing moderate to severe depressive symptoms reported that they had to borrow more money or use more credit than usual in the last month compared with a year ago; this is higher compared with around 1 in 6 (18%) of those with no or mild depressive symptoms.

### Strikes

The [Public and Commercial Union](#) has announced that it will hold strikes between the 23<sup>rd</sup> of December and New Year's Eve. This follows a vote of their union members where [86% of its's 100,000 members](#) across 124 government departments voted in favour of the action. They are [taking action](#) following rows with the government over pay, the threat of job cuts and changes in pension rules. The Union is currently calling for a [10% pay rise](#), better job security and no cuts to redundancy terms. With the Union accusing the government of refusing even a [2% pay rise to staff](#). With the [Union's General Secretary](#) arguing that 40,000 of its members are having to use food banks, whilst 45,000 were claiming in work benefits.

The strikes, however, will have a serious impact on the already hobbled tourism industry as thousands of border force personnel will be included in the strike action. [Border forces](#) will walk out of some of the UK's largest airports including Birmingham, Cardiff, Glasgow, Gatwick, Heathrow (terminals 2,3,4,5) and Manchester airports, as well as at the port of New Haven. This will have large impacts on holiday travel and the Union has said if the deadlock does not end in the New year, they will continue to [escalate industrial actions](#).

However, these are not the only strikes taking place there are numerous strikes happening up and down the country, by both private and public sector employees. The calendar below demonstrates some of the largest strikes happening over this month. The [Financial Times](#) found using data collected by [Strike Map](#), that there will have been an expected 7,000 strikes this year. These disputes pose the worst strike disruptions since 1989, when simultaneous walkouts by rail, port and local authority staff and workers across large swaths of industry, lead to [2.4 million days lost to strike action](#).



Source: Financial Times, 2022

## Regional

### ICAEW Business Confidence Monitor

The latest Business Confidence Monitor by [ICAEW](#) shows business confidence is falling nationally as difficult economic conditions combined with political turmoil. The latter has seriously unsettled financial markets, and although some stability has been restored, recent events are likely to result in higher interest rates, taxes and government borrowing, and lower government spending, than previously expected. This has adversely affected business sentiment according to the [ICAEW](#). For the West Midlands [ICAEW](#) made the following key findings:

- The Business Confidence Index in the West Midlands has become even more negative and sits below the UK average.
- This is despite businesses achieving strong domestic sales growth and having the strongest outlook for exports of any region over the year ahead.
- The most widespread challenges in the region are customer demand and regulatory requirements, while access to capital is becoming a more prominent issue.
- Businesses also continue to face labour market difficulties, with staff turnover and the availability of skills still prominent challenges in the region.
- As a result, businesses are raising average total salaries at the fastest rate since the start of the survey.
- In addition to increasing labour costs, input price inflation is at a near-record rate in the region, leading to companies planning faster selling price rises across all UK nations and regions.
- After increasing both capital investment and Research & Development budgets sharply over the last year, companies plan to markedly slow the pace of investment spending growth.

### Climate Change

A new report from the WMCA, '[A Summary of Climate Change Impacts in the West Midlands Combined Authority Area](#)', sets out the potential impacts of climate change on businesses, infrastructure and people's health within the West Midlands in the future. [The report](#) uses the latest data to chart the predicted impact of increased cases of severe flooding, water scarcity and more intense and prolonged heatwaves. Whilst also highlighting the potential opportunities in adapting to climate change in the West Midlands. Including businesses coming forward to meet an [increased demand for innovation](#) to develop more climate resilient infrastructure and low carbon, fuel saving technology and products.

The [study](#) has found that those living in north Wolverhampton, east Walsall, north-east Sandwell and the inner-city areas of west and north Birmingham are likely to be hit hardest due to their existing high levels of deprivation, high risk of flooding and relatively high proportion of residents who are particularly vulnerable to the health impacts of climate change.

The [report](#) also warns that the economic impact to the region and how the infrastructure sector will need to adapt to deal with the physical damage likely to be inflicted by a changing climate, helping to reduce the knock-on impact to businesses and industry. Disruptions due to climate change disasters could include:

- Disruption to local energy supplies - the failure of just five electricity substations is estimated to cost the local economy £27m a day
- Damage to local transport infrastructure disrupting people's ability to get to work and requiring expensive repairs
- Disruption to the aviation industry
- Disruption to supply chains, affecting business costs and productivity
- Damage to infrastructure belonging to local businesses
- Disruptions to water supply – businesses in England alone use an estimated 1bn litres of water a day

### **University College Birmingham**

Analysts at [London Economics](#) have found that [University College Birmingham \(UCB\)](#) contributes £358 million to the UK economy, with around two thirds of the identifiable impact benefiting the West Midlands region. With £88 million of the institution's economic impact can be directly linked to occurring in the West Midlands region. Crucially, however, the independent research also found that the University's £221 million of UK-wide impact from teaching and learning activities is also heavily concentrated in the West Midlands region. Finding that for every £1 spent, the University generates £6.70 of economic impact across the UK. Analysis in the [report](#) estimates that £48 million of identifiable regional impact is accrued across other regions and sectors of the UK economy from the University's activities, which includes impact from international students, estimated at £14 million.

# The Nightmare before Christmas

Alice Pugh, WMREDI

Whether you view Christmas as a religious or commercial holiday, for most households in the UK it should be a beautiful time of the year filled with joy. However, this year the cost-of-living crisis is the grinch which is stealing Christmas for many households. Many are facing a somewhat subdued Christmas, as families worry about whether they will be able to afford their usual Christmas traditions.

The economic impact of a reduced Christmas will be significant. Many businesses are highly dependent on Christmas spending to see them through the dips in the financial year. With many businesses already struggling under the weight of rising energy prices, inflation and recovery from the pandemic, reduced consumer spending will severely impact businesses profitability and financial stability this year.

Currently UK households are struggling with several cost-of-living factors, which will likely dampen consumer spending during the busiest time of the year. Cost-of-living factors that consumers are battling with are:

1. Inflation: Inflation has hit [11.1%](#) in the UK, with food and drink inflation rising 16.4%. Far outstripping wages rises, with the [OBR](#) forecasting a 7% fall in living standards over the next 2 years.
2. Energy price rises: [Energy bills](#) have more than doubled between October of this year and last year, and families face a further hike in energy bills come April, when if the cap is removed energy bills could reach more than £6,600 for the average England household. So, families are not only worrying about current bills, but bills which will be set to hit them from the Spring.
3. Mortgage rises: Mortgage rates rose dramatically following the 'mini budget', [Joseph Rowntree Foundation](#) found that new mortgage rates of 5.5% would see the average monthly mortgage payment increase by £250, from £610 a month to £860. Seeing households spend 54% of their monthly income on their mortgage up from 38%.
4. Interest rate rises: This will make it more expensive for people to get credit, as a result many may reduce their spending using credit to avoid greater debt.

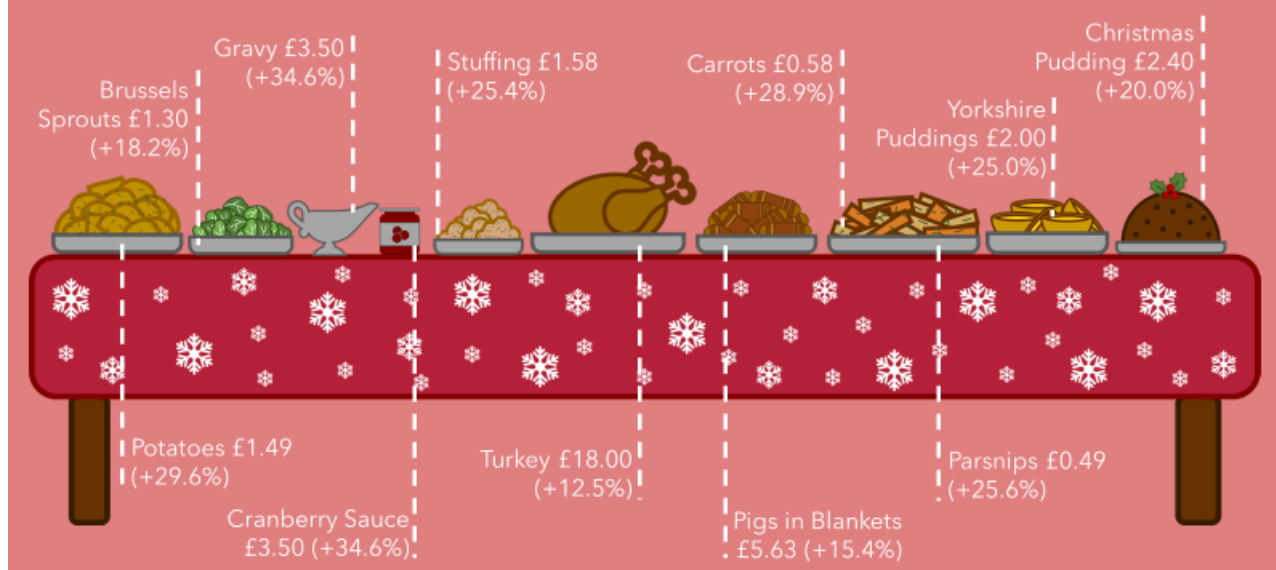
## How will the Cost-of-living crisis impact Christmas Festivities?

### Christmas Dinner and food inflation

Food inflation has been rapidly rising over the year, largely because of the invasion of Ukraine driving up energy prices and prices of goods such as fertilizer, however this has been compounded in the UK by labour shortages leading to wasted food goods, as farms had a lack of capacity to harvest food stuffs in recent months. With food and non-alcoholic beverages inflation rising prices by [16.4%](#) between October 2021 and October 2022.

Using the Grocery Price Index by [Trolley.co.uk](#), to look at the price of the UK's [12 favourite Christmas dinner trimmings](#), the price of a standard Christmas dinner (for a family of 4 or 5) has increased 17.6% from £32.93 in November 2021 to £38.72 in November 2022. As seen in the infographic below, every single item on this basic Christmas dinner increased above the UK CPI 11.1% inflation rate, vastly outpacing wage increases. The trimmings which have seen the largest increase in prices are gravy and cranberry sauce, with the prices of both having risen by 34.6%. Frozen turkey had the lowest price increase at 12.5%.

In 2022 a standard Christmas Dinner will cost around **£38.72**, comparative to **£32.93** in 2021, this is a **17.6% increase** in the cost of Christmas Dinner



Source: CityREDI based on Trolley.com data

Whilst a £5.79 increase in the cost of a Christmas dinner may sound small, to many this will place a strain on their Christmas budget. Plus, there are hidden costs that we don't necessarily all think about that will affect the price of the meal. This analysis includes all the main trimmings, but it does not include the cost of seasoning or cooking oil, for instance the price of olive oil alone has increased 41.7%. It does not cost in the energy to cook the meal, the cost of which will vary dependent on whether you have a gas or electric oven, with electric ovens being more expensive to run. There are also no beverage costs factored into this. This is just the cost of food for one meal over Christmas, children are on school holidays for 2 weeks and in that time, and there are 41 other meals that need to be bought and made, with food inflation impacting the cost of these meals as well.

In November a [EY survey](#) found consumers were planning to cut back on celebratory alcohol and food by 29%, with just over 1 in 10 (12%) planning to invite fewer people to celebrations. With another survey conducted by Savanta Comres on behalf [Salvation Army](#), finding that around 7 in 10 people (67%) are worried that they might not be able to afford Christmas dinner this year. They also found nearly **1 in 6** expect they will be using food bank items as contributions to their festive meal. [Deloitte](#) found that 1 in 3 (35%) of consumers plan to do at least part of their food shop at a discounter supermarket. It is likely therefore, that given the cost-of-living crisis and rising food inflation, many households will be having a more frugal Christmas dinner this year, as well as switching to cheaper retailers to save money.

### Gift giving

Giving gifting is set to change this year. [Finder commissioned Censuswide](#) to carry out a survey on Christmas gift giving, they found that the average British adult will spend £430 on Christmas gifts in 2022, a decrease of 22% from 2021's budget. It is a decrease of £47 (10%) from 2020's budget and £84 (16%) less than Christmas spend in 2019. There are also [generational differences in spending](#), generation X is expected to spend the most, however their spending will still be down 10% for last year and Millennials are planning to spend 28% less than last year. The silent generation where the biggest spenders last year, but this year their spending is expected to have dropped by 40%.

Overall, people in the UK are expected to spend [£20.1 billion this year](#) on Christmas gifts, this is 21% (£5.5bn) less than 2021's figure of £25.5 billion. This spend is also 33% lower than the 2019 pre-pandemic spend of £26.9 billion. Even during the lockdown over the 2020 Christmas period, UK spending was 21% higher at £24.3 billion.

Research commissioned by [Oxfam](#) and the [British Heart Foundation](#), found that more than a third of Christmas shoppers (35%) will spend less on gifts this Christmas typically cutting their budget by half. It was also found that

28% of people feel pressure to buy gifts at Christmas, with nearly a quarter (24%) relieved they have agreed with family and friends to cut back on giving this year. [34%](#) of those buying for others plan to spend less per person this year compared to last. With the average number of people on a Christmas gift list reducing by one person, from 10 in 2021 to nine this year. With [33%](#) of consumers adjusting their Christmas shopping plans by shopping with charity retailers. Additionally, regardless of household income, everyone is set to [feel the squeeze](#) this year, as 41% of shoppers with a household income of £20,001 to £25,000 wanting their money to stretch further, comparative to 42% of households with an income of £60,001 to £70,000.

[Deloitte](#) conducted a similar survey of consumers around their expected spending over this Christmas period, they found that 38% of consumers will switch to cheaper brands or stores when seeking out Christmas gifts. With 1 in 10 consumers also intending to purchase gifts second hand. 8% of respondents to the survey stated that they wouldn't be buying Christmas presents at all.

Overall, what is clear is this year households are going to struggle to afford gift giving. Research shows that households are becoming more frugal and thriftier with gift giving, by buying discounted, second-hand, or non-branded goods. Gift buyers will be hunting through second hand retailers such as CEX, ebay, gumtree, depop, for branded second-hand discounted quality gifts. Sentimentalities to second-hand gifts have also changed, with them being seen as environmentally positive. Most households will be cutting back on gift giving and this will severely impact the economy, especially those middling high street retailers which will likely see consumers switch to cheaper competitors.

### **The Cost-of-living crisis that stole Christmas**

This is year Christmas will be somewhat subdued comparative to the celebrations we might have been expecting especially as this is the first time in 3 years that we won't have lockdown restrictions, limiting celebrations.

Overall, the cost-of-living crisis will have reduced consumer spending during the golden quarter. Families will be cutting back across all areas of Christmas spending. They will also become more frugal, hunting for the cheapest deals, as well as switching to second hand goods when it comes to presents. The high risk over this period will be consumers increasingly turning to 'buy now pay later' payment options and increased credit use, this may lead to some serious debt build ups in the coming months. Which if not managed properly families could face serious debt build up, especially given the increases in interest rates in recent months.

Firms will have most certainly see a reduced Christmas period both comparative to under and pre the pandemic conditions. This will make many businesses nervous, especially as the golden quarter is usually the period which helps to see them through the rest of the financial year. Businesses are also facing the added pressure of the energy price cap removal in April, and many may have been depending on the Christmas period to help them with their energy bills come April. In the coming months to attract consumers businesses will have to continue to offer value for money, as this cost-of-living crisis is not just for Christmas but likely for the next 2 financial years at least according to [OBR forecasts](#).

# What Are the Current Challenges in the UK Labour Market and How Can They Be Addressed?

Kostas Kollydas and Abigail Taylor, WM REDI

Labour market challenges in the UK have been front-page news over recent months. Headlines include [‘What’s behind Britain’s recruitment crisis?’](#), [‘UK lags behind developed nations on post-Covid employment recovery’](#), [‘How can Britain solve its post-Brexit labour shortage?’](#) and [‘Brexit-backing Next boss says UK needs more overseas workers’](#).

Various reports provide insights into challenges faced by employers, people in work and people looking for work in the context of economic and political challenges (COVID-19; the Russian invasion of Ukraine), technological change (e.g. gig economy working; the rise in online recruitment) and impacts from changes in policy (e.g. Brexit):

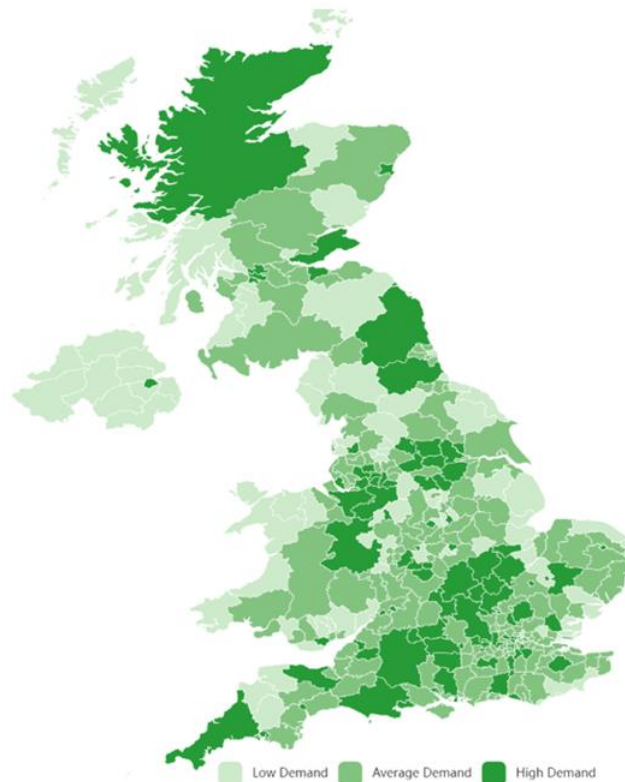
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- Nearly three-quarters of UK companies responding to the annual [CBI/Pertemps Employment Trends Survey](#) thought that the UK has become a less attractive place to invest/do business in over the past five years.
- The [2022 Youth Voice Census](#) of 11–30-year-olds points to a mental health emergency. 51% of young people aged 19+ suggested mental health challenges were their biggest barrier to accessing work now or in the future. 52% of respondents in work cited anxiety as their biggest barrier. It also indicates young people feel unprepared for future employment. Only 35% of those in education thought they understood the skills employers were looking for. Only 45% of respondents thought they could write a CV.

*In light of these labour market challenges, this blog provides data-driven insights into the evolution of labour demand in the UK over the last year, with a focus on the West Midlands. It also discusses possible ways to address skills and labour shortages.*

## Falling numbers of job vacancies

The total number of unique online job postings in the UK from August to November 2022 was 5.38 million, a drop of nearly one million (-15.3%) compared to the same time period in the previous year (6.35 million job postings). This decline in job openings is a result of the looming economic recession, accompanied by [high inflation, rising interest rates and energy prices](#), all of which are likely causing employers across industries to think twice about hiring.

*Comparison of labour demand levels by Local Authority District (LAD) based on the number of online job postings (21.08.2022 – 20.11.2022)*

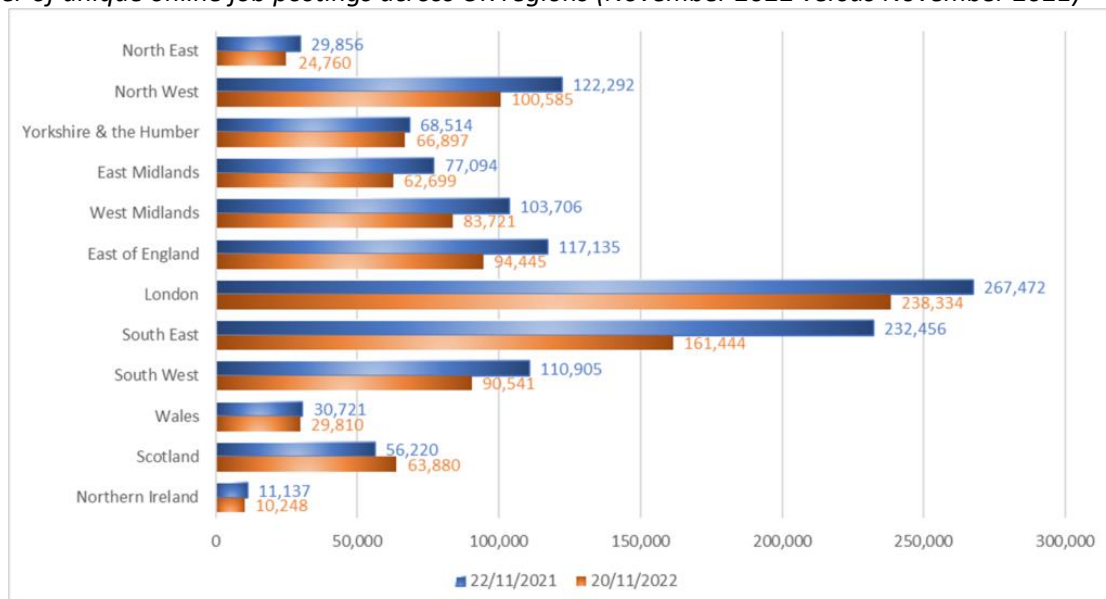


Source: Adzuna Intelligence. Adzuna is an online job search engine that compiles data from an extensive number of sources (such as employer websites, job boards, and recruitment software providers). Throughout this blog, Adzuna data refer to unique (deduplicated) online job postings.

### Regional variations in the fall in job vacancies

However, the fall in labour demand across UK regions and nations is not uniform. The point-in-time estimates shown below reveal that the decline in the number of job postings was more pronounced in the South East (a decrease of 30.5% on 20<sup>th</sup> November 2022 relative to the previous year), followed by the East of England (-19.4%) and the West Midlands (-19.3%). The sole exception is Scotland, where the number of job adverts increased by 13.6% over the same period.

Total number of unique online job postings across UK regions (November 2022 versus November 2021)



Source: Adzuna Intelligence. The data in the graph represents a snapshot estimate of all job postings on 20th November 2022 compared to 22nd November 2021.

Undoubtedly, the demand for labour and skills varies by industry and is influenced by each region's economic structure and conditions. The table below illustrates the occupation categories that are currently in the highest demand in the West Midlands, accounting for over 70% of the total number of job adverts from August to November 2022. Although logistics and warehouse-related jobs continue to be the most in-demand by employers in the region, they also experienced the highest percentage decrease relative to 2021 (-42.7%), followed by jobs in trade and construction (-33.5%), social work (-29.9%) and sales (-29.4%). Demand for Engineering, Information Technology and Hospitality & Catering occupations remains high, and relative decreases in the number of online job postings are smaller.

*Occupation categories with the highest number of unique online job postings in the West Midlands (WM)*

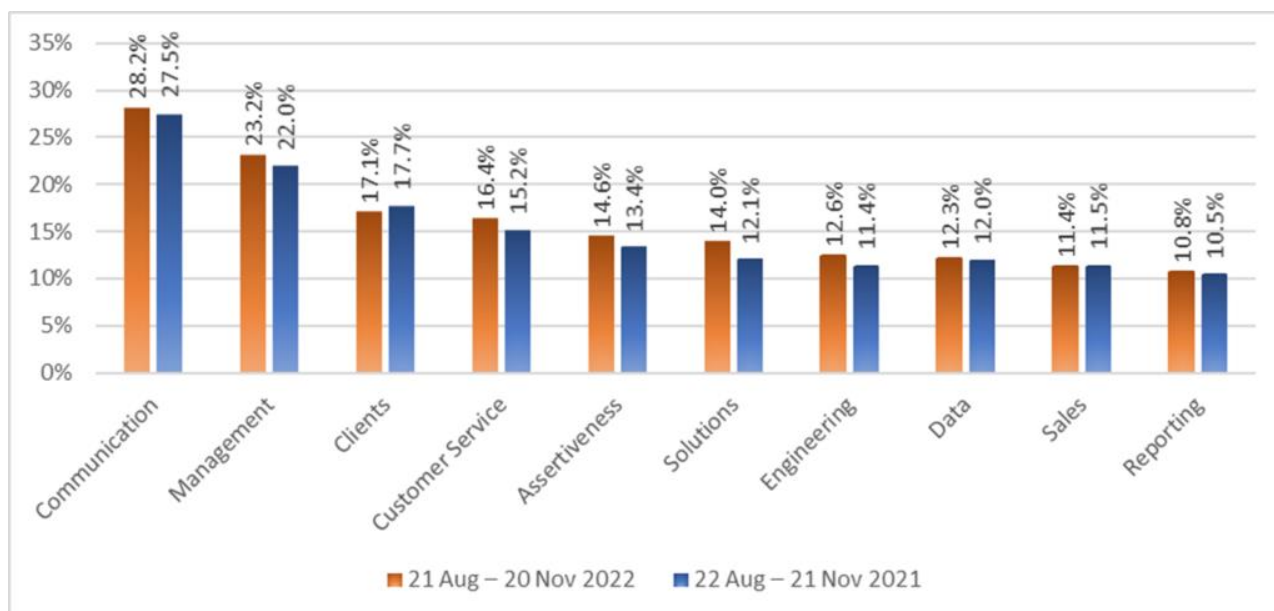
Job category	Number of job postings		YoY change
	21 Aug – 20 Nov 2022	22 Aug – 21 Nov 2021	
Logistics & Warehouse	41,585	72,610	-42.7%
Engineering	36,779	42,317	-13.1%
Information Technology	36,420	48,041	-24.2%
Hospitality & Catering	30,265	31,651	-4.4%
Teaching	25,911	28,238	-8.2%
Trade & Construction	24,232	36,413	-33.5%
Healthcare & Nursing	23,951	29,593	-19.1%
Accounting & Finance	23,857	27,482	-13.2%
Sales	21,696	30,712	-29.4%
Social work	19,866	28,334	-29.9%
Total (10 job categories)	284,562	375,391	-24.2%
Overall demand in the WM	400,994	523,234	-23.4%

Source: Adzuna Intelligence

### What types of skills are employers looking for?

Employers are currently generally seeking a blend of technical skills applicable to specific occupations and sectors and transversal skills (such as communication, team-working, management, and leadership skills). Interestingly, as shown in the graph below, communication and management skills are the skills in greatest demand in the West Midlands, appearing in 28.2% and 23.2% of all job postings, respectively, from August to November 2022. The frequency of these skills has increased by approximately one percentage point since 2021. Customer service, assertiveness, problem-solving, engineering, and data-related skills are also in high demand.

### Skills with the highest number of job postings in the West Midlands



Source: Adzuna Intelligence

### What is the economic impact of labour and skills shortages?

There has been a vigorous debate about how labour and skills shortages (including but not limited to [digital skills](#)) may threaten the UK's long-term economic sustainability. Estimates vary, but a recent report by the Recruitment and Employment Federation suggests that such shortages could cost [£30-39 billion annually](#) in real GDP from 2024 to 2027.

When the supply of skills does not meet the skills that employers seek in the labour market ([skills mismatches](#)), there are negative effects on productivity, innovative performance, and the overall competitiveness of firms and countries. Consequently, the demand issues discussed earlier represent only one aspect of skills mismatches.

The availability of people with the appropriate skills is important and has become more challenging as a result of [Brexit](#), as well as the consequences of the COVID-19 pandemic, partially reflected in [early retirements](#) and the increasing number of people reporting [chronic health problems](#). Specific sectors ("wholesale and retail trade", "public administration, education and health", and "financial and business services") may be [disproportionately impacted](#) by the [point-based immigration system](#), partly because of the greater reliance on EU nationals employed in these industries.

### How can these challenges be addressed?

In this context, the visa regime could be restructured to facilitate the attraction of international talent. There have been calls for the Government to reduce the financial and administrative requirements to hire overseas talent. For example, the [CBI](#) has called for more fixed-term visas for overseas workers in shortage occupations and the [Federation of Small Businesses](#) wants visa fees to be limited to £1,000 for small employers. Improving information/guidance to businesses concerning the available visa programmes could also be key to helping firms to navigate current systems.

In addition, it is important that businesses focus on retaining their current staff by, for instance, providing more [flexible roles](#) and working conditions, as well as developing upskilling and training opportunities. The latter point emphasises the importance of establishing and sustaining strong connections between higher and further education institutions and industry.

In terms of supporting employees and self-employed and unemployed adults to learn new skills, the Government could expand Skills Bootcamps – free, flexible courses of up to 16 weeks designed to develop up sector-specific skills and fast-track participants to a job interview. A [recently published survey](#) of wave 2 Skills Bootcamps suggests that "most providers make good use of regional partnerships and labour market intelligence to develop and provide courses that meet identified skills needs". However, it identified a series of challenges with the current provision. These include inconsistency in the quality of teaching and that "staff do not have sufficiently frequent or detailed

discussions with learners about the next steps that learners might take”. Key recommendations include ensuring that all trainers regularly refresh their pedagogical skills and ensuring the staff at Skills Bootcamp providers hold in-depth discussions with learners regarding their future career plans during and post-course completion.

# Birmingham: Future Prospects – Short Term Pain, Long Term Potential

Rebecca Riley, WM REDI

With the release of more economic data on the period impacted by the pandemic, Rebecca Riley looks at the forecasts being built from this data, and what they say about Birmingham. This blog post was produced for inclusion in the Birmingham Economic Review for 2022. The annual Birmingham Economic Review is produced by the University of Birmingham's City-REDI and the Greater Birmingham Chambers of Commerce. It is an in-depth exploration of the economy of England's second city and a high-quality resource for informing research, policy and investment decisions. This post is featured in Chapter 1 of the Birmingham Economic Review for 2022, on the economy, crises, and resilience. [View and download the Birmingham Economic Review.](#)

To find out even more about Birmingham's economy, including GVA, unemployment and CO2 emission, please visit our [Birmingham Economic Review data dashboards](#).

The pandemic and exiting the EU have hit Birmingham hard since 2020 and we have seen this presented in real-time data over the last 2 and a half years, on footfall, job vacancies, and the impact on certain communities, occupations, and sectors. Lagging economic data is now being published for the years affected by the pandemic such as [Gross Value Added](#) (GVA), which gives us a better indication of the impacts at the height of the pandemic. Forecasters are now producing predictions based on this latest data. More real-time rapid economic and social indicators have also worsened since last year this has a knock-on effect on the short and long-term forecast globally, nationally, and regionally.

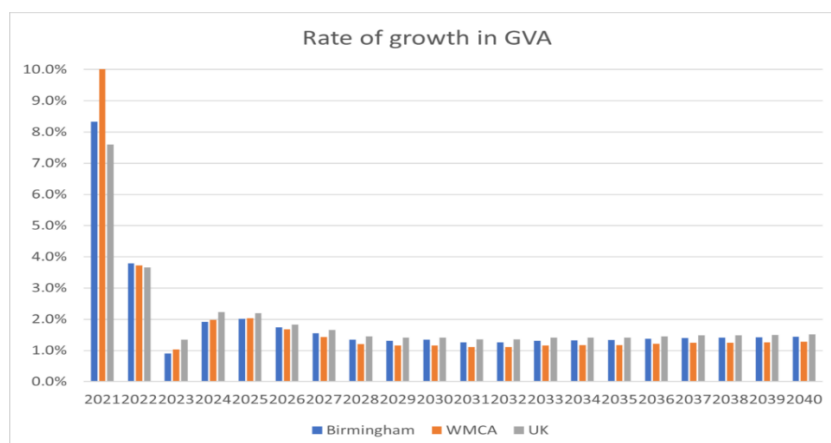
## The Midlands

In the Midlands, the [West Midlands Combined Authority](#) (WMCA), the [Midlands Engine](#) and [Midlands Connect](#) collaborated to purchase a version of the Oxford Economics forecasting model in order to create a consistent economic baseline down to the Local Authority level. A single version of an economic baseline with the ability to create scenarios at a local level enables partners to share a single version of a baseline economic forecast. These forecasts are based on a trend and all things being equal and are inclusive of any policy or investment already announced, but exclusive of any new policy or investments in the future. [Oxford Economics](#) (OE) has updated this forecast for the partners, one of the principal components of the forecast is the population, which is set to grow to 1.22m by 2040, a 7% growth and the city is a major attractor of people from the surrounding areas.

## The Forecast

The forecast predicts significant GVA growth in the longer term. They have also revised up last year's growth as performance has been better than expected. Birmingham will bounce back, but like many global cities in the near term the predictions for 2023 are still low, but in the longer term there will be recovery:

- The total GVA in 2020 for Birmingham was **£25.8 billion**
- The projected GVA in 2040 is **£37.4 billion- an additional £11.6 billion**
- This is an increase of **45%**, with an average **annual yearly growth rate of 1.89%**, slightly below the UK rate of 1.96%.



In terms of other measures of productivity, the baseline scenario forecasts the Birmingham GVA per job to grow to £64,923 by 2040 from £49,874 in 2020 – an average annual yearly growth rate of 1.33%, compared to the UK at 1.60%. The Birmingham GVA per head is predicted to grow to £30,605 by 2040 from £22,583 – an average annual yearly growth rate of 1.54%, compared to the UK at 1.87%. It is worthwhile noting the UK figures are significantly affected by the London performance.

## Impact

The impact of the pandemic and EU Exit on the sectors in Birmingham continues to shift reflecting the waves of different impacts the economy has suffered. However, the declines predicted last year in manufacturing employment have been revised and aren't as severe as predicted. In terms of employment growth, this again reflects the shifts in the economy from manufacturing (currently employees 37,996, meaning the industry will see a loss of 14,696 employees) to the professional, scientific and health and social work, which are long-term trends for the city accelerated by the pandemic either because of demand or because those occupations were more protected from the worst effects. Within the forecast, the city still has a strong employment performance in critical sectors, Professional, scientific, and technical (+31.2%) and Admin & Support (+28.9%), which have fuelled growth in the past and driven growth regionally. Overall total employment is set to increase by 10.9% between 2020 and 2040, whereas the UK will see a 6.7% increase. Construction is doing better than in the UK reflecting the continued investment in the city, and this sector underpinned the accelerated growth at the end of the last decade, however, regionally the sector has still not recovered.

## Conclusion

Overall, this forecast from OE takes the view that the City will revert back to its long-run performance and the gains in growth made in the run-up to 2019 have been lost because of the impacts of the pandemic, specifically on trade and manufacturing.

This forecast performance for the city reflects the significant impacts places and people have faced but overall suggests the City will get back on track in the long term. In the short term though we can see that Birmingham, like many places globally, faces significant challenges as seen in the data and analysis provided in previous [West Midlands Economic Impact Monitors](#).

However, this is a baseline and there are potential downsides, such as the continued war in Ukraine and covid waves affecting supply chains and trade, as well as staff sickness. There are also significant upsides, not least the longer-term effects of investment from HS2 and Commonwealth Games, both of which have long-term impacts difficult to predict. Both of these major investments change the perception of place, an issue Birmingham has suffered from for many decades, and these upsides could kick start the previous accelerated growth seen at the latter end of the last decade. Attracting investment, skilled employment and new business could change the fortunes of Birmingham, capitalising on the international arena it finds itself in.

# Insights into Birmingham City Council's Spending Power, Revenue Funding and Spending between 2010-11 and 2019-2020

Alice Pugh, WM REDI

A new report by Alice Pugh, Dr Abigail Taylor, and WMREDI intern Charlotte Tomlinson examines changes in Birmingham City Council's income and expenditure over the decade between 2010/11 and 2019/20.

In this blog, Alice and Abigail summarise the aims of the report, the methodological approach adopted and they key findings. They also discuss key messages from the report and set out a series of policy recommendations.

[View the report.](#)

## Introduction

This project began when [Stan's Cafe](#) approached City REDI for help with developing an educational and statistically accurate play, based around Birmingham City Council's budget.

Stan's Cafe wanted to understand:

1. Where income for Birmingham City Council (BCC) comes from, and why and how it has changed?
2. What services does BCC spend its income on, and why and how has this changed?
3. What budgetary challenges has BCC faced when trying to set the budget and how has this impacted decision making?

Our report aims to answer these questions, by examining and analysing changes in Birmingham City Council's income and expenditure over the decade between 2010/11 and 2019/20. It reviews and evaluates budgets and financial plans between 2010/11 and 2019/20, alongside reviewing evidence and analysis from supporting research from the National Audit Office (NAO). We focus on trends relating to the revenue funding for and expenditure on services that local authorities, such as Birmingham City Council, have to provide.

## Methodology

The financial data used in this report, around income and spending, was principally drawn from the 2021 National Audit Office (NAO) [Financial Sustainability of Local Authorities Visualisation](#) between 2010-11 to 2019-20 and Birmingham City Council's Budgets for 2010/2011 and 2019-2020. The data in the NAO report is based on data releases collected by the Department for Levelling Up, Housing and Communities, on how local authorities spend their money over the financial year.

This data was used instead of the financial data within BCC budgets, as it was difficult to compare across BCC's budgets. Difficulties in comparing budgets across multiple years, arose from significant changes in spending priorities, which resulted in the main revenue spending streams changing over the period.

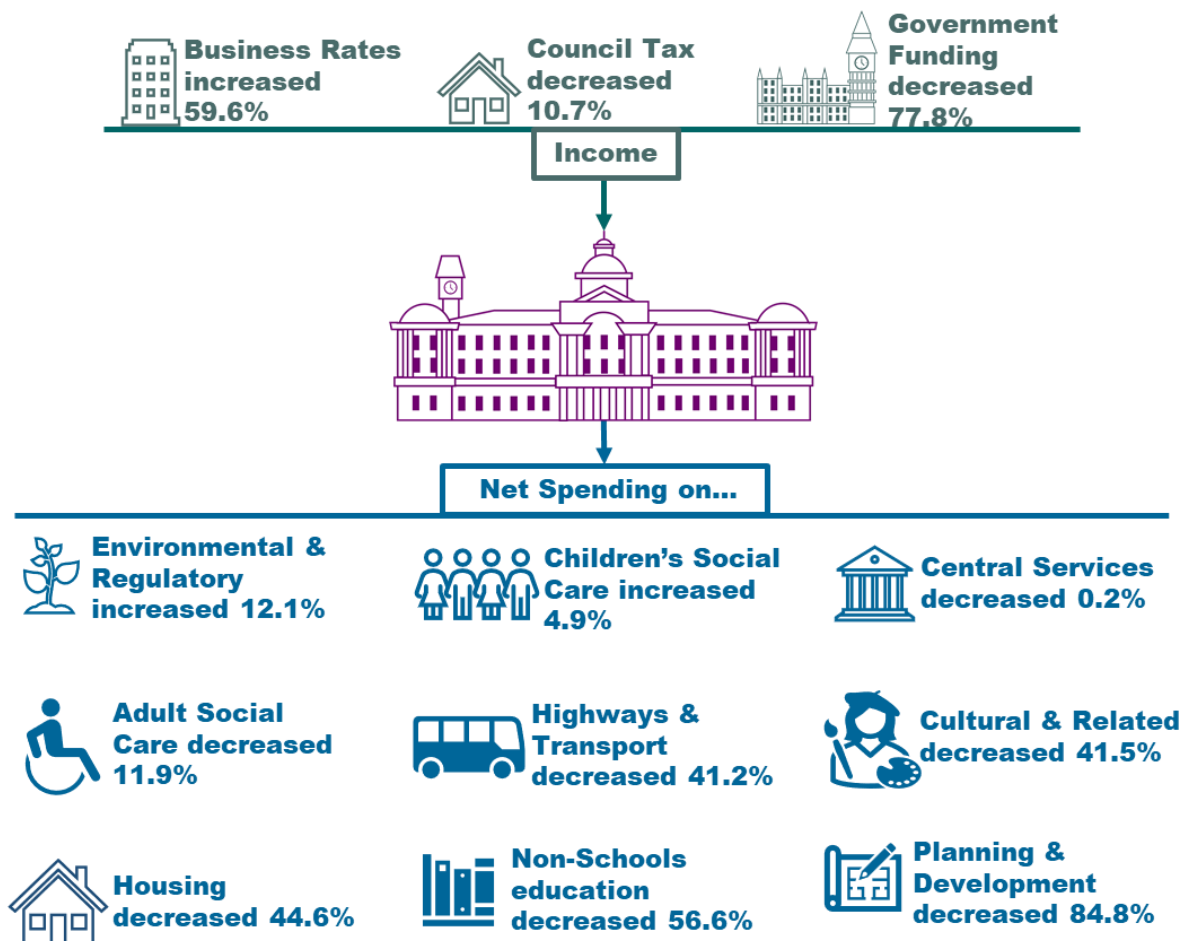
In addition, [BCC budgets](#) were used to understand the policy context and budgetary pressures that BCC had faced, when trying to set budgets over this period. This gave an extensive insight into how budgetary pressures had impacted on BCC, and thus how this has impacted on decision making.

This was supported by two qualitative interviews with local authority representatives with knowledge of Birmingham City Council's funding and expenditure over the last decade. Analysis of the interviews enables deeper understanding of the reasons behind key changes in Birmingham City Council's income and expenditure during this period.

## Income

Income and Spending for BCC has dramatically changed between 2010/11 and 2019/20. BCC has three main sources of income, these being Government Spending, Council Tax and Business Rates. As seen in the Figure 1 below, whilst Business Rates income has increased 59.6% over this period, Council tax has decreased by 10.7% and Government funding has decreased by 77.8%. This has reduced overall spending power for BCC by 36.3%, though per capita spending power has decreased by 40.8%.

Figure 1: Main funding and spending flows for Birmingham City Council



### Government Funding

Government funding has seen such a significant decrease, due to austerity policies introduced by successive governments, which have slashed local authority budgets BCC alone had to make austerity cuts of £736 million. We found that government funding had become extremely competitive, with 32% of funding available to local authorities between 2015/16 and 2019/20 being competitive funding. This has created tensions between local authorities. Competing for the same pots of funding has made it increasingly difficult for councils to work in partnership.

### Council Tax

Council Tax income decreased, due to BCC freezing council tax for 3 years between 2010/11 and 2012/13. This which saw the value of council tax decrease in real terms, as they Council were unable to raise council tax in line with inflation whilst the freeze was in place.

Also, even though an area may become more or less affluent over time, the council has no powers to change council tax bands. Additionally, the Council is restricted by law to a 2% rise in council tax, with BCC to have a vote of the population to increase it above, which of course most constituents are not in favour of.

### Business Rates

Business rates increased, as in 2013/14 councils were given control of a percentage of business rates for the first time. Historically, business rates had been controlled and collected by central government and distributed to different local authorities based on a formula. BCC saw a particularly large increase in business rates as it engaged in a trial with other West Midlands Combined Authority (WMCA) local authorities to retain 100% of business rates. A key challenge with the rates is that they are based on the property valuation of the non-domestic space; however, the last non-domestic property valuation was in 2017 based on 2015 rateable values. Since then, the pandemic has led to significant decreases in non-domestic property values, nevertheless business rates do not currently reflect this

change. Additionally, as business rates are based on property valuations, online retailers often pay significantly less than their high street counterparts. Online retailers paying round 6% of total UK business rates, even though they account for around 20% of total retail sales.

## Spending

Overall, net service revenue spending for BCC has decreased by 26% between 2010/11 and 2019/20. Of the nine main spending streams on which BCC spends its income, only two streams saw an increase in spending in real terms, as seen in Figure 1. The hardest hit spending streams over the period were, Planning and Development which saw an 84.4% decrease in spending, Non-schools Education 56.6%, and Housing 44.6%.

The dramatic changes in funding income over the period have significantly impacted BCC's ability to fund services, and as a result spending in most areas has fallen over the 10-year period. Largely, statutory services have seen the smallest decreases in spending, with discretionary services seeing the largest decreases. This is likely to be because by law local authorities must provide statutory services, whereas Council's have greater flexibility over providing discretionary services.

## Budgetary Pressures

Aside from austerity, the BCC has faced other significant budgetary pressures between 2010/11 and 2019/20. The main issues which BCC cited within their budget as a significant pressure were:

**Inflation** Inflationary pressures between 2014/15 and 2018/19 alone saw the BCC lose over £50m, as the cost of providing services becomes increasingly expensive.

**Demographics** Whilst funding income has been falling in real terms, the size of the Birmingham population has increased by 7.6%. This means that whilst spending power overall has decreased 36.3%, per capita it has decreased by 40.8%.

Birmingham, like much of the UK, has an aging population. This is increasing the pressure on adult social care, as demand from people with long term complex needs increases. Additionally, the BCC highlighted that the cost of adult social care had also increased substantially when the living wage was introduced, historically the BCC had expected these jobs to be low wage.

The BCC also stated it was facing significant demand pressures on children's social care, due to an increasing population of children and young people with complex needs. With Birmingham having a higher proportion of pupils, than the UK average, with an Education, Health and care (EHC) Plan or Special Education Needs statement. Increasing costs pressures are incurred as these children and young people need additional support.

**Redundancies** BCC has had to reduce its workforce over the period in order to compensate for budget cuts incurred as a result of austerity. By the end of 2019, BCC had reduced its workforce by almost 48%. Whilst this has reduced long-term costs for BCC, in the short-run they have to make high numbers of redundancy payments, which places added pressure on budgets.

**Equal Pay Compensation** Back in 2012, BCC was taken to court by women launching a pay equality compensation scheme. 170 women were among the female workers denied bonuses, in general these women were in traditionally female-dominated roles such as cooks, cleaner and care staff, over a number of years. Whilst similar bonuses were awarded to employees in traditionally male-dominated roles such as refuse collectors, street cleaners and grave-diggers. The equal pay liabilities totalled £1.2bn. This led to the BCC being forced to sell off the new National Exhibition Centre (NEC), to help to pay for a large proportion of the bill. This led to further losses for the BCC, as they lost an income stream, as well as still having to pay the debt associated with the capital build of the NEC.

## Key messages

Income and spending for BCC has dramatically changed over the 2010/11-2019/20 decade. Overall, BCC has faced increasing pressures and difficulties when setting budgets over this decade. Austerity and funding changes have vastly reduced the spending power of the council, and places greater pressure on local authorities to pull income from other revenue sources. However, local authorities have little to no control over how either council tax or business rates are implemented. The highly centralised nature of how these funding streams are controlled, restricts the council's ability to actively pursue increasing income through these streams. As central government funding continues to fall, with little change or uplift from other income sources, BCC will face increasing pressure, especially as demand for adult social care increases alongside an aging population. BCC has also ready seen a reduction in spending power of 40.8% per capita over this period. going forward this will likely continue to increase, unless the government reforms funding for local authorities.

## Policy Recommendations

Based on the findings in this report, the following policy recommendations are suggested:

<b>Single Pot Funding</b>	This would create a reliable and consistent source of income for the BCC. It could also reduce competition between local authorities, who instead may be more willing to work in partnership on interventions. Costs associated with having to bid for competitive funding pots would also decline.
<b>Devolution of the control of council tax to local authorities</b>	This would allow local authorities to re-assess the value of properties and be able to change council tax on properties, which reflect the actual levels of wealth today. This may also help local authorities to address inequalities within their local authorities.
<b>A review into the effectiveness of the current Business Rates system</b>	Business rates are becoming increasingly outdated as more of the UK economy increasingly moves online. The business rates system needs to be reviewed to understand whether it is truly the most effective way to collect tax from businesses.
<b>A Corporate function</b>	This would help to facilitate more income into the city whether it is through the existing bidding process or through the shared prosperity fund. We would suggest, in the West Midlands that this function is controlled by the West Midlands Combined Authority (WMCA), with the various LAs acting as delivery agencies. This collective engagement would not only ensure increased investment but improve regional collaboration and coordination.

## Policy Context Update

In recent weeks there have been significant economic and policy developments, which will exacerbate the issues highlighted in this report. BCC will be set to now face the following additional budgetary pressures, which will impact budget income and spending over the next few years:

<b>Inflation</b>	Inflation has already cost BCC tens of millions of pounds over the decade. However, this year councils such as BCC will face inflationary budgetary pressures, likely not seen since the 1970s. This will constrain spending even further, as the cost of funding services increases. It will likely also drain emergency reserves for many councils across the country.
<b>Austerity 2.0</b>	Since the 'mini budget' left a £40 billion hole in government finances, it looks like the UK is set to face a <a href="#">second austerity period</a> . With local authorities expected to face further cuts to their already diminished budgets. Further information on how these cuts will be distributed is expected in the coming months, and ministers have already said that local authorities will be expected to further tighten their belts.
<b>Business Rates</b>	<a href="#">New business rates</a> are set to be used from April 2023. Whilst this will make business rates more representative of the current market, it will also likely mean a reduction in income from this funding stream. Properties were last valued in 2017 based on 2015 property values, when property rates were higher than they currently are, following the impact of the pandemic. Therefore, councils will also need to prepare for a fall in business rates, to match the current market non-domestic properties.

# Evaluating the Local Economic Impacts of Student Knowledge Exchange

Hannes Read, WM REDI

The *Student Knowledge Exchange Re-Imagined- Removing Barriers, Engaging Communities* project is funded by the [Office for Students](#) and [Research England](#), to improve the engagement of under-represented groups and the not-for-profit sector to remove barriers and engage communities in knowledge exchange.

The [Student Knowledge Exchange Impact Tool](#) was developed to analyse the impact of student-led knowledge exchange. This blog shows how the Impact Tool can be evidence of the impact of student internships on the local economy, by comparing the local economic strengths of an area and the strategic economic priorities.

## The Economic Impact of Virtual Internships in Birmingham

[The University of Birmingham](#) worked with 83 different opportunity providers to provide internships for students throughout the project. To analyse the economic impacts of the knowledge exchange, the postcodes from each opportunity provider's address were matched with the relative indices of multiple deprivation (IMD). The IMD splits the country into small postcode areas to show the areas of relative deprivation, where 1 is the most deprived and 10 is the least deprived area.

Figure 1 shows the IMD decile where each opportunity provider is located. One-third of the opportunity providers are located in the most deprived deciles 1- 3. This is opposed to 16.8% of opportunity providers in the least deprived deciles 8 – 10. The largest proportion of supported opportunity providers come in the middle of the deprivation scales with almost half (44.6%) of opportunity providers coming from IMD scales 5 – 7. The University of Birmingham has good representation for opportunity providers in the deciles 1 – 3, indicating that there is to some extent a removal of barriers for opportunity providers from those areas, the greatest beneficiaries are the opportunity providers in the middle of the IMD rankings. This limits the extent to which the benefits of student knowledge exchange support more deprived areas, although there is still good representation amongst opportunity providers from the relatively deprived parts of the country.

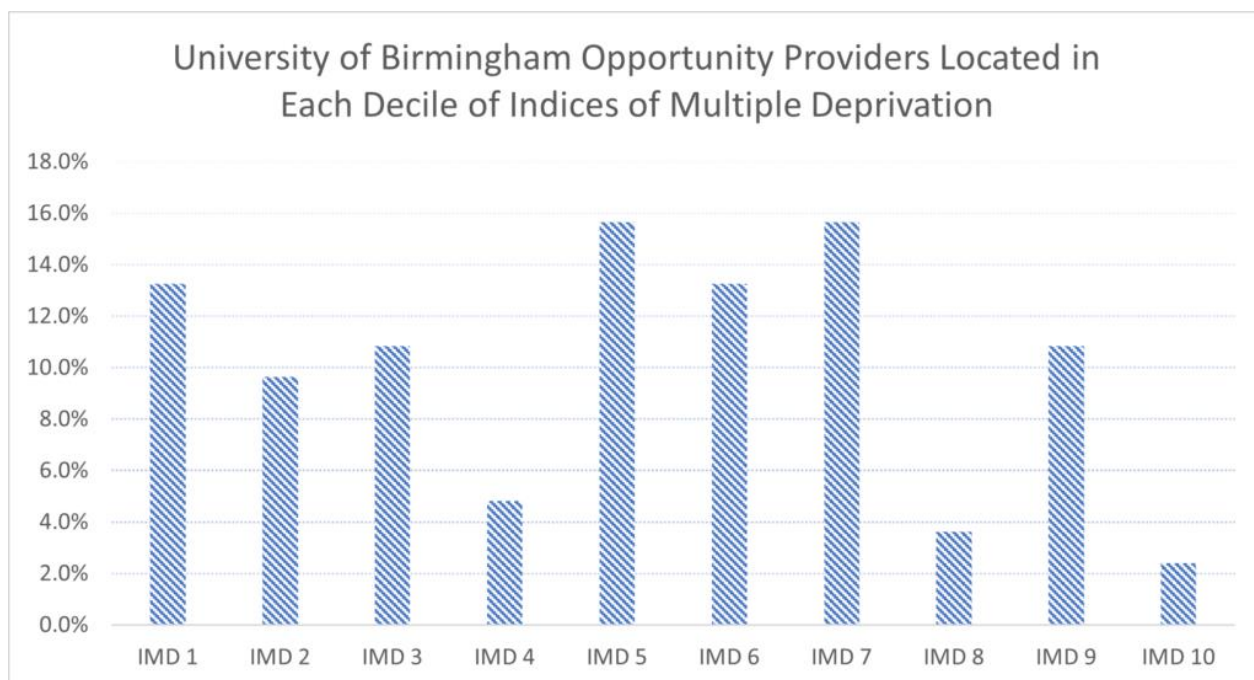


Figure 1 – The University of Birmingham worked with 83 different opportunity providers. Figure 1 shows the IMD decile where each opportunity provider is located.

The impact of student knowledge exchange on the West Midlands is shown in Figure 2. Around one-third (31.3%) of opportunity providers worked with are based in the [West Midlands Combined Authority](#) area. Outside of Birmingham, which makes up a large proportion of that with 24% of the total opportunity providers worked with,

there are a handful of opportunity providers in the WMCA area. Overall, around half (53.0%) are from the broader West Midlands region (from Staffordshire to Stoke), and the other half are from elsewhere in the country.

Local Authority	Percentage	Count
Birmingham	24.1%	20
Coventry	0.0%	0
Dudley	1.2%	1
Sandwell	2.4%	2
Solihull	2.4%	2
Walsall	1.2%	1
Wolverhampton	0.0%	0
<b>Total West Midlands Combined Authority Area</b>	<b>31.3%</b>	<b>26</b>
<b>Broader West Midlands Area</b>	<b>21.7%</b>	<b>18</b>
<b>Total Outside West Midlands</b>	<b>47.0%</b>	<b>39</b>
<b>Grand Total</b>	<b>100.0%</b>	<b>83</b>

Figure 2 shows the location of opportunity providers that the University of Birmingham worked with for the project by local authority areas in the West Midlands Combined Authority.

The aims of the project are to support the flexible delivery of opportunities to students wherever they are in the country. On this basis, the project has done well to accommodate and provide opportunities in Birmingham and elsewhere. The more relevant metric for evaluating the impact on place of removing barriers to student access to knowledge exchange should be on the indices of multiple deprivation. There are challenges associated with accessing suitable opportunity providers. However, as around half of opportunity providers come from outside the West Midlands, there is scope to increase the proportion of opportunity providers in the West Midlands area to increase the impact of student knowledge exchange within the region.

### Connecting Internships with Economic Strategies

The opportunity providers at the University of Birmingham were mainly in the Information and Communication (28.4%), Retail (17.3%), and Energy (13.6%) as shown in Figure 3. There are a smaller number of opportunity providers in Professional, Scientific and Technical (9.9%); Administrative (8.6%); Financial (6.2%); and Public Administration (6.2%) sectors.

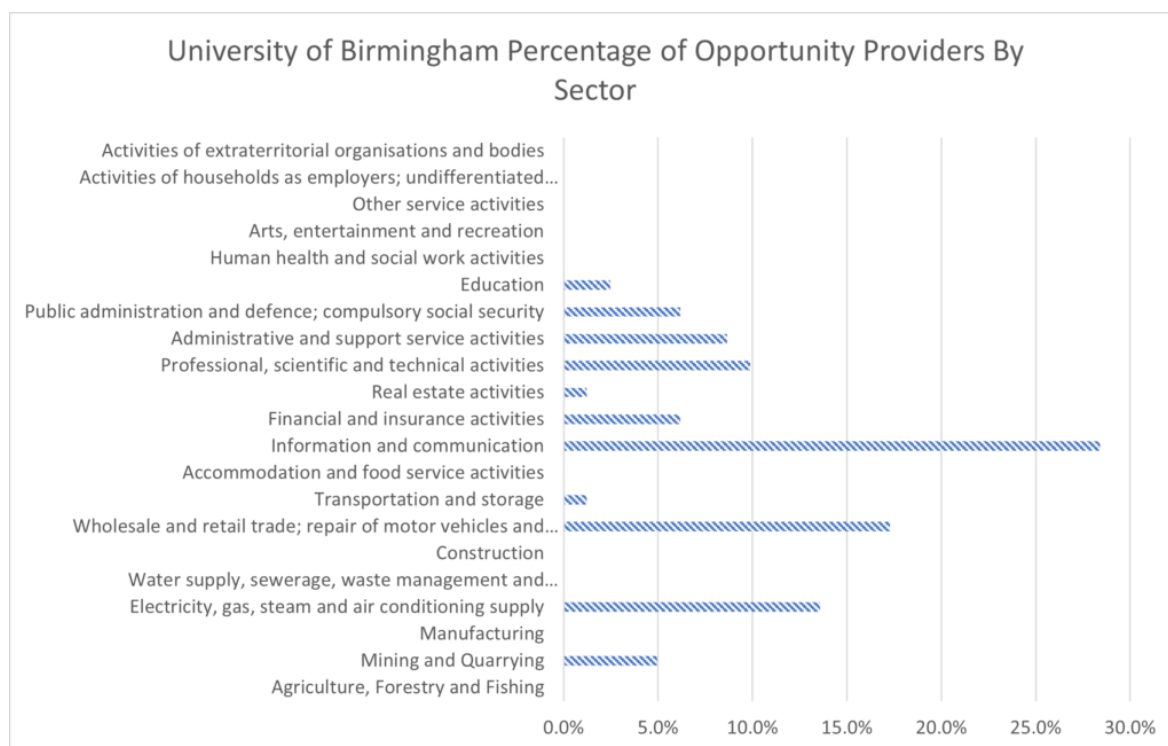


Figure 3 The percentage of opportunity providers in the project, shown by sector.

The opportunity providers relate to a reasonable extent to the strategic aims of the [Greater Birmingham and Solihull Local Enterprise Partnership \(GBSLEP\)](#) Local Industrial Strategy (LIS). The business, professional, and financial services sectors are also referenced in the GBSLEP LIS as a key priority sector. However, there have been no virtual interns working in the strategic sectors identified in the LIS, namely the creative industries and manufacturing. This limits the impact of internships on the local economy. There is scope to increase engagement with opportunity providers from these industries, as well as health, low carbon and environmental technologies. **Aligning opportunity provider engagement with the local industrial strategy of GBSLEP would increase the impact of knowledge exchange on the important strategic sectors of the economy.**

Find out more about the [Student Knowledge Exchange Impact Tool](#).

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

## Black Country Consortium Economic Intelligence Unit

On the 1<sup>st</sup> December 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 18<sup>th</sup> and 25<sup>th</sup> November 2022, total online job adverts decreased by 2.8%. On the 25<sup>th</sup> October 2022, total online job adverts were at 119.7% of their average level in February 2020. Out of the 28 categories (excluding unknown) 21 decreased; the largest weekly decrease was in "HR & recruitment", which fell by 15.2% (to 139.0% of the average level in February 2020). In contrast, the highest increase was in "management/exec/consulting", rising by 8.8% (to 145.0% of the average level in February 2020). There were 7 categories that were below the February 2020 average level, with the lowest in "sales" at 83.4%.

Online job adverts decreased across all regions between the 18<sup>th</sup> and 25<sup>th</sup> November 2022. The West Midlands online job adverts decreased by 2.4% and on the 25<sup>th</sup> November 2022, it was at 121.4% of the average level in February 2020. All 12 regions were above their February 2020 levels, varying from; 102.6% in the East of England (-4.2% since previous week) to 177.9% in Northern Ireland (-3.5% since previous week).

### National Company Incorporations and Voluntary Dissolutions

Companies House data shows for the UK, there were 14,453 company incorporations in the week to the 25<sup>th</sup> November 2022, up from 13,720 recorded in same week in 2021. This is also up from 14,160 recorded in the same week in 2020 and in the same week in 2019 (12,520).

Also, for the week to the 25<sup>th</sup> November 2022, there were 5,584 voluntary dissolution applications, down from 5,834 recorded in the same week in 2020. This is up from 4,823 recorded in the same week of 2020 but down in the same week in 2019 (6,403).

### System Average Price of Gas

National Grid data shows that the System Average Price (SAP) of gas increased by 33% in the week to 27<sup>th</sup> November 2022 (from the previous week), it was 42% lower than the equivalent time period in the previous year 74% lower than the peak level recorded on the 28<sup>th</sup> August 2022. It was 424% higher when compared to the pre-Coronavirus baseline (February 2020).

### Sales by Small Businesses

Please note, these figures are not adjusted for inflation.

Across the UK, data recorded by Xero shows that sales by small businesses decreased by 7% in October 2022 compared with September 2022, but were 5% higher than October 2021. Retail sales fell by 5% compared with October 2021 and have decreased by 15% since the peak recorded in March 2022. Jobs in small businesses were broadly unchanged compared with the previous month and were 5% lower than October 2021.

### Business Insights and Conditions Survey

The final results from Wave 70 of the Business Insights and Conditions Survey (BICS) based off the 5,326 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 28.4% (1,511) and 3,282 businesses that are head quartered in the West Midlands, with a response rate of 26.6% (872). Please note, the survey reference period was 1<sup>st</sup> to 31<sup>st</sup> October 2022 with a survey live period of 14<sup>th</sup> to 27<sup>th</sup> November 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 impacts. Due to weighted data being available for the UK a comparison has not been included.

### **International Trade**

33.4% of responding West Midlands businesses reported to exporting within the last 12 months, 4.0% reported to exporting over 12 months ago. While 47.7% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 7.5% reported to never exporting previously but have goods or services that could be developed for exporting.

53.0% of responding West Midlands businesses reported that exporting stayed the same in October 2022 when compared to October 2021. 19.2% of West Midlands businesses reported to exporting less and 16.2% reported to exporting more.

54.9% of responding West Midlands businesses reported that importing stayed the same in October 2022 when compared to same month in the previous year. 13.3% of West Midlands businesses reported to importing less and 17.4% reported to importing more.

### **Supply Chains**

Where applicable, 69.7% of West Midlands businesses were able to get the materials, goods or services it needed from within the UK in October 2022. Although, 12.0% of West Midlands businesses were only able to get the materials, goods or services it needed but had to change suppliers or find alternative solutions and 5.1% were not able to get materials, goods or services needed.

Where applicable, 50.6% of West Midlands businesses were able to get the materials, goods or services it needed from the EU in October 2022. Although, 9.8 of West Midlands businesses were only able to get the materials, goods or services it needed but had to change suppliers or find alternative solutions and 4.9% were not able to get materials, goods or services needed.

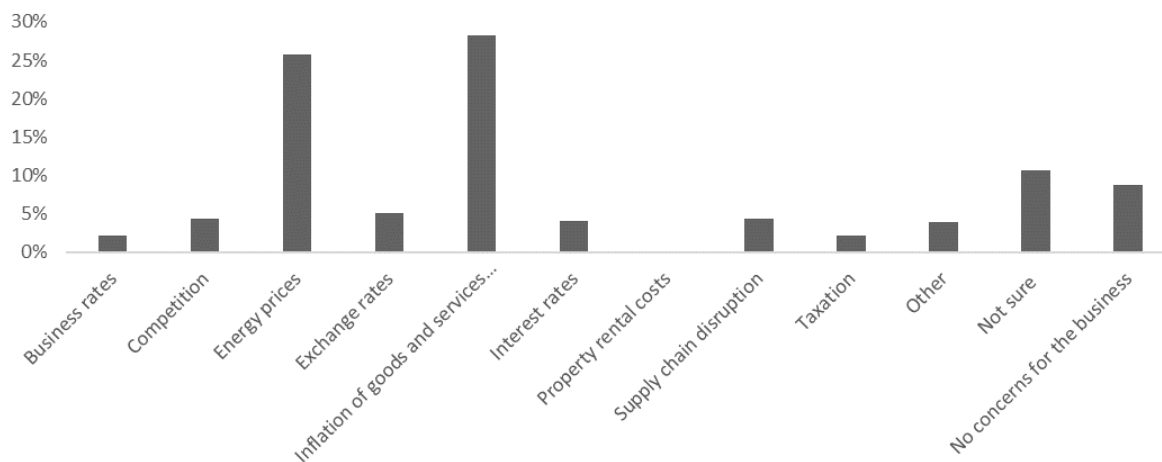
### **Global Supply Disruption**

17.2% of West Midlands businesses reported experiencing global supply chain disruption in October 2022. In contrast, 48.6% reported none.

### **Main Concerns for Business**

28.2% of West Midlands businesses expect the main concern for business in December 2022 will be inflation of goods and services.

*The main concern (if any) for businesses in the West Midlands:*



### Hourly Wages

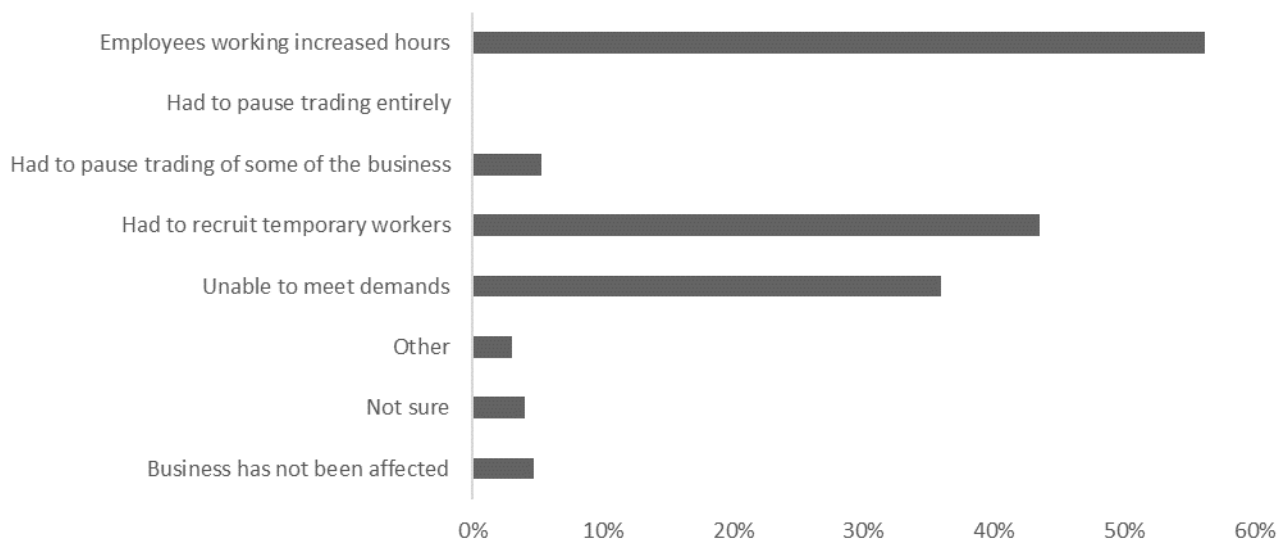
73.5% of West Midlands businesses reported that employees' hourly wages in October 2022 when compared with the previous calendar month had stayed the same. While, 17.1% reported an increase and 1.3% reported a decrease in hourly wages.

### Worker Shortage

35.2% of West Midlands businesses reported to currently experiencing a shortage of workers. While 51.2% of West Midlands businesses reported to not currently experiencing a shortage of workers.

56.1% of West Midlands businesses reported that due to worker shortages that employees had to work more hours.

*How the shortages of workers affected West Midlands businesses:*



### Industrial Action

11.4% of West Midlands businesses reported to being affected by industrial action in October 2022. Although, 60.3% of West Midlands businesses reported not being affected by industrial action.

28.7% of West Midlands businesses reported 'other' from the reasons listed to how the business was affected from industrial action in October 2022.

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



### Public Opinions and Social Trends

Please note - a breakdown by region is no longer provided within this dataset due to the smaller responding sample size of the Opinions and Lifestyle Survey (OPN). Estimates are based on data collected between 8<sup>th</sup> to 20<sup>th</sup> November 2022, (the “latest period”) and 26<sup>th</sup> October to 6<sup>th</sup> November 2022 (the “previous period”).

### Cost of Living Crisis

77% of all adults reported being very or somewhat worried about rising costs of living in the past two weeks (higher than 76% in the previous week).

In the latest period, people living in the most deprived fifth of areas in England were more likely to be worried about the rising cost of living (84%) than those in least deprived areas (70%).

### Paying Energy Bills

45% of adults who pay energy bills said they found it very or somewhat difficult to afford them in the latest period (lower than 47% in the previous week). This varies by 63% among those living in the most deprived fifth of areas in England compared with 35% among those living in the least deprived fifth of areas in England. Further analysis shows the proportion appeared to decrease with age, at 53% among those aged 16 to 29 years, 49% among those aged 30 to 49 years, 43% among those aged 50 to 69 years and 35% among those aged 70 years and over.

Among those who reported they have gas or electricity supplied to their home, 4% reported they were behind on these bills. Again, this varies by 10% of those living in the most deprived fifth of areas in England reported this compared with 2% among those living in the least deprived fifth of areas in England.

### Rent or Mortgage Payments

30% of those who are currently paying rent or mortgage payments reported that these payments have gone up in the last six months (lower than 34% in the previous period).

34% of those who are currently paying rent or mortgage payments reported they are finding it very or somewhat difficult to make these payments (lower than 37% in the previous period). In the latest period, 35% of those living in the most deprived fifth of areas in England reported this compared 22% among those living in the least deprived fifth of areas in England.

3% of those currently paying rent or mortgage payments reported they were behind with these payments. This proportion was slightly higher among those living in the most deprived fifth of areas in England (5%).

### Perceptions for the Future

49% of adults reported feeling fairly or very unsure about the future. This proportion was 55% among those from the most deprived areas in England but was 45% among those from the least deprived areas.

### Keeping Warm This Winter

55% reported being very or somewhat worried about keeping warm in their home this winter (lower than 56% in previous period). In the latest period, people living in the most deprived fifth of areas in England were more likely to be very or somewhat worried about keeping warm (70%) than those living in the least deprived fifth of areas in England (46%).

### Personal Well-Being

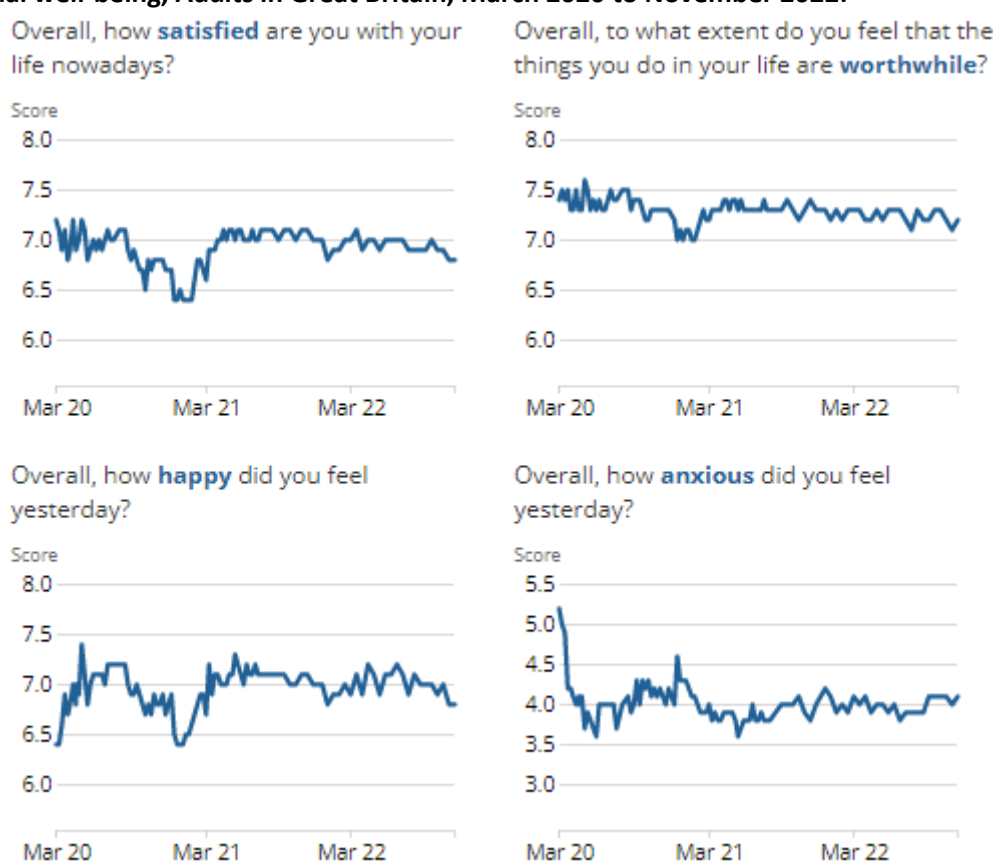
Life satisfaction – remained at 6.8 since the previous period.

Feeling that the things done in life are worthwhile – increased to 7.2 in the latest period (from 7.1 in the previous period).

Happiness – remained at 6.8 since the previous period.

Anxiety – increased to 4.1 in the latest period (from 4.0 in the previous period).

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



Source: Office for National Statistics – Opinions and Lifestyle Survey

26% of adults reported feeling lonely always, often or some of the time in the latest period (up from 25% in the previous period).

### Headlines

SECTOR	KEY INSIGHTS
Cross Sector	<p><b>Outlook</b></p> <p>The biggest challenges to West Midlands businesses are still the <b>cost of energy, staffing shortages, supply chain blockages, high inflation, and an overall reduction in consumer demand.</b></p> <ul style="list-style-type: none"> <li>• The main feedback from local businesses continues to be concern regarding rising prices. Businesses across all sectors have reported a <b>noticeable slowing in activity</b>, with reduced customer demand being attributed to rising costs in combination with decreased consumer confidence. A number of businesses have noted that <b>interest rate rises were deterring investment and hampering their operations.</b></li> <li>• As well as inflation resulting in higher bills, businesses noted that <b>salary increases are also an increased concern</b> for them this quarter. Some businesses reported <b>losing labour to those outside of the region offering flexible contracts with higher pay</b>, meaning that they have been unable to compete. High salary demands have led to <b>high turnover of staff as well as increased staff shortages.</b></li> <li>• Businesses continue to report that they would like to <b>see further action from Government on business rates</b> – with comments about the poor rollout speed of previous business rates relief – and VAT. Business leaders from a number of sectors have <b>emphasised the need for economic stability</b> after the turbulence of the past six months in order to help businesses effectively plan ahead for next year.</li> <li>• Businesses fear the <b>continued rise in inflation and feel the continued rise is unsustainable, many SMEs are struggling to absorb or pass on rising costs.</b></li> </ul> <p>This pessimism is reflected in recent surveys: <b>ICAEW's Business Confidence Index for <a href="#">West Midlands</a> slipped further into negative territory for Q4</b>; while the FSB's Small Business Index for Q3 2022 finds that <b>confidence among small business owners in the <a href="#">West Midlands</a> has fallen for the third successive quarter.</b></p> <p>However, the findings also report on defiance and resilience within the business community. And generally, businesses have <b>welcomed the new Government's commitment and approach so far, to stabilising the economy</b> and focusing on economic growth. There is greater confidence in the latest government administration and fiscal approach, despite some continued policy reservations and acknowledgment of the poor current economic situation.</p> <p>Furthermore, some outlets are reporting that <b>West Midlands businesses remain confident despite economic headwinds.</b> <a href="#">Lloyds Bank Commercial Banking's Business Barometer</a> showed business confidence at 19% during November; above the UK average despite a month-on-month fall. It also found that <b>West Midlands businesses identified their top target areas for growth in the next six months as investing in their team (36 per cent), evolving their offering (32 per cent), and diversifying into new markets (30 per cent).</b></p> <p><b>Autumn Statement</b></p> <p>Several Autumn Budget announcements were much welcomed by West Midlands businesses and business groups: particularly <b>business rates support – including transitional relief, an inflationary freeze and continuing targeted support for some sectors</b> – and <b>committing to infrastructure investments</b> like HS2, Sizewell C and the new Investment Zones programme.</p>

SECTOR	KEY INSIGHTS
	<p>The Statement was also seen as a necessary <b>“steading of the ship”</b> that provides stability to markets, and hopefully helps reduce interest rates and inflation in the long run.</p> <p>But while the measures were less bleak than expected, businesses and communities are concerned by the <b>dire economic outlook presented by the OBR</b>, with the UK already in recession and facing peak inflation, with disposable income to fall 7% in two years and unemployment to reach 4.9%.</p> <p>Business groups also described the Autumn Statement as a <b>“missed opportunity” to create conditions for business confidence, investment, and growth</b>, while not going far enough to help businesses and in some cases burdening them. For example:</p> <ul style="list-style-type: none"> <li>• <a href="#">FSB</a> described the budget as <b>“high on stealth-creation and low on wealth-creation”</b>, picking up on indirect tax rises for business announced through the freezing of thresholds / allowances.</li> <li>• <a href="#">British Chambers</a> highlighted that <b>not enough was being done to improve conditions for businesses to invest and grow</b>, with <a href="#">Midlands Chamber voices</a> adding to this that “there wasn’t much for businesses to get excited about.”</li> <li>• It’s also been highlighted, including by <a href="#">MakeUK</a>, that <b>measures related to the reduction of R&amp;D credits may disincentivise innovation</b>.</li> </ul> <p>The importance of <b>businesses sharing best practice and knowledge</b> around coping with rising prices in the wake of the Chancellor’s Autumn Statement is a main point of discussion between business support organisations and companies on the ground.</p> <h3>Trading Environment</h3> <ul style="list-style-type: none"> <li>• Though the Energy Bill Relief Scheme announced by the previous Government was relatively well received, <b>many businesses have raised concerns about the extent to which the measure will tackle high energy bills and what support will be in place beyond April</b>. This has been seen as a major omission from the Autumn Budget. <b>Businesses need certainty on the business support scheme beyond the 6-month package and long-term investment in energy security</b>. <a href="#">FSB research</a> suggests that one in four small firms plan to close, downsize, or restructure if energy bills relief ends in April next year.</li> <li>• <b>Access to Finance</b> <ul style="list-style-type: none"> <li>- There is reportedly a <b>massive gap in early-stage start-up funding</b>. There are very few pre-seed funding options which means many start-up founders do not have the capital to bring their innovations to market or scale their start-up. <b>Feedback from the investment community also states that there is limited scale up investment opportunities</b>.</li> <li>- Immigrant entrepreneurs are in an even worse position, as not only are they struggling to raise start-up equity capital at a time of rising costs, there are <b>no debt options available to them either</b> - Start-up Loans do not advance debt to this group. This may be because immigrant entrepreneurs are not yet guaranteed a permanent stay in the UK. However, a good compromise could be the <b>setup of special debt facilities with lesser loan amounts and lesser repayment terms</b>, which are equivalent to the length of stay on current visas.</li> <li>- The <a href="#">British Business Bank's second annual Nations and Regions Tracker</a> has reported that the <b>West Midlands has experienced a slight decline in the amount of smaller businesses using external finance, with 40 per cent reporting usage in the second quarter</b>, down 2 per cent from the prior year. <b>Businesses secured 68 deals worth £338m of equity investment in 2021</b>. The number of equity deals increased</li> </ul> </li> </ul>

SECTOR	KEY INSIGHTS
	<p>by 13 per cent compared to 2020, but investment is down by 12 per cent. But a <b>promising Net Zero cluster</b> has been identified.</p> <ul style="list-style-type: none"> <li>• Businesses are reporting <b>challenges with the new CDS import system that replaced CHIEF</b>. The system reportedly cannot cope with more complex scenarios and - due to the mandatory fields - some overseas suppliers have been cut off. The CDS system assumes that imports only happen of one commodity in one box or pallet. However, when an SME imports from a large specialist wholesaler, for example, they might have a box with filled with 1 or 2 items of twenty different commodity codes. <b>Because the CDS system wants weights per box per commodity code and per country of origin, this is proving very difficult</b>. Also, HMRC states that if an importer gets it wrong, they have the right to destroy the goods, which is disconcerting, as <b>SMEs struggle to work within the constraints of the new system</b>.</li> <li>• More positively, business start-ups in the West Midlands hit a high in October with a total of 5,741 new company registrations, <b>one of the largest UK regional figures for the month</b>, alongside Greater London, the South East, the North West and East Anglia. According to the Midlands branch of national insolvency and restructuring body <a href="#">R3's findings</a>, which are based on an analysis of data from business intelligence provider Creditsafe, <b>reveal that the West Midlands' October start-ups figure is 14.1% higher than the previous month's total of 5,032</b> and more than double the number of new companies registered in the region in January 2022.</li> <li>• A trend has emerged of businesses wanting to <b>help employees by supporting them with the cost-of-living crisis that have given various one-off financial payments</b>, particularly to those on lower incomes. Employees that have left these businesses are now looking to return.</li> <li>• <b>Ongoing issues with the price of materials</b> continue although the impact does vary depending on the sector and the size of the business looking to procure. Steel prices remain high as well as the price of high-grade plywood boards used by manufacturers of quality cabinets and kitchens</li> </ul> <p><b>Labour Market</b> The latest <a href="#">KPMG and REC, UK Report on Jobs: Midlands</a> survey saw <b>permanent placements decline for the first time since February 2021</b> and a second consecutive reduction in temporary billings during October. Pay inflation, meanwhile, remained elevated amid reports of both high demand for labour alongside shortages in candidate availability.</p> <p>As companies struggle to fill vacancies it appears a large part of the problem is a <b>change in attitudes following Covid-19</b>. Many potential employees do not want to return to standard 9-5 working, meaning <b>companies need to look into offering more flexible working patterns</b>.</p> <p><b>Younger Workforces</b> – A number of businesses looking to the very real issue of <b>ensuring their businesses are futureproofed</b> by providing training to younger staff members. <b>Investment in people</b> has led to examples of increased staff loyalty and strong growth although profit margins are often tight.</p> <p><b>Skills &amp; Staff Shortages</b> – <b>Difficulties reported around the recruitment of particular roles. Marketing, sales and general maintenance and trades personnel</b> are among those highlighted this week. Despite the appetite to recruit apprentices and trainees, finding the right candidate with the desire and work ethic is often the main challenge.</p>
<b>Manufacturing</b>	<ul style="list-style-type: none"> <li>• The overriding story of manufacturing industry in the West Midlands is reported to be one of great <b>volatility</b>. <b>Order books remain relatively healthy – but confidence has softened markedly in recent weeks</b>.</li> </ul>

SECTOR	KEY INSIGHTS
	<ul style="list-style-type: none"> <li>UK <b>manufacturers reported a rise in output in the three months to November</b>, the first increase since the three months to July 2022, according to the <a href="#">CBI's latest Industrial Trends Survey</a>. However, <b>production is expected to decline in the next quarter</b>; likely to be exacerbated if <a href="#">stories of production reduction in automotive</a> come to fruition, due to continued issues with microchips.</li> <li>The survey found that while stocks remained broadly adequate, <b>total order books and export order books were reported as below normal</b>. Selling price inflation is expected to remain historically high in the next three months.</li> <li>There are <b>concerns about the lack of further support announced at the Autumn Statement for them on energy bills</b>, while R&amp;D changes are deemed a disincentive for SMEs.</li> </ul>
Hospitality & Retail	<ul style="list-style-type: none"> <li>UK retailers saw their sales volumes fall at a firm pace in the year to November, according to the CBI's latest quarterly <a href="#">Distributive Trades Survey</a>. <b>Retail sales declined in the year to November (-19% from +18% in October) with a broadly similar fall expected next month.</b></li> <li>However, there has been a <b>slow improvement in national vacancy rates</b> according to the <a href="#">Local Data Company / BRC</a> (down to 13.9% in Q3 2022, 0.1 pp better than Q2 and 0.6 pp better than Q3 2021. The West Midlands has remained unchanged at 15.8%.</li> <li>Recent <a href="#">ONS analysis</a> found that <b>food and drink service firms are most likely to cut trading to tackle energy costs.</b></li> <li>And while some measures from the Autumn Statement were welcomed by the sector (e.g., business rates reform), <b>pubs, restaurants and shops were hoping for more support.</b></li> <li>Many pubs and breweries across the UK will be forced to shut their doors for good as they face rocketing losses without further energy support, industry bosses have warned. In a new report by <a href="#">Frontier Economics</a>, produced for the British Beer and Pub Association (BBPA), calculations showed <b>that energy bills returning to their regular rate after March would put pubs and brewers at a loss of 20% on average.</b></li> </ul>
Agriculture & Food Production / Manufacturing	<ul style="list-style-type: none"> <li>The agriculture &amp; food and drink sectors are concerned about <b>access to labour, increased labour costs, dependence on visa-based labour, food security, cost of ingredients, cost of transport and supply chain issues.</b></li> <li>Rising costs and labour shortages has accelerated transition to a greater use (or openness) of automation and digitally controlled production. <b>But economic and political uncertainty has undermined business confidence and ability to invest not only in operational advancements but also seeking suitable staff training.</b></li> <li>The industry has been hit with a <b>double whammy of staff shortages and rising costs which has led to a reluctance in potential investment.</b></li> <li><b>Furthermore, avian flu</b> has become a major challenge for producers of poultry meat and eggs, damaging the competitiveness and livelihoods of some farmers.</li> <li><a href="#">Mondelēz International</a>, makers and bakers of iconic brands including Cadbury, OREO and Maynards Bassetts, has said that the <b>West Midlands accounted for almost half of its total contribution to the UK economy last year</b> (over £438.5m out of £933m total).</li> </ul>

## New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
<a href="#">InTouch Games/Skywind</a>	Halesowen	Gaming	Around 50 people at a gaming firm in the Black Country have been sacked just weeks before Christmas as the company moved to Birmingham, it is understood. Employees at InTouch Games were advised they no longer have jobs following a merger

			with Skywind, whilst similar positions are advertised for the same company.
<a href="#">HSBC</a>	National with branches across C&W	Banking	HSBC to shut 114 branches as more people bank online. The bank said it would try to redeploy affected staff but that about 100 would lose their jobs. Banks have closed hundreds of branches in recent years as more people bank online and lenders cut costs. HSBC said it will invest tens of millions "updating and improving" its remaining 327 UK branches.
<a href="#">Jaguar Land Rover</a>	Solihull	Automotive	Luxury car maker Jaguar Land Rover is cutting activity at its Solihull factory until the spring as it battles with a global shortage of semiconductors. The company said production would be reduced at the plant between January and the end of March as it prioritises more profitable models.

## New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
<a href="#">Tile Rite</a>	Walsall	Wholesale / Retail	The UK's leading retail tiling supplier has chosen to expand its business by launching a new headquarters in Walsall. Tile Rite has signed a lease with landlord, Goold Estates, on a 50,000 sq ft warehouse, office, and showroom at Beecham Business Park in Aldridge.
<a href="#">Asda</a>	Wolverhampton	Retail	Asda plan on opening a new 24-hour store in Wolverhampton creating 20 jobs, as part of a £2.5m investment.
<a href="#">Jaguar Land Rover</a>	Worldwide	Automotive	JLR have plans to recruit around 800 new skilled workers from the Tech industry following redundancies at Meta, Twitter, and other tech firms. Some workers will be UK based.
<a href="#">Mercia / FDC</a>	Birmingham	Financial Services	Fund manager Mercia has bought SME lender Frontier Development Capital (FDC) in a deal worth up to £9.5m. The deal brings together two Midlands-headquartered organisations focused on businesses in the UK regions.
<a href="#">Anthony Collins Solicitors</a>	Birmingham	Legal	Anthony Collins Solicitors (ACS) has become the first law firm in the Midlands to achieve B Corp status, meaning the company is held to the highest standards of social and environmental performance, public transparency, and legal accountability.
<a href="#">Homeserve</a>	Walsall	Utilities	Walsall-based HomeServe UK continues expanding its ownership of locally branded boiler companies with the announcement of its seventh acquisition. The newest addition to the HomeServe stable is a London-based, family run business H2 Property Services.
<a href="#">Morrisons</a>	Nuneaton	Retail	Morrisons' first Nuneaton supermarket and petrol station is set to be given the green light. The application is finally set to be debated at Nuneaton and Bedworth Borough Council and officers are recommending it should be allowed to go ahead.
<a href="#">HW Group</a>	Birmingham	Recruitment	Executive search firm HW Group has announced its expansion into Birmingham. A division of HW Global, the global talent acquisition company offering executive search

COMPANY	LOCATION	SECTOR	DETAIL
			and interim management solutions, HW Solutions will provide senior and executive level interim appointments across the UK.
<a href="#">ArcelorMittal</a>	Solihull	Steel	Global steel production giant ArcelorMittal's has completed its relocation to new offices at Friars Gate in Solihull. The 45-strong team are now fully operational in the 7,060 sq ft office space at the building off the A34 Stratford Road.
<a href="#">Totalcare</a>	Kingswinford	Automotive Wholesale	A Kingswinford-based supplier of workshop equipment to the automotive industry has completed a second-stage management buyout, supported by Debrett's Private Finance (DPF). Totalcare operates across the UK supplying equipment such as mobile and fixed lifts, servicing and testing equipment, and consumables.
<a href="#">Holt Commercial</a>	Coventry	Property	A Midlands-based commercial property agency has completed a hat-trick of deals on industrial units in Coventry. Holt Commercial has agreed lettings on three compact units in the city on behalf of Coventry City Council following unprecedented demand.
<a href="#">UK Athletics</a>	Birmingham	Sport	UK Athletics (UKA) has confirmed that Birmingham will host a new Performance and Innovation Centre from summer 2023, after agreeing a partnership with the city council. The facility will be situated on the redeveloped Alexander Stadium campus, helping cement the site's Commonwealth Games legacy.

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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