West Midlands
Economic Impact Monitor

WM REDI CITY REDI

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

Recent international news has been dominated by a huge Turkey-Syria earthquake and by mounting tension between the USA and China regarding the shooting down of a balloon and unidentified flying objects in US airspace. In the UK the Bank of England raised interest rates once again in early February. Inflation is decreasing slightly but remains high. Many households will face increased Council Tax bills as councils seek to balance their budgets.

Global developments

- Tens of thousands of people have been killed and more have been injured by a huge earthquake which struck Turkey near the Syrian border last week.
- Despite record trade between the US and China last year, tensions have been rising since the US discovered and shot down a Chinese balloon and other unidentified flying objects in US airspace.

National news

- On the 2nd February the Bank of England (BoE) raised interest rates by 0.5% to 4%. The BoE raised interest rates in an effort to cool the economy and reduce demand, in an effort to slow rising prices.
- The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to January 2023, down from 10.5% in December 2022.
- Council Tax rises are imminent. Research from the County Council Network has found that 84 councils out of 114 who have published their 2023/24 budget proposals so far plan to raise council tax by the maximum permitted which is 4.99%. With inflation at 10.5%, many councils are facing multi-million-pound funding gaps, which have built up under this period of high inflation and which they need to close to balance their budgets.
- In the last 12 months the average UK house price increased by 9.8% to December 2022. The West Midlands saw an above average increase at 10.7%.
- Ford has announced plans to cut 1,300 jobs in the UK over the next two years, comprising a fifth of its total UK workforce. It is part of a major restructuring programme which will see Ford cut 3,800 jobs overall across Europe.
- Nicola Sturgeon has confirmed she is resigning as Scotland's First Minister after more than 8 years in the role. Echoing Jacinda Ardern (Prime Minister of New Zealand) stepping down last month, Sturgeon stated that the pressures of the job had taken its toll, especially during the Covid-19 pandemic.

Economy in the West Midlands

- The System Average Price (SAP) of gas decreased by 6% in the week to 5th Feb 23, 23% lower than the equivalent level in 2022. Compared to the pre-Covid-19 baseline, it was 510% higher.
- 24.6% of responding WM businesses expect the main concern for business in Feb 23 will be energy prices.
- 18.3% of responding WM businesses reported that the main challenge experienced when selling goods or services in the last 12 months was transport costs
- 50.4% of WM businesses reported that exporting stayed the same in Dec 2022 when compared to Dec 2021. 24.1% of WM reported to exporting less and 14.7% reported to exporting more.
- 55.2% of responding WM businesses reported that importing stayed the same in Dec 22 when compared to same month in the previous year. 14.4% reported to importing less and 15.7% reported to importing more.
- Business confidence in the West Midlands rose nine points during January to 18 per cent, according to the latest Business Barometer from Lloyds Bank Commercial Banking.
- The WM Business Activity Index slightly rose from 48.9 in December 2022 to 49.0 in January 2023 – although, remained below the 50-growth mark for the sixth consecutive month.
- The UK Business Activity Index decreased from 49.0 in December 2022 to 48.5 in January 2023.
- Out of the 12 UK regions the WM was the third highest for business activity in January 2023
- WM Future Business Activity Index increased from 65.3 in December 2022 to 76.5 in January 2023. 12 UK regions, the highest for Future Business Activity in January 2023
- The WM Export Climate Index increased from 48.2 in December 2022 to 49.7 in January 2023
- The WM Employment Index increased from 50.8 in December 2022 to 52.2 in January 2023.
- The WM Input Prices Index decreased from 72.0 in December 2022 to 70.8 in January 2023

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

- Out of the 12 UK regions, the WM was the highest for Future Business Activity in Jan 2023. Y&H was the 2nd highest with 75.4 and the Northern Ireland was the lowest at 53.6.
- Quarter on quarter analysis shows that, for the WM region, GDP decreased by 0.3% in Quarter 2 2022, while UK-wide there was growth of 0.1%.
- Q2 2022, the quarterly GDP indices for the WM was 95.4, a decrease from 95.7 previous quarter.
- The latest quarter on quarter GDP percentage change to Quarter 2 2022 shows for the WM that overall the construction sector, total services sector and 12 industries contracted. While 1 industry (water supply, sewerage) was flat at 0% and the overall agriculture, forestry and fishing sector, total production and 5 industries recorded growth in GDP.

Regional Labour Market Summary

- The WM regional employment rate (aged 16 – 64 years) was 74.5%, increasing by 0.4 percentage points (pp) but when compared to the same period in the previous year, the employment rate was 0.6pp lower. The UK employment rate was 75.6%, an increase of 0.2pp when compared to the previous quarter an also an increase of 0.2pp when compared to the previous year.
- The WM regional unemployment rate (aged 16 years and over) was 4.4%, which has decreased by 0.3pp since the previous quarter and a decrease of 0.4pp from the previous year. The UK unemployment rate was 3.7%, an increase of 0.1pp from the previous quarter but a 0.3pp decrease when compared to the previous year.
- For the three months ending December 2022, the WM region economic inactivity rate (aged 16 – 64 years) was 21.9%, a decrease of 0.2pp from previous quarter and an increase of 1.0pp when compared to the previous year. The UK economic inactivity rate was 21.4%, a decrease of 0.3pp from the previous quarter but an increase of 0.1pp from the previous year.

WMCA (3 LEP) Claimant Summary

(To note we are unable to breakdown the reasons for claiming as these figures cover multiple 'benefits' including in work and housing)

- There were 143,950 claimants in the WMCA (3 LEP) area in Jan 2023. Since Dec 2022, there has been an increase of 0.5% (+670) claimants in the WMCA (3 LEP) area, which matched UK growth rate. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 22.4% (+26,360) in the WMCA (3 LEP) area, with the UK increasing by 20.0% over the same period.
- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 - 64 years old was 5.5% compared to 3.6% for the UK in January 2023.
- There were 25,780 youth claimants in the WMCA (3 LEP) area in January 2023. Since December 2022, there was an increase of 0.2% (+60) youth claimants in the WMCA (3 LEP) area, while the UK increased by 0.3%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 14.2% (+3,200) in the WMCA (3 LEP) area, with the UK increasing by 8.6% over the same period.
- Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18-24 years old was 6.8% compared to 4.7% for the UK in January 2023.

Brexit

- Approximately two in five (43%) businesses reported that importing goods from the EU was more difficult as a result of the UK's departure from the EU.
- Just over 30% of businesses said they found it more difficult to export goods to the EU as a result of the UK's departure from the EU.
- Manufacturers were significantly more impacted by the UK's departure from the EU than services firms, particularly with regard to importing and exporting goods and recruiting EU workers.
- The most commonly encountered issue by businesses was increased costs, followed by supply chain issues and border delays. Microbusinesses and SMEs were more acutely impacted by such issues than larger businesses.
- Businesses were more likely to either pass on increased costs to customers or absorb increased costs themselves than any other action to overcome issues relating to the UK's departure from the EU.

Fertility rates and childcare costs – labour market implications

- The total fertility rate in the UK has been below replacement level since 1973 and decreased year on year between 2012 and 2020. To ensure long-term 'natural' replacement of the population women would need to have, on average, 2.08 children. The total fertility rate in 2021 was 1.61 children per woman.
- With people living longer, countries with fertility rates below replacement level risk adverse effects on public finances and standards of living. Where there is an elderly population with substantial health and social care the costs of supporting them will fall on a smaller group of workers.
- Such countries also risk struggling to have enough young people entering the workforce to replace those reaching retirement age. Without increasing the economic activity rate by getting more older people back into the workforce or reducing youth unemployment, then countries will either need to increase net migration or face the consequences of a reduced workforce. An important counterbalance to relatively low fertility rates in the UK over recent decades has been in-migration.

- Few studies have quantified the impact on productivity from childcare-related career-breaks in the UK but evidence provided to the Treasury Commons Select Committee suggested that if men and women participated in the economy at the same levels, GDP could increase by 10% by 2030
- The World Bank has argued that increasing the childcare workforce to respond to current demand could create up to 43 million new jobs in high, upper middle, lower middle and low income countries. Investing in childcare could also offer ways for companies to attract new staff and retain existing staff. Expensive childcare can make it difficult for families to escape poverty even when they are in full-time work.

Ethnic pay gaps – evidence from UK-born graduates

- Highly educated Black men earn 17% less than comparably qualified and situated White men. The under-representation of ethnic minorities in higher-paying jobs and their shorter tenure with their firms are two of the most significant drivers of earnings differences attributable to observed (measurable) characteristics.
- Unobserved factors and discrimination account for the majority (70%) of ethnic gaps between White and non-White employees. Certain employers appear to discriminate when hiring, and it is likely that discrimination can have a negative impact on ethnic minorities access' to training (which influences productivity), promotions, or moving to better jobs.

Social prescribing

- There is potential for social prescribing to impact positively on the well-being of young people. While there is little tangible evidence to this effect currently, the novelty of this review concerns the further potential for impact on economic and employability aspects – and the links between these and well-being.

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

Global, National and Regional Outlook
Alice Pugh, WMREDI

Global

Turkish-Syrian Earthquake
Tens of thousands of people have been killed and more have been injured by a huge earthquake which struck Turkey near the Syrian border last week. The first quake was registered as 7.8 in magnitude, classing it as a "major" earthquake, quickly followed by a second quake measuring 7.5 in magnitude. The movement of the 62-mile-long tectonic plate fault line has caused significant infrastructure damage. Civil war-torn Syria has seen significant damage and has struggled to receive aid, as a large proportion of the damage is in rebel-held areas where aid agencies have little access.

Tensions between Superpowers
There have been escalating tensions between the world's two largest economies over the last couple of weeks. The rise in tensions comes following the US discovering a Chinese balloon which had travelled into US air space. The US claims that the balloon was potentially being used for spying; however, China stated that the balloon was simply a weather balloon which had been blown of course. Eventually, the US shot down the balloon alongside a number of other unidentified flying objects over American airspace as a precaution. This has greatly inflamed tensions between the two biggest economies in the world.

Despite this and the on-going trade war between the two since 2018, trade between the two hit a record high last year. This shows that despite the on-going trade war between the two nations they are also highly reliant upon each other. However, the trade measures against China, China's 'zero policy' on Covid and now the further escalation of tensions is leading to many US manufacturers shifting production outside of China.

National

Scotland First Minister Resignation
Nicola Sturgeon has confirmed she is resigning as Scotland's First Minister after more than 8 years in the role. Echoing Jacinda Ardern (Prime Minister of New Zealand) stepping down last month, Sturgeon stated that the pressures of the job had taken its toll, especially during the Covid-19 pandemic. The First Minister stated that she did not think leaders should remain in power for too long and after 8 years of leading the SNP it was time to stand down. Nicola Sturgeon sis a long serving parliamentarian who has shown young girls how to be a successful parliamentarian.

Interest Rates
On the 2nd February the Bank of England (BoE) raised interest rates by 0.5% to 4%. The BoE raised interest rates in an effort to cool the economy and reduce demand, in an effort to slow rising prices. However, this will make mortgages and the borrowing of capital more expensive. Alongside the rise in interest rates the BoE announced that inflation has likely peaked and will rapidly reduce in the coming months to around 4% later in the year. The BoE warns that inflation may increase again towards the end of the year if gas prices were to soar again.

Council tax rises
Research from the County Council Network has found that 84 councils out of 114 who have published their 2023/24 budget proposals so far plan to raise council tax by the maximum permitted which is 4.99%. With inflation at 10.5%, many councils are facing multi-million-pound funding gaps, which have built up under this period of high inflation and which they need to close to balance their budgets. Whilst councils acknowledge the challenges households are currently facing, they have little choice in raising council tax to fund essential services.

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Councils are able to levy a maximum 4.99% rise on council tax, made up of the general council tax which can be raised to a maximum of 2.99% and the adult social care precept which can be risen 1.99%. So far, 84 out of 114 (74%) councils have chosen to increase council tax by the full 4.99%. The remaining 38 councils are yet to declare their intentions. 3 councils - Slough, Croydon and Thurrock - have special dispensation to propose rises over 4.99%. The increase in council tax will mean the average band D household will see their bills rise by £99, though this will vary across the country. However, even with the rise in council tax many councils will still be facing shortfalls in their budgets for 2023/24.

Ford layoffs

The car manufacturer, Ford, has announced plans to cut 1,300 jobs in the UK over the next two years. This is a fifth of its total UK workforce. It is part of a major restructuring programme which will see Ford cut 3,800 jobs overall across Europe. The car manufacturer is cutting back on development staff as it faces an uncertain economic future and prepares for the transition to electric vehicles. Most of the cuts in the UK will be at its research site in Dunton, Essex. Ford is partially reshoring jobs back to the US as President Biden introduces the Inflation Reduction Act, offering $370bn worth of subsidies for companies to set up greener production and supply chains in the US.

Consumer Price Inflation

The main findings from the latest ONS release of the Consumer Price Inflation were:

- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.8% in the 12 months to January 2023, down from 9.2% in December 2022.
- The largest upward contributions to the annual CPIH inflation rate came from housing and household services (mainly from electricity, gas, and other fuels), and food and non-alcoholic beverages.
- On a monthly basis, the CPIH fell by 0.4% in January 2023.
- The Consumer Prices Index (CPI) rose by 10.1% in the 12 months to January 2023, down from 10.5% in December 2022.
- On a monthly basis, CPI fell by 0.6% in January 2023, compared with a fall of 0.1% in January 2022.
- The largest downward contribution to the change in both the CPIH and CPI annual inflation rates between December 2022 and January 2023 came from transport (particularly passenger transport and motor fuels), and restaurants and hotels, with rising prices in alcoholic beverages and tobacco making the largest partially offsetting upward contribution to the change.
- Core CPIH (excluding energy, food, alcohol and tobacco) fell to 5.3% in the 12 months to January 2023 from 5.8% in December 2022, the annual CPIH goods index eased slightly from 13.4% to 13.3% over the same period, while the annual CPIH services index fell from 5.8% to 5.2%.
- The estimates for January 2023 are constructed using updated expenditure weights; this is the first update of weights for 2023 and the second update will be used to construct estimates for the February 2023 dataset, published on 22 March 2023.

Public opinions and social trends

The main findings in this latest release from ONS on social insights in daily life and events were:

- When asked about the important issues facing the UK today, the most commonly reported issues continue to be the cost of living (92%), the NHS (87%), the economy (77%), and climate change and the environment (56%).
- Around 9 in 10 (94%) adults reported their cost of living had increased compared with a year ago, while a lower percentage (69%) reported an increase in their cost of living compared with one month ago.
- Around 1 in 30 (3%) working adults reported that they missed work because of industrial action when thinking of the past seven days at the time of completing the survey (between 25 January and 5 February).
- Around half (51%) of adults reported that they were worried (very or somewhat) about keeping warm in their home this winter (51% in the previous period from 11 to 22 January 2023).
- The most common actions reported by adults because of the rising cost of living were spending less on non-essentials (69%), and using less fuel, such as gas or electricity, in their homes (60%), similar to the previous period.
- Just over a quarter (27%) of adults reported feeling lonely always, often, or some of the time; more specifically, around 1 in 14 (7%) adults reported feeling lonely always or often.

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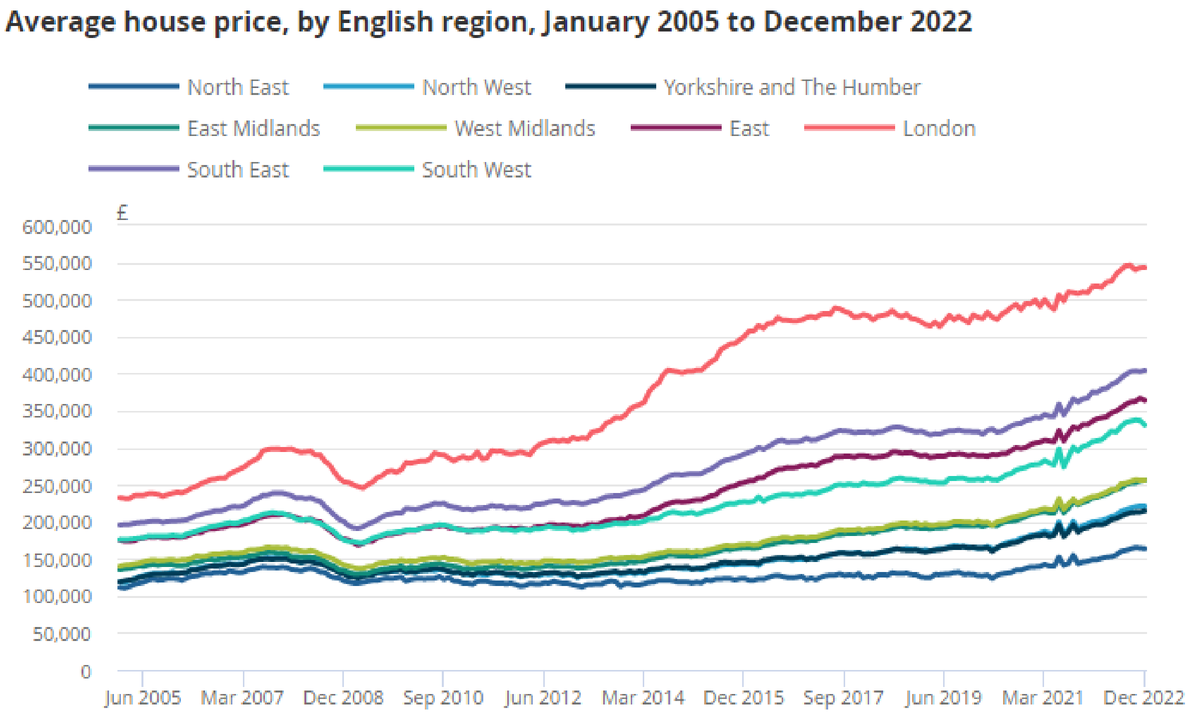
Business insights and impact on the UK economy
The main findings in the latest release from ONS, on the impact of challenges facing the economy and other events on UK businesses were:

- In December 2022, approximately one in six (16%) businesses were affected as a result of industrial action; 25% of those businesses reported they were unable to obtain necessary goods for their business and 21% were unable to obtain necessary services.
- When looking ahead to February 2023, nearly one in five (19%) businesses reported energy prices were their main concern, followed by the inflation of goods and services prices (16%) and the falling demand of goods and services (13%).
- As of late January 2023, nearly two in five (37%) businesses had taken some form of action to reduce their energy costs in the last three months, with 23% of those businesses reporting they had switched electrical equipment to standby or off more than usual when not in use.
- In late January 2023, of the 45% of businesses that were not planning to reduce their energy costs in the next three months, 60% reported the business's energy efficiency had already been optimised.
- Of businesses with 10 or more employees, 21% reported that their employees' hourly wages had increased in December 2022 compared with November 2022; this is up from the 18% of businesses that had increased wages in November 2022 compared with October 2022.
- In late January 2023, of businesses with 10 or more employees that had sold goods or services to customers in other UK nations in the last 12 months, 41% reported they had experienced a challenge doing so; the most reported challenge was transport costs (20%).

Regional

House Prices
In the last 12 months the average UK house price increased by 9.8% to December 2022. The East Midlands saw the highest increase in house prices over this period at 12.3% and the West Midlands saw an above average increase at 10.7%. This means that house prices are now the 5th highest of any region, with regions in the south and east being the highest.



Source: ONS, 2023

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The average house price in the West Midlands is now £256,206. Currently the average annual income in the West Midlands is £31,399. This means that the ratio of house prices to earnings is 8.2 for the West Midlands on average. This is below the UK average house price to earnings ratio of 10.4. This suggests that whilst house prices are rising in the West Midlands incomes are not falling too far behind. It should also be noted that between Q3 and Q4 of 2022 house prices have begun to fall, likely due to rising interest rates and dampening demand for housing as it becomes more expensive to take out a mortgage. It is likely in the coming months that house prices will continue to dip as rising interest rates make it difficult for many to find an affordable mortgage.

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NatWest Purchasing Manager Index (PMI) Survey: West Midlands Region Released February 2023[1]

Black Country Consortium Economic Intelligence Unit

In Summary:

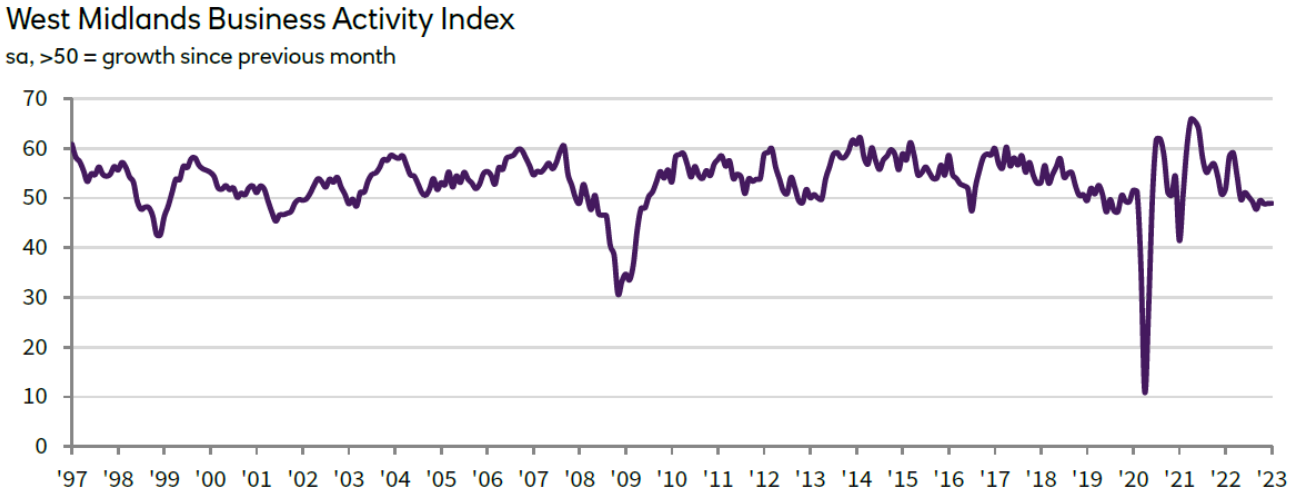
- The West Midlands Business Activity Index slightly rose from 48.9 in December 2022 to 49.0 in January 2023 – although it remained below the 50-growth mark for the sixth consecutive month. There was a mixed picture across the region as some firms lowered output due to reduced new business, while others reported growth with tentative signs of an improvement in demand and successful marketing efforts.
- The UK Business Activity Index decreased from 49.0 in December 2022 to 48.5 in January 2023.
- Out of the 12 UK regions the West Midlands was the third highest for business activity in January 2023.
- The West Midlands Future Business Activity Index increased from 65.3 in December 2022 to 76.5 in January 2023. The West Midlands region had the greatest increase in confidence and recorded the strongest overall optimism across all regions in January 2023. Optimism in West Midlands firms for the upcoming 12 months was linked to marketing efforts, investment, new product launches, contained inflation and an improvement in demand supporting business activity.
- Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in January 2023.

In Detail:

Business Activity Index

The West Midlands Business Activity Index slightly rose from 48.9 in December 2022 to 49.0 in January 2023 – although, remained below the 50-growth mark for the sixth consecutive month. There was a mixed picture across the region as some firms lowered output due to reduced new business, while others reported growth with tentative signs of an improvement in demand and successful marketing efforts.

The following chart show the West Midlands Business Activity Index trends up to January 2023:



Source: NatWest West Midlands PMI, February 2023

Out of the 12 UK regions, the West Midlands was the third highest for business activity in January 2023. London was the highest with 50.5 and Northern Ireland was the lowest at 45.3.

[1] Source: NatWest UK regional PMI report for January 2023, released February 2023. The seasonally adjusted indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

The following chart shows the Business Activity Index across all UK regions in January 2023:

Source: NatWest West Midlands PMI, February 2023

Demand

The West Midlands New Business Index increased from 46.9 in December 2022 to 49.8 in January 2023, meaning this was the eighth consecutive month for a decline in new work intakes. However, the latest figures are only slightly below the 50.0 neutral level as some firms reported falls in new work intakes due to challenging economic conditions and subdued demand, while others indicated that marketing efforts and new contract wins supported sales.

Exports

The West Midlands Export Climate Index increased from 48.2 in December 2022 to 49.7 in January 2023. Figures remain below the 50-growth mark for the sixth successive month and the latest reading still indicates deterioration in trade prospects, however only at a marginal rate of contraction.

The following tables shows the top export markets for the West Midlands in January 2023:

Top export markets, West Midlands

Rank	Market	Weight	Output Index, Jan '23
1	USA	24.3%	46.8
2	Germany	11.9%	49.9
3	China	8.5%	51.1
4	France	7.7%	49.1
5	Ireland	7.2%	52.0

Source: NatWest West Midlands PMI, February 2023

Business Capacity

The West Midlands Employment Index increased from 50.8 in December 2022 to 52.2 in January 2023. Increases were related to the replacement of voluntary leavers and investments in the future capability of the firms.

The West Midlands Outstanding Business Index increased from 46.0 in December 2022 to 46.6 in January 2023, the second consecutive month which was under the 50-growth mark. The decrease in outstanding business volumes can be linked to expanded capacities and lower intakes of new orders enabling the clearing of unfinished businesses.

Prices

The West Midlands Input Prices Index decreased from 72.0 in December 2022 to 70.8 in January 2023, the latest figures still show sharp input costs but the rate of inflation has eased. West Midlands firms reported beverages, food, labour, utility and raw material were the main cost pressures but increase was restricted due to easing in prices for fuel, metals and plastics. The increase was restricted due to contained fuel prices and fee reductions.

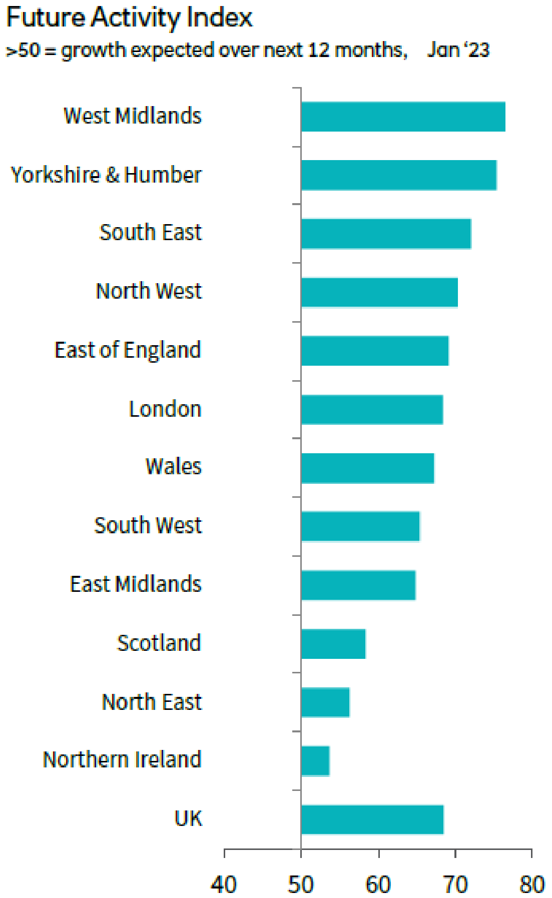
In line with softer increase in input costs, the West Midlands Prices Charged Index decreased from 65.2 in December 2022 to 62.9 in January 2023. The rate of output price inflation was the slowest seen in close to a year-and-a half.

Outlook

The West Midlands Future Business Activity Index increased from 65.3 in December 2022 to 76.5 in January 2023. The West Midlands region had the greatest increase in confidence and also recorded the strongest overall optimism across all regions in January 2023. Optimism in West Midlands firms for the upcoming 12 months was linked to marketing efforts, investment, new product launches, contained inflation and an improvement in demand supporting business activity.

Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in January 2023. Yorkshire & The Humber was the second highest with 75.4 and the Northern Ireland was the lowest at 53.6.

The following chart shows the Future Activity Index across all UK regions in January 2023:



Source: NatWest West Midlands PMI, February 2023

Quarterly Gross Domestic Product (GDP): – April to June (Q2) 2022 – West Midlands Region[2]

Black Country Consortium Economic Intelligence Unit

In Summary:

- Quarter on quarter analysis shows that, for the West Midlands region, GDP decreased by 0.3% in Quarter 2 2022, while UK-wide there was growth of 0.1%.
- Utilising a base year of 2019 (=100), in Q2 2022, the quarterly GDP indices for the West Midlands was 95.4, a decrease from 95.7 in the previous quarter.
- The latest quarter on quarter GDP percentage change to Quarter 2 2022 shows for the West Midlands that overall the construction sector, total services sector and 12 industries contracted. While 1 industry (water supply, sewerage) was flat at 0% and the overall agriculture, forestry and fishing sector, total production and 5 industries recorded growth in GDP.

Full Briefing:

- Quarter on quarter analysis shows that, for the West Midlands region, GDP decreased by 0.3% in Quarter 2 2022, while UK-wide there was growth of 0.1%. The largest positive GDP growth in Quarter 2 2022 was in London by 1.2%, in contrast, the largest decline in GDP was in the North East by 1.6%.

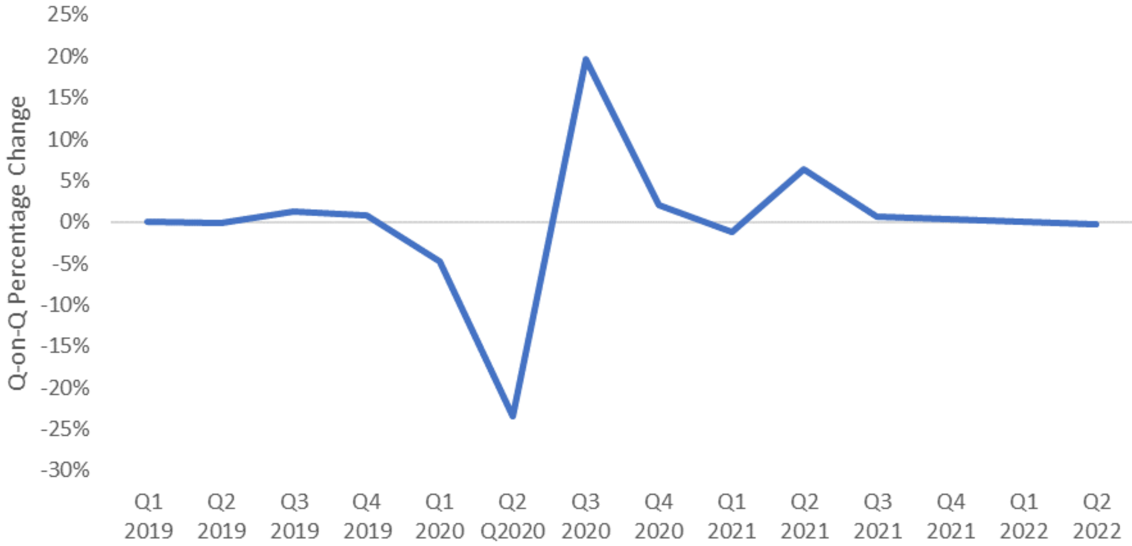
Seasonally adjusted quarter on quarter GDP growth/contractions for the regions of England and countries of the UK for Quarter 1 (Jan to Mar) and Quarter 2 (Apr to June) 2022:

Source: Office for National Statistics – Regional GDP estimate; Scottish Government – GDP Quarterly National Accounts; Northern Ireland Statistics and Research Agency – Northern Ireland Composite Economics Index

- The following chart shows quarter on quarter GDP percentage change for the West Midands since Q1 2019. The latest analysis shows that following three months of growth and one month where GDP was flat, this was the first decline in GDP since quarter 1 2021.

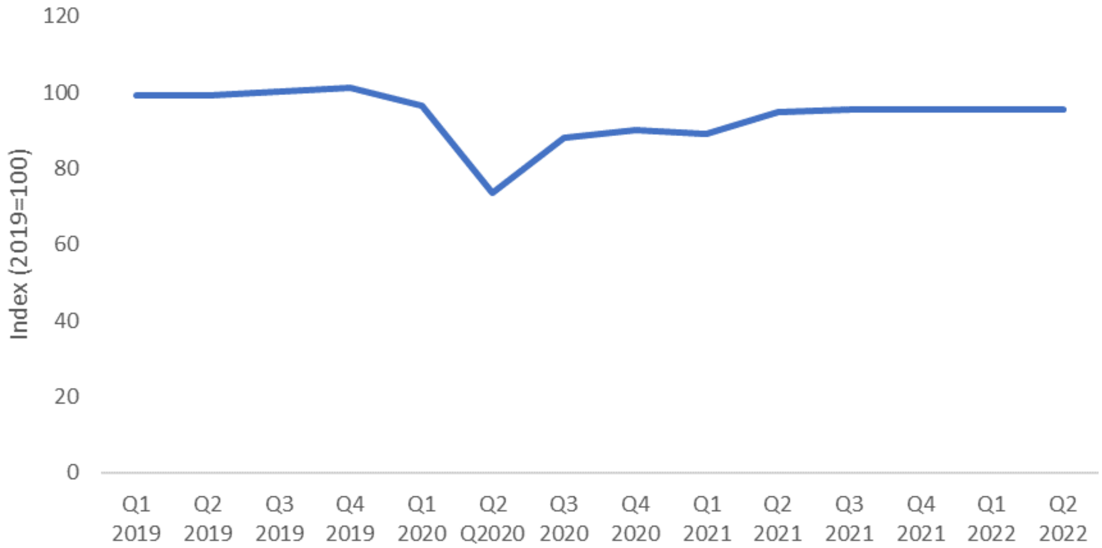
[2] Source: Office for National Statistics (ONS): GDP, UK regions and Countries: April to June 2022 – released February 2023. Please note, these estimates are designated as experimental statistics while they are still in development, and should be interpreted with some caution. Regional data can be volatile and quarterly movements should be considered alongside the long-term trend.

Quarter on previous quarter GDP pecentage change for the West Midlands:



- Utilising a base year of 2019 (=100), in Q2 2022, the quarterly GDP indices for the West Midlands was 95.4, a decrease from 95.7 in the previous quarter.

West Midlands quarerly indices trends (2019 = 100):



- The latest quarter on quarter GDP percentage change to Quarter 2 2022 shows for the West Midlands that overall the construction sector, total services sector and 12 industries contracted. While 1 industry (water supply, sewerage) was flat at 0% and the overall agriculture, forestry and fishing sector, total production and 5 industries recorded growth in GDP.
- The 5 industries of growth were accomodation & food services (+2.0%), financial & insurance activities (+2.2%), administrative and support service activities (+6.5%), arts, entertainment & recreations (+2.1%) and manufacturing (+4.9%).

West Midlands GDP pecentage change by quarter on previous quarter by industry trends:

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
All industries	**0.0%**	**-0.1%**	**1.3%**	**0.8%**	**-4.8%**	**-23.5%**	**19.6%**	**2.1%**	**-1.2%**	**6.4%**	**0.7%**	**0.3%**	**0.0%**	**-0.3%**
Agriculture, Forestry and fishing	**11.1%**	**-3.4%**	**4.7%**	**2.7%**	**-1.9%**	**-11.5%**	**7.7%**	**-0.1%**	**1.0%**	**3.7%**	**7.3%**	**-1.9%**	**-2.2%**	**0.4%**
Total production industries	**0.5%**	**-0.5%**	**3.8%**	**-2.4%**	**-8.6%**	**-25.0%**	**24.9%**	**7.4%**	**5.1%**	**-3.9%**	**-2.1%**	**-2.9%**	**-3.9%**	**2.0%**
Mining & quarrying	1.2%	1.7%	1.0%	-0.2%	1.6%	-23.7%	36.9%	5.9%	8.5%	4.3%	-3.6%	1.5%	-4.1%	-1.6%
Manufacturing	0.6%	-1.8%	4.0%	-4.0%	-10.5%	-30.3%	33.6%	9.8%	4.3%	-5.5%	-1.6%	-3.7%	-4.3%	4.9%
Electricity, gas, steam and air	2.1%	8.1%	4.9%	8.0%	-4.7%	-4.7%	-2.4%	-3.9%	11.0%	2.2%	-4.6%	-1.7%	-1.8%	-14.4%
Water supply, sewerage	-2.5%	0.8%	-0.3%	-1.1%	6.0%	-6.6%	6.2%	3.0%	4.4%	3.0%	-3.1%	2.4%	-3.2%	0.0%
Construction	**3.3%**	**-0.5%**	**-3.2%**	**-7.1%**	**-10.0%**	**-38.0%**	**48.4%**	**5.7%**	**1.7%**	**11.4%**	**6.9%**	**5.7%**	**2.6%**	**-1.0%**
Total service industries	**-0.5%**	**0.1%**	**1.0%**	**2.2%**	**-3.4%**	**-22.2%**	**16.9%**	**0.6%**	**-3.2%**	**9.0%**	**0.9%**	**0.6%**	**0.7%**	**-0.8%**
Wholesale and retail: repair of motor vehicles and motorcycles	-4.5%	-1.4%	0.7%	0.4%	-4.6%	-24.6%	30.5%	-3.0%	-1.1%	12.1%	-3.2%	-1.5%	-1.1%	-1.5%
Transport and storage	-0.3%	1.7%	0.2%	-1.9%	-5.7%	-27.3%	23.2%	2.8%	-3.8%	1.2%	4.5%	3.6%	0.2%	-0.9%
Accommodation and food service activities	2.2%	-4.5%	-1.0%	1.1%	-7.6%	-83.6%	411.8%	-31.7%	-22.1%	90.3%	31.5%	-14.3%	6.7%	2.0%
Information and Communication	1.1%	2.5%	4.6%	3.6%	-4.9%	-12.2%	12.5%	-4.5%	-5.2%	5.1%	-2.0%	3.9%	5.8%	-4.1%
Financial and insurance activities	0.1%	1.4%	4.7%	2.0%	-4.2%	-2.3%	1.3%	2.5%	3.2%	4.8%	-2.1%	3.0%	-3.1%	2.2%
Real estate activities	-0.1%	-0.6%	0.1%	-0.2%	0.3%	-1.9%	1.0%	0.0%	-1.0%	0.3%	-0.2%	-0.3%	-0.7%	-0.4%
Professional scientific and technical activities	-0.6%	2.0%	2.9%	0.4%	-4.3%	-19.5%	8.0%	5.3%	3.3%	2.5%	0.4%	0.9%	2.0%	-4.1%
Administrative and support service activities	3.0%	2.2%	1.3%	7.1%	-3.3%	-25.6%	4.2%	5.6%	-6.2%	3.2%	0.4%	2.1%	4.6%	6.5%
Public administration and defence	4.1%	-3.6%	3.0%	2.5%	-1.8%	-0.5%	-0.4%	0.4%	3.0%	4.0%	1.3%	0.6%	-0.2%	-0.5%
Education	0.8%	1.2%	-4.6%	7.4%	-11.0%	-39.2%	55.2%	10.2%	-20.0%	26.2%	0.7%	-0.9%	1.6%	-2.0%
Human health and social work activities	-3.7%	1.6%	3.4%	4.0%	3.5%	-36.5%	10.6%	5.9%	1.2%	12.7%	3.0%	5.8%	-0.4%	-2.4%
Arts, entertainment and recreation	2.2%	0.1%	-0.3%	0.0%	-2.2%	-38.7%	21.3%	4.7%	5.0%	8.1%	2.6%	5.7%	8.1%	2.1%
Other service activities	0.9%	-2.8%	-2.8%	5.2%	-9.0%	-27.0%	34.1%	-5.7%	-13.3%	10.4%	-4.5%	-0.8%	0.3%	-3.3%
Activities of households as employers, undifferentiated goods and services	9.4%	1.9%	-1.6%	0.8%	-1.6%	-48.3%	83.5%	-3.9%	-18.4%	15.3%	-10.1%	0.7%	-3.1%	-2.3%

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

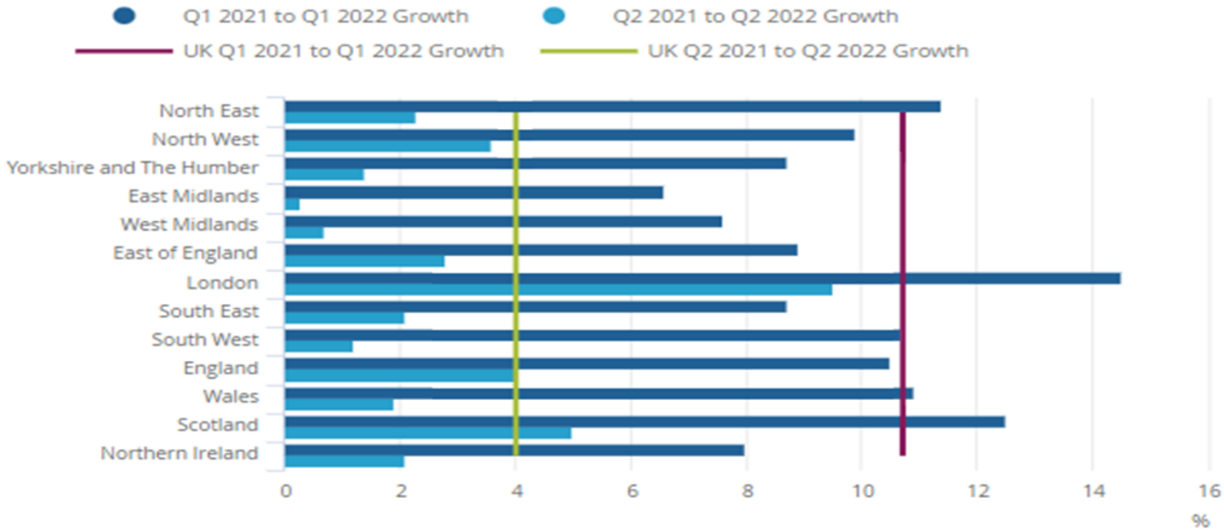
- When indexed to 2019 (=100), the latest quarterly GDP shows for the West Midlands that 2 sectors (total production and total service) and 13 industries were below the 100 index, as seen in the table below.

GDP Indices (2019 = 100) for the West Midlands by industry trends:

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022
All industries	**96.4**	**73.7**	**88.2**	**90.1**	**89.0**	**94.7**	**95.4**	**95.7**	**95.7**	**95.4**
Agriculture, Forestry and fishing	**101.6**	**89.9**	**96.8**	**96.6**	**97.6**	**101.2**	**108.6**	**106.5**	**104.2**	**104.6**
Total production industries	**91.3**	**68.5**	**85.6**	**91.9**	**96.6**	**92.9**	**90.9**	**88.3**	**84.9**	**86.5**
Mining & quarrying	102.5	78.1	106.9	113.2	122.8	128.2	123.6	125.5	120.3	118.4
Manufacturing	88.2	61.5	82.1	90.2	94.1	88.9	87.5	84.2	80.6	84.5
Electricity, gas, steam and air	105.2	100.3	97.9	94.0	104.3	106.6	101.7	99.9	98.1	83.9
Water supply, sewerage	105.2	98.3	104.4	107.5	112.2	115.5	111.9	114.5	110.9	110.9
Construction	**83.7**	**51.9**	**77.0**	**81.4**	**82.8**	**92.2**	**98.6**	**104.2**	**106.9**	**105.9**
Total service industries	**98.7**	**76.8**	**89.8**	**90.3**	**87.4**	**95.3**	**96.1**	**96.8**	**97.4**	**96.7**
Wholesale and retail: repair of motor vehicles and motorcycles	95.6	72.1	94.2	91.4	90.3	101.3	98.0	96.5	95.5	94.0
Transport and storage	93.4	68.0	83.7	86.0	82.8	83.8	87.6	90.8	90.9	90.1
Accommodation and food service activities	91.7	15.0	77.0	52.6	41.0	78.0	102.6	87.9	93.7	95.6
Information and Communication	100.4	88.2	99.2	94.8	89.9	94.5	92.6	96.2	101.7	97.6
Financial and insurance activities	99.8	97.4	98.7	101.1	104.4	109.5	107.1	110.4	107.0	109.3
Real estate activities	100.1	98.1	99.1	99.1	98.1	98.3	98.2	97.9	97.3	96.9
Professional scientific and technical activities	97.9	78.8	85.0	89.5	92.5	94.8	95.2	96.0	97.9	93.9
Administrative and support service activities	103.0	76.7	79.9	84.3	79.1	81.6	81.9	83.6	87.5	93.2
Public administration and defence	100.6	100.1	99.7	100.2	103.2	107.2	108.6	109.3	109.1	108.6
Education	92.0	56.0	86.9	95.8	76.6	96.7	97.4	96.4	98.0	96.0
Human health and social work activities	108.7	69.0	76.4	80.9	81.9	92.3	95.1	100.6	100.2	97.8
Arts, entertainment and recreation	97.7	59.9	72.7	76.1	79.9	86.4	88.6	93.6	101.2	103.3
Other service activities	92.5	67.5	90.6	85.4	74.0	81.7	78.0	77.4	77.6	75.1
Activities of households as employers, undifferentiated goods and services	98.7	51.0	93.6	90.0	73.4	84.7	76.1	76.6	74.3	72.6

- Quarter on same quarter a year earlier analysis shows that, for the West Midlands region, GDP increased by 0.7% in Quarter 2 2022, below the UK-wide growth of 4.0%.
- All regions had growth in Quarter 2 2022 when compared with the same quarter in 2022. Although, growth rates varied from 9.5% in London down to 0.3% in the East Midlands.

Seasonally adjusted quarter on same quarter a year earlier, GDP growth for the regions of England and countries of the UK:



Source: Office for National Statistics – Regional GDP estimate; Scottish Government – GDP Quarterly National Accounts; Northern Ireland Statistics and Research Agency – Northern Ireland Composite Economics Index

Labour Market Statistics and Claimant Count: Released February 2023

Black Country Consortium Economic Intelligence Unit

UK Summary[3]

- For the UK, early estimates for January 2023 indicate that the number of payrolled employees rose by 2.6% (+768,000) when compared with January 2022. Notably, all age groups saw an increase in payrolled employees between January 2022 and January 2023; there was an increase of 107,000 payrolled employees aged under 25 years. The latest monthly change shows payrolled employment increased by 0.3% (+102,000[4]) to a total of 30.0m. When compared to February 2020, payrolled employees was up by 3.5% (+1,028,000).
- In October to December 2022, reports of UK-wide redundancies in the three months prior to interview[5] increased by 0.8 per thousand employees, compared with the previous three-month period, to 3.5 per thousand employees.
- The UK employment rate was estimated at 75.6% in October to December 2022, 0.2 percentage points (pp) higher than the previous three-month period. The increase in employment over the latest three-month period was driven by part-time workers.
- The unemployment rate for October to December 2022 increased by 0.1pp on the quarter, to 3.7%. In the latest three-month period, the number of people unemployed for up to six months increased, driven by people aged 16 to 24 years. Those unemployed for over six, and up to 12, months also increased, while those unemployed for over 12 months decreased in the recent period.
- The economic inactivity rate decreased by 0.3pp on the quarter, to 21.4% in October to December 2022. The decrease in economic inactivity during the latest three-month period was driven by people aged 16 to 24 years. Looking at economic inactivity by reason, the quarterly decrease was driven by those inactive because they are students, retired, or long-term sick. Notably, flow estimates between July to September 2022 and October to December 2022 show that there was a record-high net flow out of economic inactivity, driven by people moving from economic inactivity to employment.
- There were an estimated 5.77 million employees in the public sector in September 2022, which was 0.5% (+28,000) higher than in June 2022 and 1.3% (+73,000) higher than in September 2021.
- For the UK, the number of job vacancies in November 2022 to January 2023 was 1,134,000; this was a decrease of 6.3% (-76,000) from the previous quarter – the seventh consecutive quarterly fall as vacancies fell in 16 of 18 industries. In November 2022 to January 2023, total vacancies were down by 135,000 from the level of a year ago, although they remained 338,000 above their pre-coronavirus (January to March 2020) levels.
- The UK-wide growth in average total pay (including bonuses) was 5.9% and growth in regular pay (excluding bonuses) was 6.7% among employees in October to December 2022; for regular pay this is the strongest growth rate seen outside of the coronavirus pandemic period. Average regular pay growth for the private sector was 7.3% in October to December 2022, and 4.2% for the public sector; this is the largest growth rate seen for the private sector outside of the height of the coronavirus pandemic period.
- For the UK, growth in total and regular pay fell in real terms (adjusted for inflation) on the year in October to December 2022, by 3.1% for total pay and 2.5% for regular pay; this is smaller than the record fall in real total pay in February to April 2009 (4.5%), but still remains among the largest falls in growth since comparable records began in 2001.
- Across the UK, there were 843,000 working days lost which were linked to labour disputes in December 2022, which is the highest since November 2011.

Regional Labour Market Summary

- For the three months ending December 2022, the West Midlands Region employment rate (aged 16 – 64 years) was 74.5%. Since the three months ending September 2022, the employment rate increased by 0.4 percentage points (pp) but when compared to the same period in the previous year, the employment rate was 0.6pp lower. The UK employment rate was 75.6%, an increase of 0.2pp when compared to the previous quarter an also an increase of 0.2pp when compared to the previous year.

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[3] Source: ONS, Labour Market Overview; UK: February 2023

[4] This should be treated as a provisional estimate and is likely to be revised when more data is received next month.

[5] The redundancy estimates measure the number of people who were made redundant or who took voluntary redundancy in the three months before the Labour Force Survey interviews; it does not take into consideration planned redundancies.

- For the three months ending in December 2022, the West Midlands Region unemployment rate (aged 16 years and over) was 4.4%, which has decreased by 0.3pp since the previous quarter and a decrease of 0.4pp from the previous year. The UK unemployment rate was 3.7%, an increase of 0.1pp from the previous quarter but a 0.3pp decrease when compared to the previous year.
- For the three months ending December 2022, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.9%, a decrease of 0.2pp from previous quarter and an increase of 1.0pp when compared to the previous year. The UK economic inactivity rate was 21.4%, a decrease of 0.3pp from the previous quarter but an increase of 0.1pp from the previous year.

WMCA (3 LEP) Claimant Summary

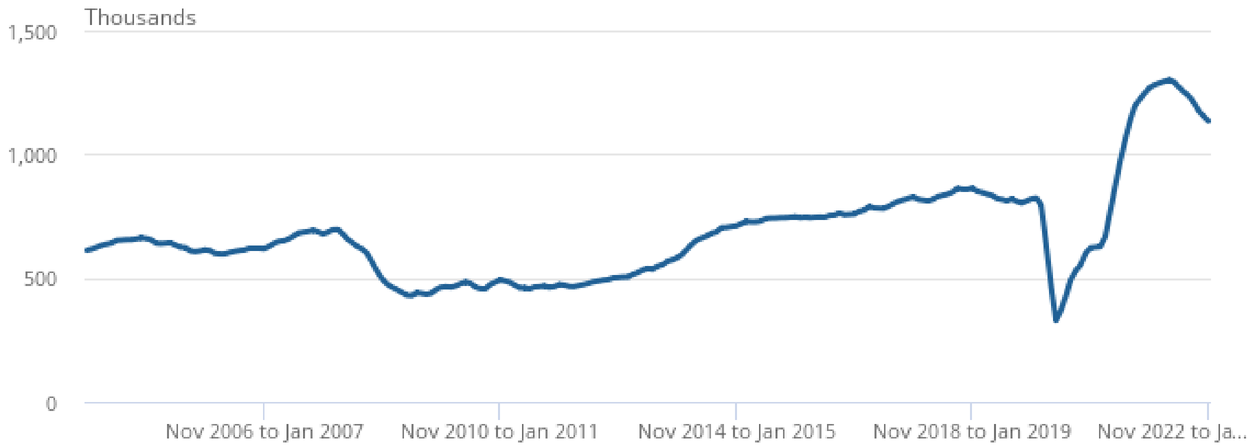
- There were 143,950 claimants in the WMCA (3 LEP) area in January 2023. Since December 2022, there has been an increase of 0.5% (+670) claimants in the WMCA (3 LEP) area, which matched UK growth rate. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 22.4% (+26,360) in the WMCA (3 LEP) area, with the UK increasing by 20.0% over the same period.
- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16 - 64 years old was 5.5% compared to 3.6% for the UK in January 2023.
- There were 25,780 youth claimants in the WMCA (3 LEP) area in January 2023. Since December 2022, there was an increase of 0.2% (+60) youth claimants in the WMCA (3 LEP) area, while the UK increased by 0.3%. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 14.2% (+3,200) in the WMCA (3 LEP) area, with the UK increasing by 8.6% over the same period.
- Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18-24 years old was 6.8% compared to 4.7% for the UK in January 2023.

In Depth:

UK Labour Market Statistics – UK Vacancies[6]

- In November 2022 to January 2023 the estimated number of vacancies fell by 76,000 on the quarter to 1,134,000, which is the seventh consecutive quarterly fall since May to July 2022.

The following chart shows the number of vacancies in the UK, seasonally adjusted, November 2003 to December 2004 to November 2022 to January 2023:



Source: ONS – Vacancy Survey

- The overall quarterly growth rate fell to negative 6.3% in November 2022 to January 2023, with the rate of growth falling in 16 of the 18 industry sectors. The industries showing the largest falls were construction, and real estate activities, at negative 14.2% and negative 13.9% respectively.

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[6] Source: ONS, Vacancies and Jobs in the UK: February 2023

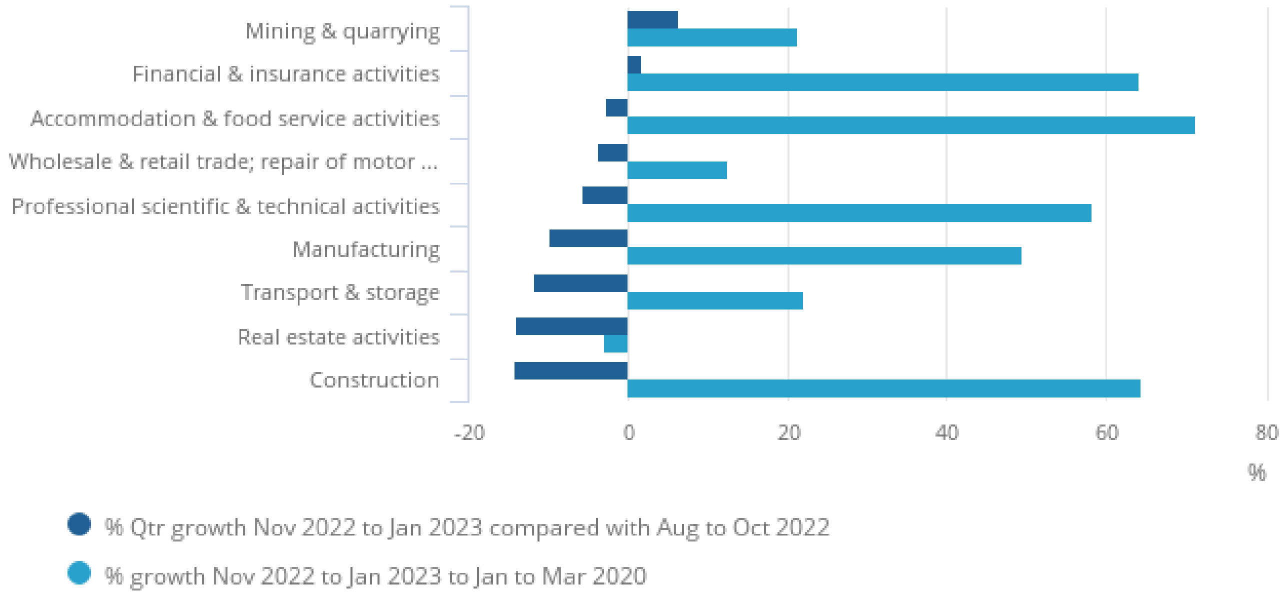
- November 2022 to January 2023 saw the number of vacancies fall on the quarter for the seventh consecutive period, decreasing by 76,000. The industry sectors displaying the largest falls in vacancy numbers were administration and support service activities, down by 9,000; manufacturing, and education, both down by 8,000 on the quarter. The two industries to show growth on the quarter were mining and quarrying, and financial and insurance activities, but their combined growth only provided 1,000 more vacancies.

- ***The fall in the number of vacancies reflects uncertainty across industries, as survey respondents continue to cite economic pressures as a factor in holding back on recruitment.***

- When comparing November 2022 to January 2023 with the same time last year, total vacancies decreased by 135,000 (10.6%), with the largest fall in accommodation and food service activities, which was down by 26,000. However, the total number of vacancies remains 338,000 above January to March 2020 pre-coronavirus (COVID-19) levels, with human health and social work activities showing the largest increase, at 70,000.

- In October to December 2022, the number of unemployed people per vacancy was at 1.1, up slightly from 1.0 in the previous quarter. ***While this ratio remains very low by historical standards, this quarterly increase suggests a slight easing of recent tightness in the labour market, following consecutive falls in vacancy numbers.***

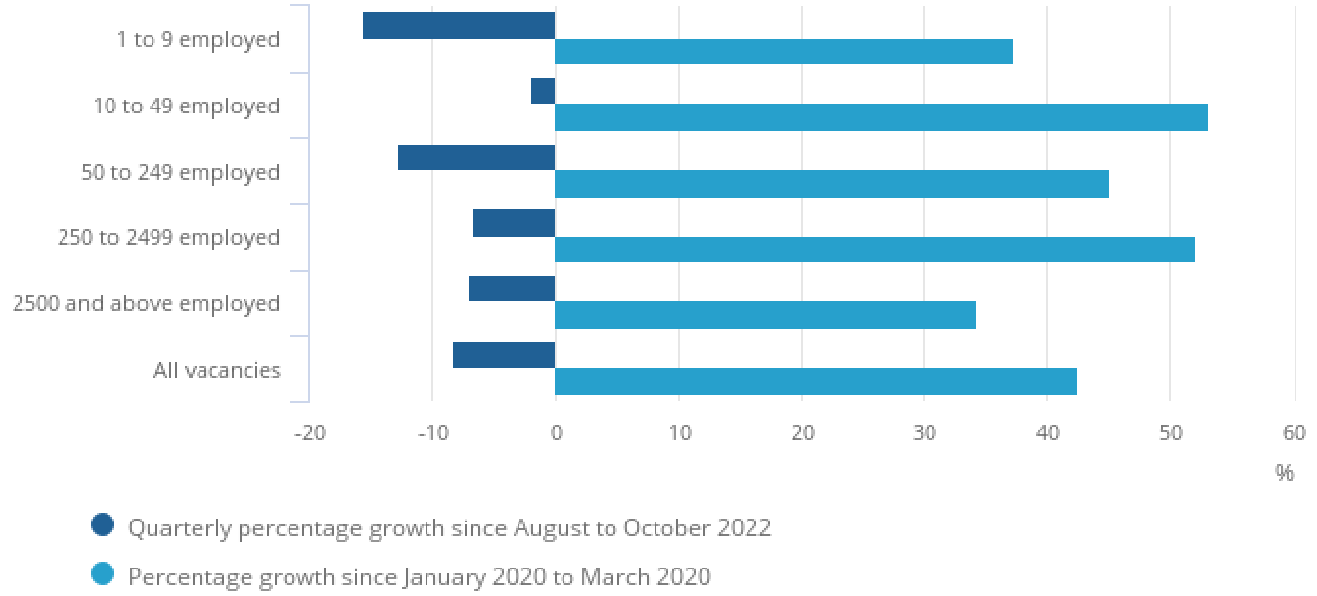
The following chart shows for November 2022 to January 2023 three-month average vacancies in the UK, quarterly change from August to October 2022 and change from a pre-pandemic January to March 2020:



Source: ONS – Vacancy Survey

- For the sixth consecutive period there was no quarterly growth in the number of vacancies in any business size band.

The following chart shows November 2022 to January 2023 three-month average vacancies in the UK, quarterly growth from August to October 2022 and growth from a pre-pandemic January to March 2020:



Source: ONS – Vacancy Survey

Regional Labour Market[7]

- For the three months ending December 2022, the West Midlands Region employment rate (aged 16 – 64 years) was 74.5%. Since the three months ending September 2022, the employment rate increased by 0.4 percentage points (pp), but when compared to the same period in the previous year, the employment rate was 0.6pp lower. The UK employment rate was 75.6%, increased by 0.2pp since the previous quarter and also an increase of 0.2pp when compared to the previous year. The highest employment rate within the UK for the three months ending December 2022 was in the South West with 80.3% and the lowest in the North East with 71.0%.

- For the three months ending in December 2022, the West Midlands Region unemployment rate (aged 16 years and over) was 4.4%, which has decreased by 0.3pp since the previous quarter and a decrease of 0.4pp from the previous year. The UK unemployment rate was 3.7%, an increase of 0.1pp from the previous quarter but a 0.3pp decrease when compared to the previous year. The highest unemployment rate in the UK for the three months ending December 2022 was in the North East and London both at 4.5% with the lowest unemployment rate in South West at 2.1%.

- For the three months ending December 2022, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.9%, a decrease of 0.2pp from previous quarter but an increase of 1.0pp when compared to the previous year. The UK economic inactivity rate was 21.4%, a decrease of 0.3pp from the previous quarter but an increase of 0.1pp from the previous year. The highest economic inactivity rate in the UK for the three months ending December 2022 was in Northern Ireland with 26.3%, with the lowest in the South West with 18.0%.

[7] Source: ONS, Labour Market in the Regions of the UK: February 2023

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

	Employment Rate – Oct to Dec 22 (aged 16- 64 years)	Change on Jul to Sep 22	Unemployment Rate - Oct to Dec 22 (16 years +)	Change on Jul to Sep 22	Inactivity Rate – Oct to Dec 22 (aged 16-64 years)	Change on Jul to Sep 22
UK	75.6%	0.2pp	3.7%	0.1pp	21.4%	-0.3pp
Great Britain	75.7%	0.1pp	3.8%	0.1pp	21.2%	-0.2pp
England	75.9%	0.0pp	3.8%	0.2pp	21.0%	-0.2pp
North East	71.0%	-0.7pp	4.5%	0.2pp	25.7%	0.5pp
North West	74.1%	0.8pp	3.8%	-0.2pp	23.0%	-0.6pp
Yorkshire and The Humber	73.9%	-0.7pp	4.0%	-0.2pp	23.0%	1.0pp
East Midlands	74.7%	0.1pp	3.3%	-0.2pp	22.7%	0.1pp
West Midlands	**74.5%**	**0.4pp**	**4.4%**	**-0.3pp**	**21.9%**	**-0.2pp**
East	78.1%	-1.0pp	3.5%	0.7pp	19.0%	0.4pp
London	75.1%	-0.2pp	4.5%	0.3pp	21.4%	0.0pp
South East	78.2%	0.0pp	4.0%	1.0pp	18.4%	-1.0pp
South West	80.3%	1.3pp	2.1%	-0.4pp	18.0%	-1.0pp
Wales	71.8%	-0.5pp	3.5%	-0.1pp	25.5%	0.6pp
Scotland	76.6%	1.3pp	3.3%	-0.2pp	20.8%	-1.0pp
Northern Ireland	71.9%	1.8pp	2.5%	-0.5pp	26.3%	-1.5pp

Source: ONS – Labour Force Survey

- The number of payrolled employees continued to rise in all regions on the month to January 2023, with the strongest increases in the East of England, London and the South East.

Claimant Count

Claimant count for people aged 16 years and over[8]:

- There were 143,950 claimants in the WMCA (3 LEP) area in January 2023. Since December 2022, there has been an increase of 0.5% (+670) claimants in the WMCA (3 LEP) area, which matched UK growth rate. When compared to January 2022, the number of claimants has decreased by 8.7% (-13,790) in the WMCA (3 LEP) area, with the UK decreasing by 14.4% over the same period. When compared to March 2020 (pre-pandemic figures), the number of claimants has increased by 22.4% (+26,360) in the WMCA (3 LEP) area, with the UK increasing by 20.0% over the same period.

- The WM 7 Met. area had 121,370 claimants aged 16 years and over in January 2023, an increase of 575 (+0.5%) claimants from the previous month. Compared to the same month in 2022, WM 7 Met. claimants decreased by 10,485 (-8.0%). When compared to March 2020, the number of claimants has increased by 22,070 (+22.2%).

- The Black Country LEP area had 44,655 claimants aged 16 years and over in January 2023, an increase of 440 (+1.0%) claimants from the previous month. Compared to the same month in 2022, Black Country LEP claimants decreased by 4,080 (-8.4%). When compared to March 2020, the number of claimants has increased by 6,380 (+16.7%).

- In Coventry and Warwickshire LEP, there were 21,475 claimants aged 16 years and over in January 2023, an increase of 145 (+0.7%) claimants since December 2022. Compared to the same month in 2022, Coventry and Warwickshire LEP claimants decreased by 2,105 (-8.9%). When compared to March 2020, the number of claimants has increased by 5,650 (+35.7%).

[8] ONS/DWP, Claimant count, February 2023. Please note, figures for previous months have been revised.

- In Greater Birmingham and Solihull LEP, there were 77,820 claimants aged 16 years and over in January 2023, an increase of 85 (+0.1%) claimants since December 2022. Compared to the same month in 2022, Greater Birmingham and Solihull LEP claimants decreased by 7,605 (-8.9%). When compared to March 2020, the number of claimants has increased by 14,330 (+22.6%).

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

	Mar 2020	Jan 2022	Dec 2022	Jan 2023	Jan 2023 (Claimants as proportion aged 16-64) Rates	% Change Since Mar 20	% Change Since Jan 22	% Change Since Dec 22
Birmingham	49,370	65,935	60,820	60,780	8.2%	23.1%	-7.8%	-0.1%
Bromsgrove	1,165	1,785	1,525	1,505	2.6%	29.2%	-15.7%	-1.3%
Cannock Chase	1,655	2,210	2,015	2,070	3.3%	25.1%	-6.3%	2.7%
Coventry	8,000	12,285	11,725	11,895	5.3%	48.7%	-3.2%	1.4%
Dudley	8,515	10,365	9,170	9,280	4.7%	9.0%	-10.5%	1.2%
East Staffordshire	1,720	2,475	2,240	2,300	3.0%	33.7%	-7.1%	2.7%
Lichfield	1,320	1,725	1,540	1,575	2.5%	19.3%	-8.7%	2.3%
North Warwickshire	845	1,220	1,015	995	2.5%	17.8%	-18.4%	-2.0%
Nuneaton and Bedworth	2,830	3,605	3,055	3,110	3.7%	9.9%	-13.7%	1.8%
Redditch	1,535	2,220	2,000	1,995	3.7%	30.0%	-10.1%	-0.3%
Rugby	1,535	2,110	1,905	1,895	2.6%	23.5%	-10.2%	-0.5%
Sandwell	10,780	14,560	13,400	13,465	6.2%	24.9%	-7.5%	0.5%
Solihull	3,650	4,900	4,040	4,045	3.1%	10.8%	-17.4%	0.1%
Stratford-on-Avon	1,050	1,980	1,610	1,570	2.0%	49.5%	-20.7%	-2.5%
Tamworth	1,490	1,955	1,640	1,615	3.3%	8.4%	-17.4%	-1.5%
Walsall	8,605	10,950	9,395	9,610	5.5%	11.7%	-12.2%	2.3%
Warwick	1,570	2,385	2,020	2,005	2.1%	27.7%	-15.9%	-0.7%
Wolverhampton	10,380	12,860	12,250	12,295	7.4%	18.4%	-4.4%	0.4%
Wyre Forest	1,580	2,215	1,915	1,930	3.3%	22.2%	-12.9%	0.8%
WM 7 Met.	**99,300**	**131,855**	**120,795**	**121,370**	**6.6%**	**22.2%**	**-8.0%**	**0.5%**
Black Country LEP	38,275	48,735	44,215	44,655	5.9%	16.7%	-8.4%	1.0%
Coventry and Warwickshire LEP	15,825	23,580	21,330	21,475	3.6%	35.7%	-8.9%	0.7%
Greater Birmingham and Solihull LEP	63,490	85,425	77,735	77,820	6.0%	22.6%	-8.9%	0.1%
WMCA (3 LEP)	**117,590**	**157,740**	**143,280**	**143,950**	**5.5%**	**22.4%**	**-8.7%**	**0.5%**
United Kingdom	1,268,620	1,777,485	1,515,210	1,522,165	3.6%	20.0%	-14.4%	0.5%

- Overall, for the WMCA (3 LEP) the number of claimants as a proportion of residents aged 16-64 years old was 5.5% compared to 3.6% for the UK in January 2023.

Youth Claimants (Aged 18-24)

- There were 25,780 youth claimants in the WMCA (3 LEP) area in January 2023. Since December 2022, there was an increase of 0.2% (+60) youth claimants in the WMCA (3 LEP) area, while the UK increased by 0.3%. When compared to January 2022, the number of youth claimants has decreased by 1.4% (-355) in the WMCA (3 LEP) area, with the UK decreasing by 6.8% over the same period. When compared to March 2020 (pre pandemic figures), the number of youth claimants has increased by 14.2% (+3,200) in the WMCA (3 LEP) area, with the UK increasing by 8.6% over the same period.

- The WM 7 Met. area had 21,785 youth claimants in January 2023, an increase of 15 (+0.1%) claimants from the previous month. Compared to the same month in 2022, WM 7 Met. area youth claimants decreased by 250 (-1.1%). When compared to March 2020, the number of youth claimants has increased by 2,630 (+13.7%).

- The Black Country LEP area had 8,250 youth claimants in January 2023, an increase of 20 (+0.2%) claimants from the previous month. Compared to the same month in 2022, Black Country LEP youth claimants decreased by 155 (-1.8%). When compared to March 2020, the number of youth claimants has increased by 560 (+7.3%).

- In Coventry and Warwickshire LEP, there were 3,600 youth claimants in January 2023, remaining the same level as December 2022. Compared to the same month in 2022, Coventry and Warwickshire LEP youth claimants decreased by 85 (-2.3%). When compared to March 2020, the number of claimants has increased by 725 (+25.2%).

- In Greater Birmingham and Solihull LEP, there were 13,930 youth claimants in January 2023, this is an increase of 40 (+0.3%) claimants since December 2022. Compared to the same month in 2022, Greater Birmingham and Solihull LEP youth claimants decreased by 115 (-0.8%). In the Greater Birmingham and Solihull LEP area, when compared to March 2020, the number of claimants has increased by 1,915 (+15.9%).

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

	Mar 2020	Jan 2022	Dec 2022	Jan 2023	Jan 2023 (Claimants as proportion aged 18-24) Rates	% Change Since Mar 20	% Change Since Jan 22	% Change Since Dec 22
Birmingham	9,105	10,790	10,780	10,810	8.3%	18.7%	0.2%	0.3%
Bromsgrove	215	275	260	260	4.2%	20.9%	-5.5%	0.0%
Cannock Chase	365	400	415	400	5.7%	9.6%	0.0%	-3.6%
Coventry	1,535	1,935	2,010	1,985	4.6%	29.3%	2.6%	-1.2%
Dudley	1,750	1,810	1,750	1,730	7.3%	-1.1%	-4.4%	-1.1%
East Staffordshire	320	355	360	380	4.3%	18.8%	7.0%	5.6%
Lichfield	270	280	270	280	3.9%	3.7%	0.0%	3.7%
North Warwickshire	160	220	190	200	4.6%	25.0%	-9.1%	5.3%
Nuneaton and Bedworth	555	640	570	580	6.1%	4.5%	-9.4%	1.8%
Redditch	310	345	370	380	6.3%	22.6%	10.1%	2.7%
Rugby	235	330	285	300	3.9%	27.7%	-9.1%	5.3%
Sandwell	2,115	2,485	2,500	2,485	8.7%	17.5%	0.0%	-0.6%
Solihull	825	905	750	735	4.9%	-10.9%	-18.8%	-2.0%
Stratford-on-Avon	160	225	235	235	3.0%	46.9%	4.4%	0.0%
Tamworth	295	360	330	320	5.6%	8.5%	-11.1%	-3.0%
Walsall	1,915	2,095	1,850	1,890	8.4%	-1.3%	-9.8%	2.2%
Warwick	230	335	310	300	2.0%	30.4%	-10.4%	-3.2%
Wolverhampton	1,910	2,020	2,130	2,145	10.0%	12.3%	6.2%	0.7%
Wyre Forest	310	335	355	365	5.6%	17.7%	9.0%	2.8%
WM 7 Met.	**19,155**	**22,035**	**21,770**	**21,785**	**7.7%**	**13.7%**	**-1.1%**	**0.1%**
Black Country LEP	7,690	8,405	8,230	8,250	8.6%	7.3%	-1.8%	0.2%
Coventry and Warwickshire LEP	2,875	3,685	3,600	3,600	4.1%	25.2%	-2.3%	0.0%
Greater Birmingham and Solihull LEP	12,015	14,045	13,890	13,930	7.2%	15.9%	-0.8%	0.3%
WMCA (3 LEP)	**22,580**	**26,135**	**25,720**	**25,780**	**6.8%**	**14.2%**	**-1.4%**	**0.2%**
United Kingdom	238,085	277,295	257,755	258,445	4.7%	8.6%	-6.8%	0.3%

- Overall, for the WMCA (3 LEP) the number of youth claimants as a percentage of residents aged 18-24 years old was 6.8% compared to 4.7% for the UK in January 2023.

Claimant Count by Age and Gender (WMCA 3 LEP)[9]

- For those aged 16-24 in the WMCA (3 LEP) area, when comparing January 2023 to the previous month, there was an overall increase of 40 claimants. This can be split by an increase of 140 males but a decrease of 100 females.

- For those aged 25-49 in the WMCA (3 LEP) area, when comparing January 2023 to the previous month, there was an overall increase of 745 claimants. This can be split by an increase of 975 males but a decrease of 230 females.

[9] Please note, figures may not sum due to rounding.

- For those aged 50 years and over in the WMCA (3 LEP) area, when comparing December 2022 to the previous month, there was an overall decrease of 120 claimants. This can be split by an increase of 45 males but a decrease of 165 females.

- Notably, there were only three sub age ranges where there was an overall decrease when compared to December 2022, these were; aged 16-17 years old (-30), aged 50-54 years old (-65) and those aged 60-64 years old (-150). The increases in the majority of age ranges are primarily linked to male claimants.

The following table shows a breakdown by age brackets and gender for the WMCA (3 LEP) area over selected time periods and then change since January 2023:

		Mar 2020	Jan 2022	Dec 2022	Jan 2023	No. Change Since Mar 20	No. Change Since Jan 22	No. Change Since Dec 22
Total	**Age 16+**	**117,590**	**157,740**	**143,280**	**143,950**	**26,360**	**-13,790**	**670**
	Aged 16-24	**22,835**	**26,415**	**25,950**	**25,990**	**3,155**	**-425**	**40**
	Aged 16-17	250	285	235	205	-45	-80	-30
	Aged 18-24	22,580	26,135	25,720	25,780	3,200	-355	60
	Aged 25-49	**67,130**	**93,275**	**84,300**	**85,045**	**17,915**	**-8,230**	**745**
	Aged 25-29	15,945	20,495	18,030	18,160	2,215	-2,335	130
	Aged 30-34	15,635	22,125	19,735	19,880	4,245	-2,245	145
	Aged 35-39	13,715	20,060	18,695	18,875	5,160	-1,185	180
	Aged 40-44	11,230	16,660	15,635	15,920	4,690	-740	285
	Aged 45-49	10,605	13,945	12,200	12,210	1,605	-1,735	10
	Aged 50+	**27,635**	**38,040**	**33,025**	**32,905**	**5,270**	**-5,135**	**-120**
	Aged 50-54	9,960	13,440	11,680	11,615	1,655	-1,825	-65
	Aged 55-59	8,985	11,990	10,205	10,235	1,250	-1,755	30
	Aged 60-64	7,675	10,320	8,990	8,840	1,165	-1,480	-150
	Aged 65+	1,020	2,285	2,145	2,225	1,205	-60	80
Male	**Age 16+**	**69,420**	**92,915**	**82,715**	**83,885**	**14,465**	**-9,030**	**1,170**
	Aged 16-24	**14,100**	**16,355**	**15,870**	**16,010**	**1,910**	**-345**	**140**
	Aged 16-17	115	125	115	95	-20	-30	-20
	Aged 18-24	13,980	16,235	15,750	15,915	1,935	-320	165
	Aged 25-49	**38,965**	**54,295**	**47,620**	**48,595**	**9,630**	**-5,700**	**975**
	Aged 25-29	9,610	12,455	10,800	10,975	1,365	-1,480	175
	Aged 30-34	9,095	12,910	11,160	11,420	2,325	-1,490	260
	Aged 35-39	7,730	11,465	10,305	10,570	2,840	-895	265
	Aged 40-44	6,440	9,495	8,610	8,795	2,355	-700	185
	Aged 45-49	6,080	7,960	6,735	6,835	755	-1,125	100
	Aged 50+	**16,355**	**22,270**	**19,225**	**19,270**	**2,915**	**-3,000**	**45**
	Aged 50-54	5,820	7,790	6,700	6,680	860	-1,110	-20
	Aged 55-59	5,295	7,085	6,015	6,085	790	-1,000	70
	Aged 60-64	4,575	6,055	5,165	5,125	550	-930	-40
	Aged 65+	655	1,335	1,350	1,390	735	55	40
Female	**Age 16+**	**48,175**	**64,820**	**60,560**	**60,065**	**11,890**	**-4,755**	**-495**
	Aged 16-24	**8,730**	**10,065**	**10,080**	**9,980**	**1,250**	**-85**	**-100**
	Aged 16-17	135	160	110	110	-25	-50	0
	Aged 18-24	8,595	9,905	9,970	9,870	1,275	-35	-100
	Aged 25-49	**28,165**	**38,985**	**36,680**	**36,450**	**8,285**	**-2,535**	**-230**
	Aged 25-29	6,340	8,030	7,230	7,185	845	-845	-45
	Aged 30-34	6,530	9,210	8,575	8,450	1,920	-760	-125
	Aged 35-39	5,985	8,595	8,385	8,305	2,320	-290	-80
	Aged 40-44	4,790	7,165	7,025	7,125	2,335	-40	100
	Aged 45-49	4,525	5,990	5,460	5,375	850	-615	-85
	Aged 50+	**11,280**	**15,770**	**13,800**	**13,635**	**2,355**	**-2,135**	**-165**
	Aged 50-54	4,135	5,655	4,980	4,940	805	-715	-40
	Aged 55-59	3,690	4,910	4,195	4,150	460	-760	-45
	Aged 60-64	3,100	4,265	3,830	3,715	615	-550	-115
	Aged 65+	360	950	800	835	475	-115	35

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

Lightcast Job Postings WMCA (3 LEP) Geography - January 2023[10]

- The number of job postings across the WMCA (3 LEP) area rebounded strongly in January, increasing by 25%; up 32,075 month-on-month to 160,592.
- Unique posting activity was strong in all 19 local authority areas.
- Posting activity was particularly heightened in Walsall (35%), Bromsgrove (33%), Sandwell (33%) and Wolverhampton (33%), all increasing by a third.
- Posting intensity, i.e., the effort towards hiring for particular positions was greatest across the Black Country LEP area.

The following table reports the number of unique job postings across the WMCA (3 LEP) local authorities in January 2023 and the percentage change from the previous month:

	Jan 2023 Unique Postings	Percentage Change (Dec 2022 - Jan 2023)
Birmingham	65,838	22%
Bromsgrove	1,640	33%
Cannock Chase	3,156	32%
Coventry	15,143	23%
Dudley	7,523	30%
East Staffordshire	4,884	23%
Lichfield	2,816	21%
North Warwickshire	1,297	28%
Nuneaton and Bedworth	2,921	26%
Redditch	3,283	30%
Rugby	3,248	22%
Sandwell	7,937	33%
Solihull	7,716	28%
Stratford-on-Avon	4,143	23%
Tamworth	3,349	24%
Walsall	5,835	35%
Warwick	9,070	27%
Wolverhampton	8,609	33%
Wyre Forest	2,184	19%

[10] Source: Lightcast, February 2023. Please note - the data below reports unique job postings, derived from the Lightcast Analyst Tool, and is not comparable to official vacancy data.

How do Fertility Rates and Childcare Costs Play out in the UK Labour Market?
Abigail Taylor, WMREDI

Abigail Taylor discusses fertility rates and childcare costs within the UK Labour Market comparing the findings internationally.

This blog is part of a series looking at the UK Labour Market. See also:

- **Why are the Over-50s Leaving the Workforce?- Labour Market Flows and Future Participation Flows**
- **What Are the Current Challenges in the UK Labour Market and How Can They Be Addressed?**

Declining fertility rates in the UK and internationally

The total fertility rate in the UK has been below replacement level since 1973 and decreased year on year between 2012 and 2020 according to data from the Office for National Statistics. Replacement fertility refers to the level of fertility required for the population to replace itself in size in the long term. In the UK, to ensure long-term 'natural' replacement of the population, women would need to have, on average, 2.08 children. The total rate in 2021 was 1.61 children per woman.

With people living longer, countries with fertility rates below replacement level risk adverse effects on public finances and standards of living. Where there is an elderly population with substantial health and social care the costs of supporting them will fall on a smaller group of workers. These countries also risk struggling to have enough young people entering the workforce to replace those reaching retirement age. Without increasing the economic activity rate by getting older people back into the workforce or reducing youth unemployment, then countries will either need to increase net migration or face the consequences of a reduced workforce. An important counterbalance to relatively low fertility rates in the UK over recent decades has been migration.

Research by the House of Commons Library shows that since 1997 immigration and emigration have increased to record levels, with immigration exceeding emigration by more than 100,000 each year between 1998 and 2020.

While fertility rates increased overall in 2021 in the UK, younger age groups saw a decline in fertility rates, whilst rates increased in older age groups. Since 2003, fertility rates have been highest among women aged 30 to 34. Since 2013, fertility rates have been higher among women aged 35 to 39 than those aged 20 to 24. In 1997, the fertility rate in the older age group was around half that of the younger group.

Data from the OECD shown in the chart below indicates that declining fertility rates are not a UK-specific issue. Indeed, the average fertility rate across the OECD fell by 44% between 1970 and 2020.

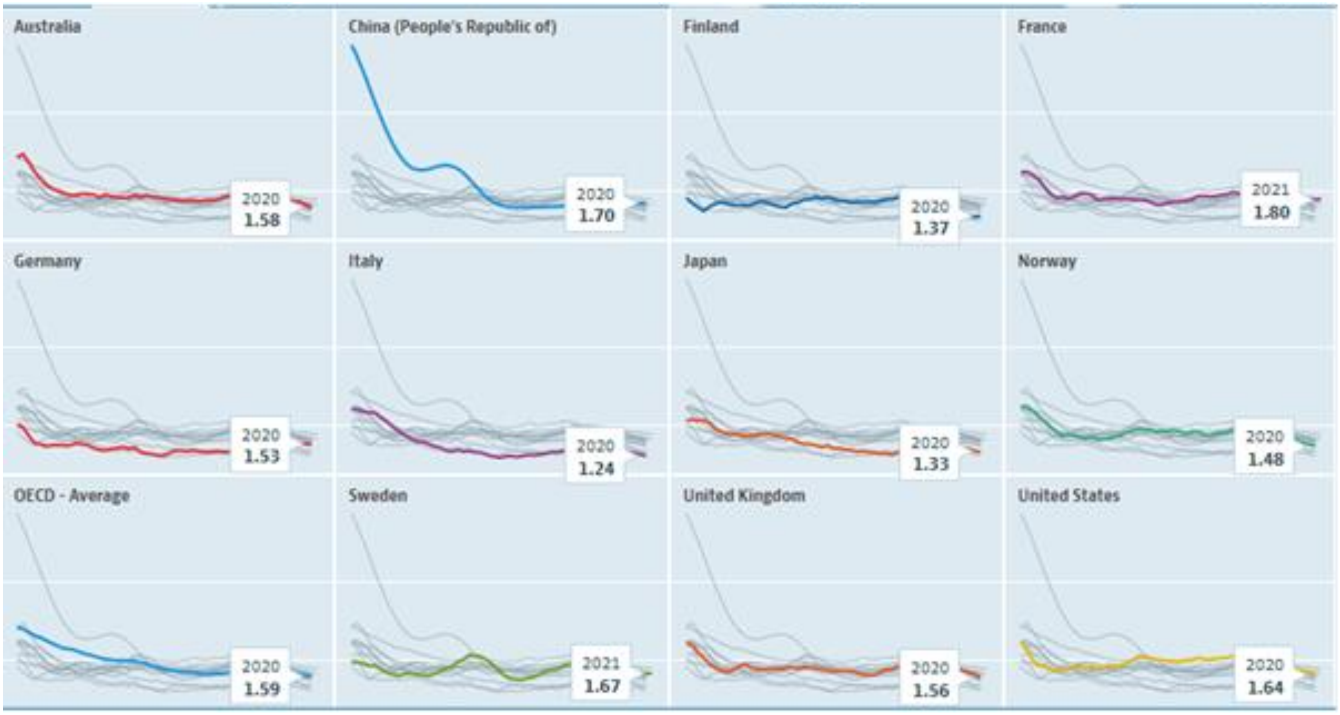


Figure 1: Fertility rates children/women, 1970-2021 for selected countries. Source: OECD (2022)

This has been attributed to generous social policies and egalitarian values. However, fertility rates have fallen across Nordic states since 2008. This "***can be partly explained by the rising importance individuals assign to work as a source of value and meaning in life***".

According to the World Economic Forum, three main factors contribute to falls in fertility rates worldwide: women's empowerment in education and the workforce, lower child mortality and the increased cost of raising children. Research by the National Bureau of Economic Research cited in the Economist suggests that public measures to support women in the workforce, family policies such as reducing childcare costs, and "***co-operative fathers and favourable social norms***" can reverse a declining fertility rate.

What are the economic and social benefits of investing in accessible, affordable, and good-quality childcare?

"***Childcare is not a family issue, it is a business issue. It affects how we work, when we work, and for many, why work. Moving forward, employer provided child care could also influence where we work***" (Harvard Business Review, 2021)

Evidence suggests that GDP in the US could increase by 5% if women participated in the workforce to the same extent as men. According to the Bill and Melinda Gates Foundation, providing childcare to women could add $3 trillion dollars to the global economy per year. Few studies have quantified the impact on productivity from childcare-related career-breaks in the UK but evidence provided to the Treasury Commons Select Committee by HM Treasury in 2018 suggested that if men and women participated in the economy at the same levels, GDP could increase by 10% by 2030. The Select Committee report indicates that whilst increasing the proportion of parents working will increase economic output, such a move will only increase productivity if their output exceeds that of the existing workforce. Almost half of non-working mothers in the 2021 Childcare and Early Years Survey of Parents said that if they could arrange good quality childcare that was convenient, reliable and affordable, they would prefer to go out to work. 1.6 million women with young children are estimated to be currently held back from working more hours by a lack of suitable childcare according to the Centre for Progressive Policy. However, it must be acknowledged that not all mothers want to work.

The OECD recognised the positive economic and social benefits of investing in early childhood education and care (ECEC) when it argued:

Expanding childcare infrastructure could be an important source of new jobs. The World Bank has argued that increasing the childcare workforce to respond to current demand could create up to 43 million new jobs in high, upper middle, lower middle and low income countries. Investing in childcare could also offer ways for companies to attract new staff and retain existing staff. Expensive childcare can make it difficult for families to escape poverty even when they are in full-time work.

How does the cost and take-up of childcare in the UK compare to other countries?

OECD evidence suggests that high childcare costs can contribute to inequalities in childcare use across income groups. The UK is one of several countries – alongside Finland, France, Ireland and Switzerland – where the participation gap between low-income and better-off households is over 50%. Availability of childcare, cultural norms, parents' labour market prospects and, in some countries, the availability of lengthy homecare allowances can influence the use of formal childcare.

In the UK, according to the 2021 Childcare and Early Years Survey of Parents, children in the most deprived areas and in families earning under £10,000 were less likely to receive formal childcare than children in families from less deprived areas and in families earning £45,000 or more. This is likely to not just be the result of high childcare costs in the UK; the value some parents place on childcare provided by family members also plays a role.

This blog has shown that:

1. Like many western countries, the UK has low fertility rates. There is evidence that global falls in fertility rates are linked to women's empowerment in education and the workforce and the increased cost of raising children.
2. The UK stands out internationally in terms of high cost of childcare, and inequalities in childcare use across income groups.
3. Childcare can be a barrier to employment for parents, particularly women. Economic and social benefits exist for why governments should invest in accessible, affordable and good-quality childcare. Cutting childcare costs could support efforts to improve productivity rates.

*According to Melinda French Gates "[*I]**t's time to start treating childcare as essential infrastructure – just as worthy of funding as road and fiber optic cables. In the long term, this will create more productive and inclusive post-pandemic economies**".

The government introduced a package of measures designed to increase childcare support for parents, boost the number of childminders and drive take-up of childcare offers, to address rising costs. However, achieving substantial change is likely to require more ambitious strategy and reform. For example, the Family and Childcare Trust is calling on the government to extend the current 15 hours of free childcare per week to all two year olds, rather than just the most deprived to support working parents and extend childcare support to parents undertaking training, education and volunteer roles.

Changes in work are likely to exacerbate challenges with current provision. Increases in hybrid and remote working emphasise the importance of developing childcare outside of the existing office day. Companies could seek to foster employee engagement, satisfaction, and retention through developing childcare infrastructure as well as wider programmes that encourage peer-to-peer support and learning. Businesses could more broadly recognise that childcare issues do not just impact parents with children below school age but up to 18.

National, regional and local government could seek to make it easier for parents to enter and sustain employment through other types of support such as improving public transport provision, reducing the cost of public transport and ensuring access to high-quality skills and careers training and advice.

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- Why are the Over-50s Leaving the Workforce? – Labour Market Flows and Future Participation Flows
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Why do Ethnic Pay Gaps Exist And How Can They be Closed? Evidence From UK-born Graduates

Kostas Kollydas, WMREDI

In this blog, Dr Kostas Kollydas sheds light on the factors influencing wage disparities by ethnicity in the UK labour market and discusses policy implications.

Ethnicity as a Social Construct

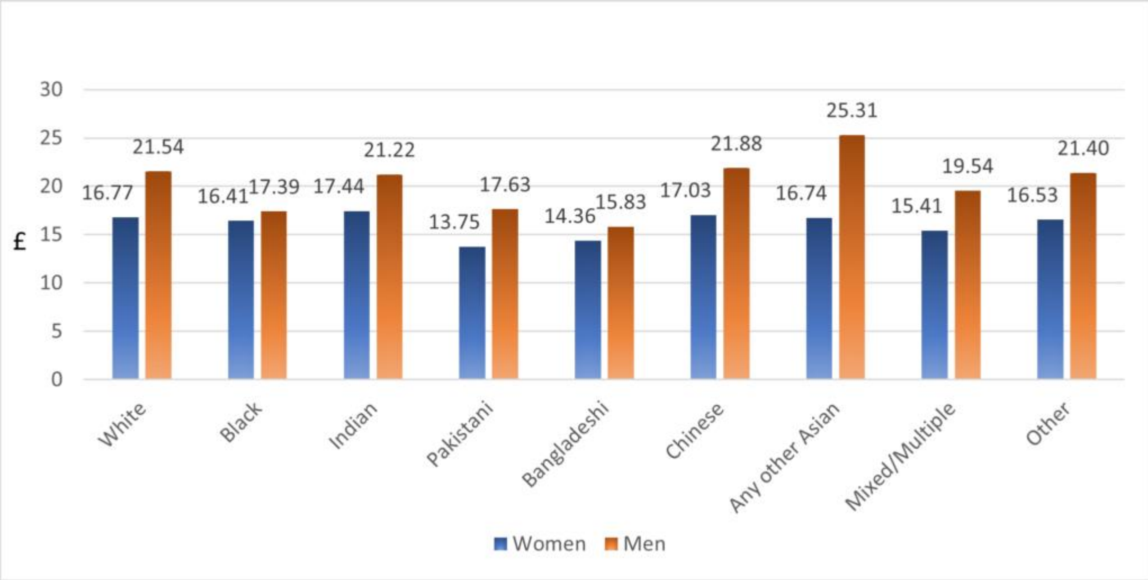
Ethnicity is a social organisation concept and is frequently used to classify people based on whether they share a perception of specific characteristics (such as language, religious connections, history, values, customs and beliefs, cultural distinctiveness, geographical origin, and race). In sociological literature, it has been argued that ethnicity is the result of a social process that develops and changes over time, as opposed to merely being an attribute acquired at birth. Ethnicity is thus considered more subjective than race, which is closely associated with skin colour and nationality.

In the decades prior to the 1991 Census, UK residents were classified based on the Commonwealth country in which they were born (during the 1960s), their White or "coloured" appearance (1970s), and their broad national group membership (1980s). For the first time, the 1991 Census introduced an ethnicity question based on self-identification, which was subsequently utilised in numerous government surveys and research studies. The following Censuses modified this question and revised the ethnic categories classification to accommodate the rapidly changing and ethnically diverse population of the UK. Specifically, the percentage of non-White people in England and Wales has increased from 7% in 1991, to 9% in 2001, 14% in 2011, and 18% in 2021. Of the total 2021 population in England and Wales (59.6 million), 82% identified as "White" (including "White British" at 74%), 9% as "Asian/Asian British/Asian Welsh", 4% as "Black/African/Caribbean/Black British/Black Welsh", and 5% as "Mixed" or "Other" ethnicity.

Ethnic pay disparities persist even amongst the highly educated employees

As part of my PhD research at the University of Bath, I explored ethnic pay inequalities in the UK labour market. I chose to focus on working-age university graduates in recognition of the rapid increase in participation rates in higher education over time and the vital role graduates play in the skills ecosystem. Moreover, concentrating on people who were born in the UK helped make more robust comparisons by reducing the effect of factors that are not observed in administrative data but are likely to disproportionately influence wages among ethnic groups born in the UK compared to first-generation immigrants (e.g. language skills, knowledge of local labour markets, social assimilation, differences in curricula across countries, and so forth). The graph below depicts gender- and ethnicity-based wage disparities between UK-born graduates. On average, certain ethnic minority graduates (most notably Black, Pakistani, and Bangladeshi employees) earn less than their White counterparts, whereas Indian and Chinese graduates are among the highest-paid minorities. In addition, women are paid less than men across all ethnic groups, most likely reflecting the well-established gender income inequalities and disparities in professional choices between genders.

Hourly wages (£) by ethnicity and gender among university graduates born in the United Kingdom



Note: Hourly wages have been adjusted for inflation using the ONS Retail Price Index.
Source: Annual Population Survey pooled data from 2013 to 2018. "Office for National Statistics, Social Survey Division (2020). Annual Population Survey, 2004-2019: Secure Access. [data collection]. 15th Edition. UK Data Service."

These ethnic differences (which are markedly more pronounced among men) persist even after adopting econometric methods – such as multiple linear regressions, quantile regressions and a recently developed technique adjusting the estimates for unobserved determinants of wages – that account for a vast array of variables associated with personal, higher education, occupational, and regional characteristics. For example, highly educated Black men earn 17% less than comparably qualified and situated White men. Intriguingly, the under-representation of ethnic minorities in higher-paying jobs and their shorter tenure with their firms are two of the most significant drivers of earnings differences attributable to observed (measurable) characteristics. Notwithstanding, the analysis revealed that unobserved factors and discrimination account for the majority (70%) of ethnic gaps between White and non-White employees. Certain employers appear to discriminate when hiring, and it is likely that discrimination can have a negative impact on ethnic minorities access' to training (which influences productivity), promotions, or moving to better jobs. It may also lengthen the time it takes to find a job, which affects their overall level of experience and, consequently, their earnings.

How could ethnic pay inequalities be addressed?

In 2022, the UK government accepted the Commission on Race and Ethnic Disparities' recommendation that "ethnicity pay gaps should continue to be reported on a voluntary basis" in response to the consultation launched in 2018 on whether organisations that already report gender pay gaps should be required to report ethnic pay gaps as well. The reasons for this decision stem from employers' incomplete data on ethnicity and the fact that, unlike in the case of gender, applying a binary ethnic disaggregation would obscure existing differences within major ethnic groups. For example, the non-White category includes specific groups (such as Indian and Chinese people) that are paid significantly more than others (e.g. Black or Pakistani people). In addition, the proportion of ethnic minorities in certain parts of the UK is very low, thereby preventing meaningful (and statistically significant) comparisons from being drawn from the ethnicity pay reporting. Nonetheless, some large employers already voluntarily report disparities in pay based on ethnicity.

Policymaking and anti-discrimination initiatives should centre on reducing wage disparities by encouraging employers to provide equal opportunities in the workplace. Businesses that practice fair treatment towards ethnic minorities could be rewarded with tax benefits, for instance. In addition, to shrink inequalities in earnings between ethnic groups, actions should be taken to remove barriers that prevent minority employees from accessing higher-paying jobs and industries. One likely way to achieve this is by setting quotas (while considering their limitations) for the minimum proportion of non-White employees at each company, particularly in leadership and professional positions, to promote diversity. Employers could also diversify their recruitment personnel to increase the chances of hiring employees from ethnic minority groups and to encourage more individuals from these groups to apply for jobs. Similarly, having more non-White leaders and executives can serve as role models and mentors, and inspire ethnic minorities to strive for higher positions. Employers should also assess the efficacy of their equal treatment policies to understand why they might not be working in practice.

Population projections indicate that the share of ethnic minorities will continue to rise in the future, suggesting that if ethnic disparities in the labour market are not addressed, this issue will affect a growing number of people, with repercussions for inclusive growth and levelling up agendas. It goes without saying that all employees, regardless of their characteristics and backgrounds, should be treated fairly. This is reflected in current UK legislation and its economic significance is supported by a previous analysis estimating a benefit of £24 billion annually (1.3% of GDP) if ethnic minorities achieve full representation in the UK labour market.

View the paper "***Why do ethnic pay gaps exist and how can they be closed? Evidence from UK-born graduates***".

The Potential Impact of Youth Social Prescribing in the West Midlands on Employment and the Economy

Joanne Mills, University of Wolverhampton

Joanne Mills from the University of Wolverhampton introduces the Institute for Community Research and Development's new project with WMREDI to identify the potential impact of youth social prescribing within the West Midlands on employment and the economy. Visit the Institute for Community Research and Development webpage.

Read the report and find out more about the project.

Social prescribing aims to help people access local, non-clinical services and activities provided by voluntary and community organisations in order to support their social, emotional and practical needs. Research undertaken as part of a 15-month collaboration between the Institute of Community Research and Development (ICRD) at the University of Wolverhampton and the West Midlands Regional Economic Development Institute (WMREDI) seeks to examine existing social prescribing provision for young people in the West Midlands and its economic, and employability impact. This project aims to consider the need for, benefits of, and potential barriers to, accessing social prescribing interventions for young people in the West Midlands, with a particular focus on its impact on employability and the local economy.

Research Digest

Researchers at the ICRD have published a research digest, which summarises a rapid scoping review of the need for, and provision of, social prescribing for young people in the region, together with presenting initial findings and recommendations for future work, which is further intended to inform and stimulate discussion with practitioners, policymakers, commissioners, and researchers in the field.

This research digest forms part of an exploratory research project into social prescribing provision for young people in the West Midlands and its economic, and employability impact.

The key messages from our research to date are that:

- Dedicated social prescribing provision for children and young people is new but growing. There is currently little published evidence of its effectiveness, but research is underway to address this.
- There is potential for social prescribing to impact positively on the well-being of young people. While there is little tangible evidence to this effect currently, the novelty of this review concerns the further potential for impact on economic and employability aspects – and the links between these and well-being.

The topic of social prescribing for young people is gaining traction nationally, but there remains a need to collect evidence to understand its effectiveness.

Key Findings

Our project to date has comprised a rapid, desk-based scoping review of existing literature in the field of social prescribing provision for young people, predominantly within the West Midlands. Our key findings can be grouped into four themes:

Theme	Description
Need	There is clearly a need for specific social prescribing services to be made available for young people in the West Midlands, to support existing formal provision for both mental health and wellbeing and for employment.

Provision	There is a lack of publicly available information on what social prescribing provision is available for young people in the West Midlands, and how it could support young people in the move away from benefits and into the workplace. Yet we know provision for young people does exist within the West Midlands.
Opportunities	The benefits of social prescribing (related to employment) can include developing personal skills, including building resilience and relationships, which could be transferable to the workplace. There is the potential for social prescribing to have benefits both for the individual and the economy, particularly from those services which focus on financial and employment support. These positive aspects of social prescribing would be of benefit to young people in the West Midlands.
Challenges	Barriers to young people accessing social prescribing include the cost and difficulty of travel, language barriers, and lack of cultural appropriateness. This can lead to young people, particularly those who identify as being from Global Majority groups, disabled and/or low income being excluded and thus feeling discouraged from taking part in social prescribing activities.

Table 1: Key findings to date concerning youth social prescribing in the West Midlands and its potential for economic and employability impact

This multidisciplinary research project draws together and builds on ICRD's recent work with community social prescribing providers (Massie et al., 2019) and with children and young people (Massie et al., 2015; 2018; 2019) to ensure the development of a new frontier of social prescribing is evidence-based from its inception to meet the needs of children and young people. Working with our existing partners in the West Midlands, the project involves a review of existing evidence and – given the lack of practice and research in this area – draws on evidence from allied fields. New data will be collected to understand local needs and context and to ensure the design meets their needs in a realistic and practical way.

Recommendations

Our recommendations from this review are three-fold:

- Better understand the current provision of social prescribing for young people in the West Midlands that is not readily publicly accessible, and how employment features in this provision.
- Establish and develop effective coordinated social prescribing interventions for young people within the West Midlands that provides financial and employment support and involves young people in the design of the services – early intervention through appropriate youth social prescribing has the potential to have a long-lasting impact.
- Social providing schemes should have a robust method to track the effectiveness and impact of financial and employment support. While initial financial outlay on the provision of such services may be difficult in the current economic climate, our research shows that the economic benefits to both the individual and the region could potentially outweigh this, so it is important that there is the ability to capture this within monitoring data.

Next steps

Working with the ICRD and WMREDI's existing partners in the West Midlands, the project will collect data to better understand existing local provisions. The next stages of this project will include the development of surveys to be circulated to organisations/individuals who provide social prescribing support in the West Midlands, and those who work with young people, in order to gain a clearer picture of how social prescribing provision can enable young people to make the move away from unemployment into further work or training.

Further, we will develop an evaluation framework to enable providers to monitor their activity and impact in this area and produce further outputs with the aim of making recommendations to policymakers both regionally and nationally.

Read the report and find out more about the project.

Balancing the Grid: Understanding the National Grid's Demand Flexibility Service

Annum Rafique, WMREDI

Annum Rafique looks at how the National Grid's new initiative can help with our current energy crisis. This blog was originally published on the Birmingham Business School blog, you can view the original article here.

What is the "demand flexibility service"?

In October 2022, the National Grid warned Britain that the country might face blackouts during the winter and, if the current energy crisis continues, then there might not be enough power for the whole country. To prevent this, they introduced a scheme dubbed the 'Demand Flexibility Service', where households with smart meters would get money back on their bills if their energy usage was reduced during peak times. The scheme aims to help balance the grid and reduce UK's dependence on gas as an energy source. Under this scheme, the households would make changes to their energy usage and use their high-energy electric appliances, such as dishwashers and washing machines, and charge their electric vehicles at off-peak times. The scheme will run on 12 dates between November 2022 and March 2023 to ensure that all households can save money.

The benefits

Early in 2022, Octopus Energy conducted a trial of the scheme, and successfully proved the concept of demand flexibility. Since the beginning of the scheme, Octopus Energy has already paid £1 million back to its customers, rewarding approximately £4 per kilowatt hour (kWh) of energy saved during peak times. About one million households are signed up for the scheme, which was operational on 23rd Jan 2023 between 5pm and 6pm and on 24th Jan 2022 between 4:30pm and 6 pm. During these hours, customers with smart meters could get back £3 per kWh saved from the National Grid if they reduced their energy usage by a minimum of 30 per cent. Further savings could be made if the households reduce their energy usage by more than 30% during the period specified. Twenty-six suppliers, including big names such as British Gas, E.On Next and EDF, have also signed up customers for the payback scheme, using demand flexibility to reduce demand at peak times. Some of these companies have gone above the average £3 per kWh offered to customers who reduce energy usage, with British Gas stating that their participating customers could earn up to £6 per kWh of energy saved.

The criticism

There has been some criticism of this scheme as a way of penalising households without smart meters since only homes with smart meters are eligible to sign up for the scheme. This could be seen as exclusionary to those who have not yet upgraded their meters. However, this is quite possibly the point of the scheme. All gas and electricity suppliers in the UK are obligated to roll out smart metres to all their customers by 2025, so this scheme might incentivise the accelerated deployment of smart meters. Furthermore, the evidence suggests that households with smart meters and In-Home Displays can have 3% savings on electricity and 2.2% on gas credit, so swapping to a smart meter to take advantage of the scheme could provide users with compounded benefits.

Looking forward

The Demand Flexibility Service has overall shown positive results for all its stakeholders, including savings to households in the form of reduced energy bills, reduced energy usage during peak times and balanced demand and supply of energy in the power grid. Although savings for individual households may not be significant, their combined value shows promise for the future. Such schemes will aid in placing energy flexibly in the hands of the customer, allowing customers to determine the best time to use energy-intensive appliances, such as when the tariffs are lower. System flexibility is the future of the energy system and will play a vital role in the UK's ambitions in transitioning to net zero.

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

Black Country Consortium Economic Intelligence Unit

On the 9th February 2023, 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 27th January and 3rd February 2023, total online job adverts decreased by 0.1%. On the 3rd February 2023, total online job adverts were at 114.2% of their average level in February 2020. Out of the 28 categories (excluding unknown) 22 increased; the largest weekly increase was in "part-time/weekend", which rose by 7.2% (to 199.8% of the average level in February 2020). "Property" remained at the same level at 87.4% of the average level in 2020. In contrast, of the 5 categories that decreased, the highest decrease was in "transport/logistics/warehouse" which fell by 24.6% (to 159.4% of the average level in February 2020). There were 6 categories that were below the February 2020 average level, with the lowest in "legal" at 81.8%.

Excluding Scotland (which decreased) and the South East (remained unchanged), online job adverts increased for all other UK regions between the 27th January and 3rd February 2023. The West Midlands online job postings rose by 0.6% and on the 3rd February 2023, it was at 114.1% of the average level in February 2020. On the 3rd February 2023, only 2 regions were below their February 2020 levels (London 98.7% and the East of England 99.0%). In contrast, Northern Ireland was the highest at 152.7% of the average level of February 2020.

Potential Redundancies

HR1 forms are used by employers to notify the Insolvency Service's Redundancy Payments Service of potential redundancies. They are only required when firms wish to make 20 or more redundancies. The data is presented in a week-ending Sunday format. The data does not record the total number of redundancies; they record the number of potential redundancies filed on HR1 forms.

On the 29th January 2023, across the UK, there were 69 employers proposing 9,897 potential redundancies. The potential redundancies 4-week rolling average was 5,411 and the employers proposing redundancies 4-week rolling average was 61. When indexed (100 = weekly average from week ending 21st April 2019 to week ending 23rd February 2020), the potential redundancies 4-week rolling average was 110 and the employers proposing redundancies 4-week rolling average was 111.

System Average Price of Gas and System Price of Electricity

The System Average Price (SAP) of gas decreased by 6% in the week to 5th February 2023 (from the previous week), it was 23% lower than the equivalent level in 2022. However, when compared to the pre-Covid-19 baseline, SAP of gas was 510% higher. The System Price of electricity also fell by 6% in the week to 5th February 2023, it was 8% lower than the equivalent level in 2022, but 324% higher than the pre-Covid-19 baseline.

Business Insights and Conditions Survey

The results from Wave 75 of the Business Insights and Conditions Survey (BICS) based off the 5,310 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 26.8% (1,422) and 3,274 businesses that are head quartered in the West Midlands, with a response rate of 25.5% (834). Please note, the survey reference period was 1st to 31st December 2022 with a survey live period of 23rd January to 5th February 2023. 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
32.0% of responding West Midlands businesses reported to exporting within the last 12 months, 4.4% reported to exporting over 12 months ago. While 48.8% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 8.0% reported to never exporting previously but have goods or services that could be developed for exporting.

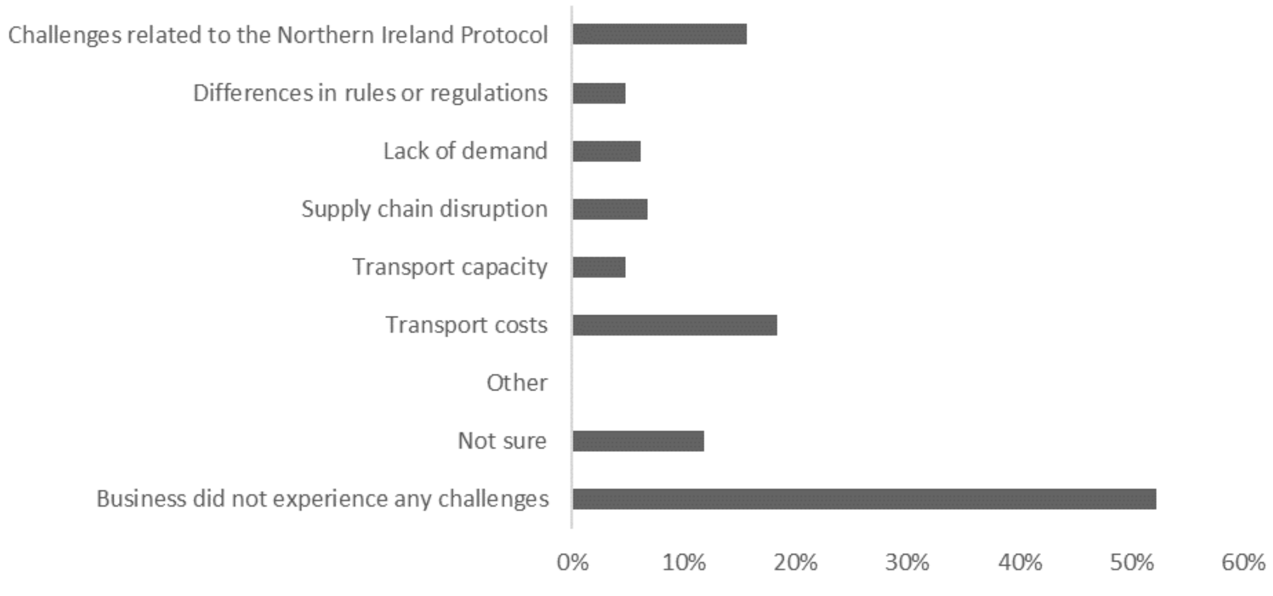
50.4% of responding West Midlands businesses reported that exporting stayed the same in December 2022 when compared to December 2021. 24.1% of West Midlands businesses reported to exporting less and 14.7% reported to exporting more.

55.2% of responding West Midlands businesses reported that importing stayed the same in December 2022 when compared to same month in the previous year. 14.4% of West Midlands businesses reported to importing less and 15.7% reported to importing more.

Intra-UK Trade
47.6% of responding West Midlands businesses reported in the last 12 months to selling goods or services to customer in other UK nations.

18.3% of responding West Midlands businesses reported that the main challenge experienced when selling goods or services to customers in other UK nations in the last 12 months was transport costs.

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

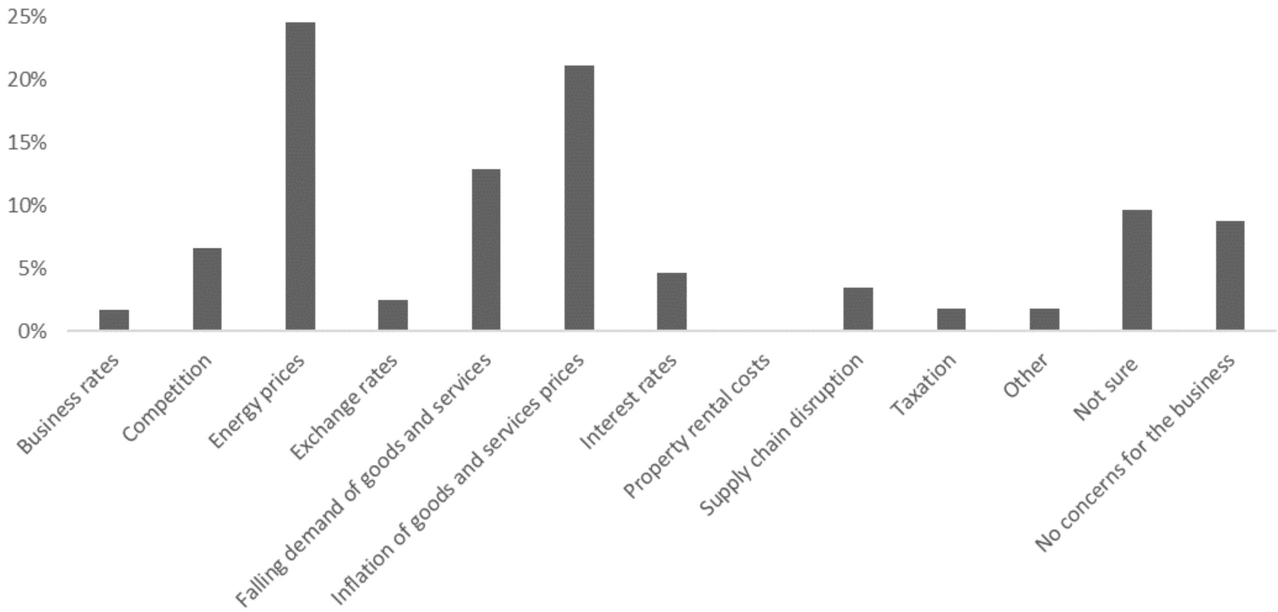


Supply Chains
62.7% of responding West Midlands businesses were able to get the materials, goods or services it needed from the EU in December 2022. Of this, 8.2% of West Midlands businesses were only able to get the materials, goods or services it needed by changing suppliers or finding alternative solutions. While, 3.1% were not able to get materials, goods or services needed. 84.2% of responding West Midlands businesses were able to get the materials, goods or services it needed from within the UK in December 2022. Of this, 10.4% of West Midlands businesses were only able to get the materials, goods or services it needed by changing suppliers or finding alternative solutions. While, 4.0% were not able to get materials, goods or services needed.

Global Supply Disruption
14.0% of responding West Midlands businesses reported experiencing global supply chain disruption in December 2022. In contrast, 51.6% reported none.

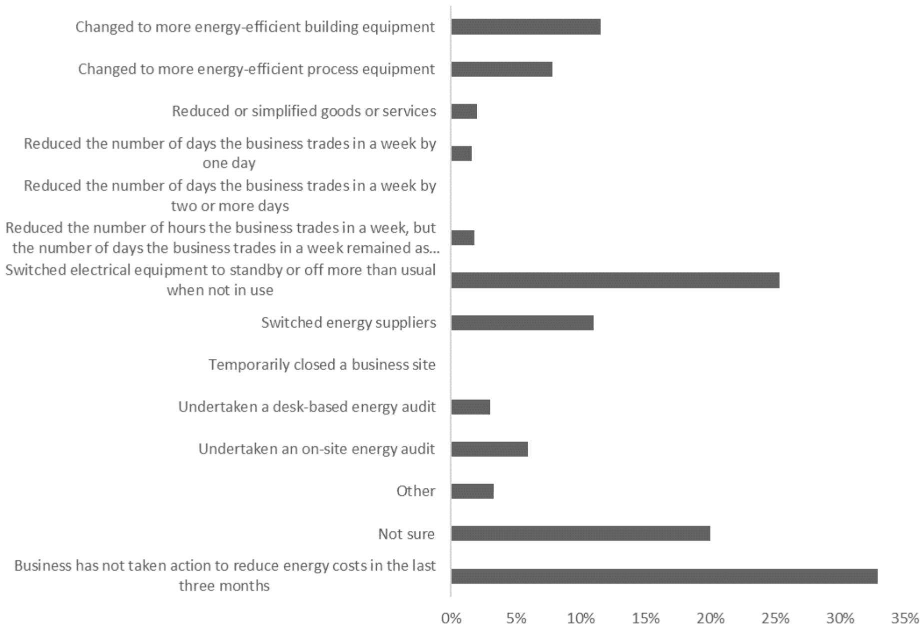
Main Concerns for Business
24.6% of responding West Midlands businesses expect the main concern for business in February 2023 will be energy prices.

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



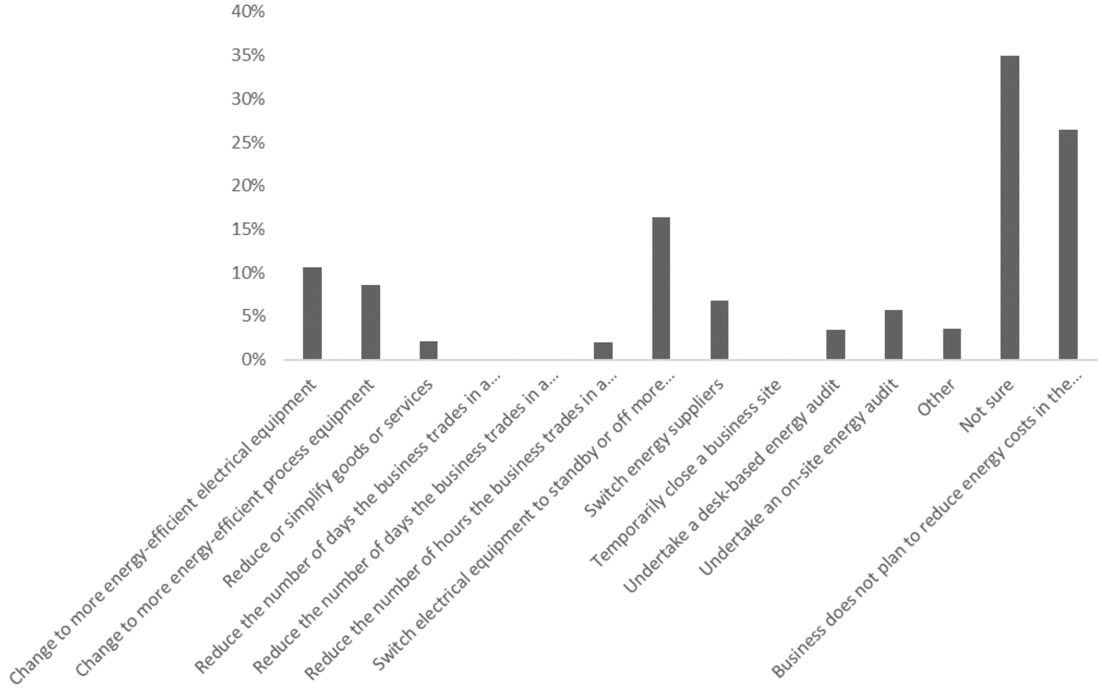
Energy Actions
25.3% of responding West Midlands businesses reported to have switched electrical equipment to standby or off more than usual when not in use in an effort to reduce energy costs in the last three months.

Actions (if any), West Midlands businesses had taken to reduce energy costs in the last three months:



16.4% of responding West Midlands businesses plan to switch electrical equipment to standby or off more than usual when not in use in an effort to reduce energy costs in the next three months.

Actions (if any), West Midlands businesses plan to take to reduce energy costs in the next three months:



50.0% of responding West Midlands businesses reported that the business's energy efficiency is already optimised.

Skills Demand and Skills Shortages

29.7% of responding West Midlands businesses reported a high demand for manual skills in the last 12 months.
19.0% of responding West Midlands businesses reported the workforce required extra support or training in management or leadership skills.

West Midlands skills demand and shortages:

	Skills (if any) West Midlands businesses had a high demand for in the last 12 months	Skills (if any) West Midlands workforce require extra support or training in
Advanced digital skills	13.9%	9.6%
Basic digital skills	13.9%	7.6%
Customer service skills	23.7%	12.7%
Management or leadership skills	25.7%	19.0%
Manual skills	29.7%	13.5%
Transferable skills	12.5%	9.1%
Other	4.2%	1.1%
None of the above	31.4%	57.1%

Hourly Wages

76.0% of responding West Midlands businesses reported on average employees' hourly wages in December 2022 when compared to the previous calendar month had stayed the same. While 16.1% reported wages had increased and 1.4% reported wages had decreased.

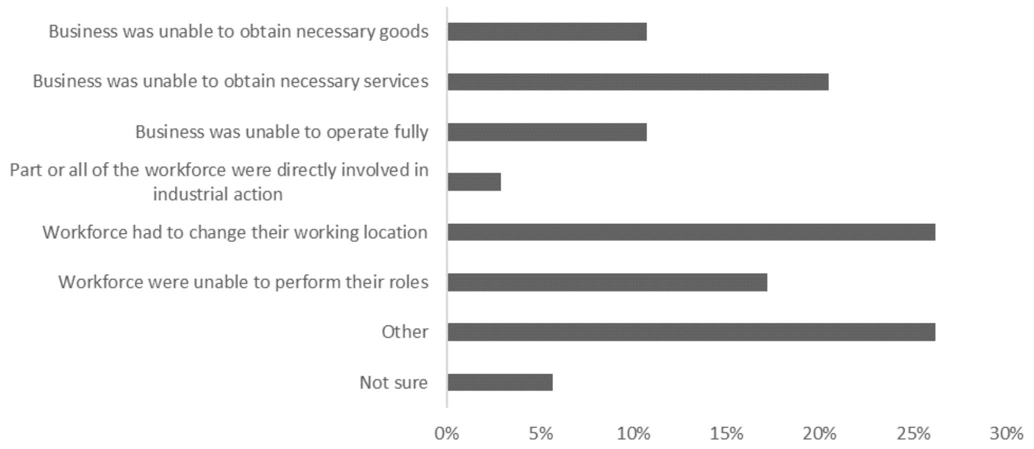
Industrial Action

17.3% of responding West Midlands businesses reported to being affected by industrial action in December 2022. Although, 54.1% of West Midlands businesses reported not being affected by industrial action.

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

26.2% of responding West Midlands businesses reported 'workforce had to change their working location' from the reasons listed to how the business was affected from industrial action in December 2022.

How West Midlands businesses were affected by industrial action in December 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 25th January and 5th February 2023, (the "latest period") and 11th and 22nd January 2023 (the "previous period").

Important Issues Facing the UK

In the latest period, respondents felt the four main issues facing the UK were; the cost of living (92%), NHS (87%), economy (77%) and climate change & the environment (56%).

Paying Energy Bills

47% of responding adults who pay energy bills said they found it very or somewhat difficult to afford them in the latest period (up from 46% in the previous period).

Rent or Mortgage Payments

31% of those who are currently paying rent or mortgage payments reported that these payments have gone up in the last six months (same as the previous period).

30% of those who are currently paying rent or mortgage payments reported that they are finding it very or somewhat difficult to make these payments (same as the previous period).

Household Finances

16% of responding adults reported that they did not have savings (same as the previous period).

7% of responding adults reported that they had a direct debit, a standing order, or bill that they were unable to pay in the past month (same as the previous period).

Personal Well-Being and Loneliness

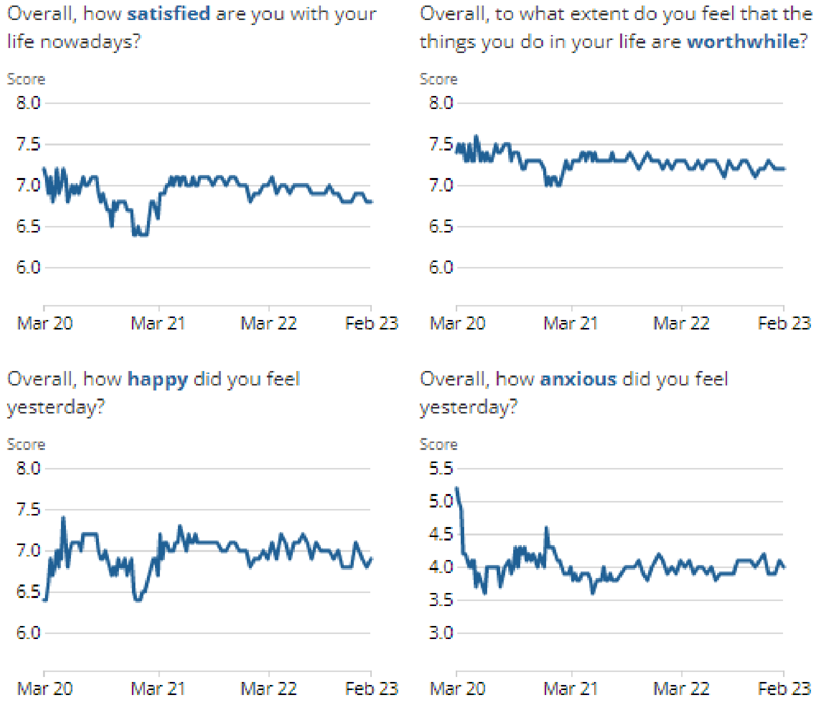
Life satisfaction – 6.8 in the latest period (same as the previous period).

Feeling that the things done in life are worthwhile – 7.2 in the latest period (same as the previous period).

Happiness – increased to 6.9 in the latest period (up from 6.8 in the previous period).

Anxiety – decreased to 4.0 in the latest period (down from 4.1% in the previous period).

Levels of personal well-being, Adults in Great Britain, March 2020 to February 2023:



Source: Office for National Statistics – Opinions and Lifestyle Survey

27% of responding adults reported feeling lonely always, often or same of the time in the latest period (up from 25% reported in the previous period).

Headlines

SECTOR	KEY INSIGHTS
Cross Sector	**Outlook** **Business confidence in the West Midlands rose nine points during January to 18 per cent**, according to the latest Business Barometer from Lloyds Bank Commercial Banking. **Companies in the region reported higher confidence in their own business prospects month-on-month, up 12 points at 24 per cent**. West Midlands businesses identified their **top target areas for growth in the next six months as evolving their product and service offering (43 per cent), diversifying into new markets (35 per cent) and investing in their team (26 per cent).** However, local businesses are still facing huge pressures, particularly from **soaring energy costs, supply chain disruption and ongoing recruitment challenges.** Growth Hubs and other business support organisations are having repeated conversations with businesses facing increases in energy costs; with further examples of businesses experiences **sixfold increases in energy bills.** For example: 1. Industrial Bakery in Exhall: As of 1st October, their **gas will increase from £26k a year to £150k and their electricity from £92k to £376k.** 2. Fine Art Printing company in Warwick: **From March 2023 their combined energy bill will increase from £200 per month to £800 per month**. 3. Engineering firm in Coventry – **Reliant on their heat treatment and processing have seen costs rise 400-500%.** Where possible, these additional costs are being passed on or absorbed, but this is not always possible if businesses are going to remain competitive and viable. The worst impact of this is company closures, and **corporate insolvencies are continuing to hit a year-on-year high, with a perfect storm of economic turmoil and increasing numbers of creditors pursuing debts pressurising company directors into closing their businesses voluntarily.** Less severe but still important is the **impact of rising costs on cashflow and investment.** Examples from businesses, including a local cider maker along with a supplier of industrial products, state that they are **actively delaying investments to protect cashflow**. In both examples the firms are saying they are not prepared to move forward with investments, that are planned to create and protect jobs, **until they have sufficient reserves to mitigate future economic challenges.** Summarising the impacts, FSB have released a report showing **business confidence levels are particularly low amongst West Midlands companies**. 49% of small businesses surveyed expect to see a fall in revenue over the next 3 months. The same FSB report indicates that SMEs in the region were more hopeful, with **39% indicating the aimed to grow their businesses through turnover or sales, with 21% expecting to increase capital investiture.** Other metrics are more favourable to the West Midlands: figures analysed by the Inform Direct Review of Company Formations reveal **West Midlands has come second only to London for start-up companies registering during the last 12 months.** This is somewhat reflected in experimental ONS data for business births (which was almost 15,000 in 2022,

SECTOR	KEY INSIGHTS
	above all other years other than 2021). **While deaths were at a record high in 2022 in the West Midlands 7-MET area (over 15,000), and above births in this dataset.** **Trading Environment** A new report produced by the Greater Birmingham Chambers of Commerce (GBCC) in partnership with Coventry & Warwickshire Chamber of Commerce and Black Country Chamber of Commerce explores the **ongoing impact of Brexit since the UK's departure from the European Union.** 462 businesses from across the West Midlands provided quantitative and qualitative feedback on the challenges they have faced over the last two years. Key findings included: • Approximately **two in five (43 per cent) businesses reported that importing goods from the EU was more difficult as a result of the UK's departure from the EU**. • Just **over 30 per cent of businesses said they found it more difficult to export goods to the EU as a result of the UK's departure from the EU**. • **Manufacturers were significantly more impacted by the UK's departure from the EU than services firms**, particularly with regard to importing and exporting goods and recruiting EU workers. • The **most commonly encountered issue by businesses was increased costs, followed by supply chain issues and border delays.** Microbusinesses and SMEs were more acutely impacted by such issues than larger businesses. • Businesses were more likely to **either pass on increased costs to customers or absorb increased costs themselves than any other action to overcome issues** relating to the UK's departure from the EU. **Separate insight related to the current trading environment includes:** • **Inward Investment –** Interest in the region continues leading to support with locating and securing premises for businesses looking to relocate into the area. • **Supply Chain and Materials –** A growing number of businesses facing delays with the delivery of materials and other supplies, including electronic chips and processors, leading to fulfilment issues delaying organic growth. Low volume manufacturers are experiencing 40% increases on some supplies due to it not being cost effective to purchase in bulk. - Issues with domestic and global supply chains is highlighted in BDO's latest Rethinking the Economy survey; with **51% of respondents viewing supply chain disruption, such as delayed materials and a lack of supplies, as the biggest challenge over the next six months.** This ranks ahead of access to labour, including skills shortages and immigration (41%), with more than a quarter citing rising interest rates and the cost of borrowing (28%) as their number one concern. **Labour Market** • **Training –** Many regional businesses are investing in the development of existing staff. Support required obtaining training and qualifications in Customer Service, Digital Marketing, sales, forklift driving and leadership and management. • **Senior Roles –** Reports from businesses, looking to streamline and reduce costs, cutting senior level roles and reducing numbers in management teams to save money. • **Growth Sectors –** Nursing, Hotels and Catering, Engineering and Accountancy/Finance businesses are experiencing growth with increased recruitment in these sectors. Mainly roles between the £20k-£40k range. Permanent roles are decreasing within the Construction, Engineering, IT & digital sectors although short term, temporary and more cost-effective contracts are increasing. Still growth in the levels of roles advertised

<table>
<tr><th>SECTOR</th><th>KEY INSIGHTS</th></tr>
<tr><td></td><td>across the Public Sector, but challenges to fill these roles due to lack of availability of staff.

Vacancies - Companies of varying sizes seek support to advertise vacancies as they struggle to attract the right candidates.
Recruitment - Analysing the recruitment difficulties that businesses have faced has brought about key observations. One is that many firms have struggled to recruit staff, particularly in relation to entry level jobs (although this has varied by industry). Another observation is that staff retention is an issue, especially at mid-senior level in SMEs, where larger organisations can outcompete on salary. Retention is also difficult in ‘less attractive’ jobs such as those with uncomfortable working conditions (e.g. warehouses) and where there are unsociable working hours.
Digital skills - Feedback has also shown a digital skills shortage in the labour market, as businesses look to upskill both young and older members of the workforce to meet the new demands that their businesses are facing.

Growth Hub Enquiries

Grants – The appetite for multiple grant streams continues to feature highly as businesses look for support with growth investment. Low carbon and energy saving projects are amongst the most popular. Digital and Innovation projects, capital purchases and premises fit outs/improvements also continue to feature.
Mentoring – Guidance and support with sales and marketing, succession planning and cashflow management continue to feature.
Raising Finance – Growth Hubs continue to support a number of businesses looking to raise finance via loans and investment for working capital to support ambitious growth strategies.
There is increased frustration and concern around Growth Hub business support continuity. This unfortunately echoes the concern local businesses face that the local business support ecosystem appears to be diminishing at a time they need guidance the most.
</td></tr>
<tr><td>Manufacturing</td><td>
For manufacturing companies, the increased cost of doing business is manifested in the exponential rise in the cost of raw materials, impacting on the operating profit of businesses. One company said that they had noticed that their cost of raw material had risen from £1,000 a ton to £3,000 a ton in the space of 12 months, leading to their operating profit dropping from around 45% to between 15% and 20%.
A new long-term, cross-party and cross-Parliament Industrial Strategy is required to provide a consistent message and plan for manufacturing. This should be a true partnership between the public and private sectors, providing incentives for investment and growth.
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<tr><td>Construction</td><td>
According to the latest Construction Skills Network Industry Outlook from CITB (2023-2027), the West Midlands requires an extra 25,350 construction workers by 2027.
This reflects that the annual recruitment requirement in the West Midlands of 2.3% per year is slightly higher than the UK average of 1.7%
</td></tr>
<tr><td>Logistics and Transport</td><td>
For those in the logistics and supply industry, one of the concerns is around freight costs. Freight costs have risen considerably due to the rise in energy costs, the demand for drivers across all sectors (particularly the retail sector) leading to drivers leaving the industry and firms adjusting to the UK’s withdrawal agreement when goods are being transferred from the European mainland.
The sector is still also struggling with the recruitment & retention of drivers. Service engineers and general machine operator shortages being felt across the region. Some warehouse operators experiencing staff churn after 6-8 months, possibly due to the type of work.
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SECTOR	KEY INSIGHTS
Hospitality and Retail	• The hospitality and retail sector have struggled to cope with the increased prices, one restaurateur noting that whilst they experienced **4.4% higher prices for non-food items, they saw 12.3% higher prices on all food items.** • The majority of the time this impact is taken on by the customer as **businesses are found to be already operating in a tight profit margin**, and have found that small, independent family run businesses cannot reduce staffing hours any further and larger retail restaurants cannot reduce their marketing investment any further. • **Smaller, independent restaurants do not seem to see much fluctuation because they operate with small numbers of staff** and look to provide “local jobs, for local people”.
Creative	• Small businesses in the creative sector are all affected by risings costs and knock-on effect of funding decisions. • **The Arts Council NPO funding results came out in October and the effects of this are being felt across the sector.** Changes in Arts Council funding policy were designed to ensure availability of funding to a wider range of organisations with an emphasis on more socially focused outputs. • Feedback from individual businesses indicates a **common conversation over the last few months relating to marketing and the need for marketing support**. Almost every business that has embarked on an e-commerce approach to generating customer interest has reported poor response. A number of businesses cited having spent most of their marketing budget on Google ad campaigns with zero results.

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
Flybe	Birmingham	Aviation	Regional airline Flybe has ceased trading, with administrators confirming 276 employees have been made redundant.
Boots	Coventry	Retail	Coventry has been dealt another major blow after a Boots has announced the closure of another of their pharmacy branches in the city. Boots has long been a staple across the city, offering a wide range of beauty, health and pharmaceutical products.
Tesco	Warwickshire	Retail	Jobs could go at Tesco stores in Coventry and Warwickshire as part of huge shake-up. The national name has this morning revealed a shake-up in its management roles.
K4 Architects	Birmingham	Architects	Birmingham practice K4 Architects has gone out of business, citing outstanding debts and a series of stalled projects that hit its cash flow.
Amazon	Coventry	Logistics / E-Commerce	Amazon workers have announced a week-long strike at the company’s Coventry warehouse. More than 350 staff at the West Midlands fulfilment centre will walk out on 28 February, 2 March and from 13 to 17 March as workers ask for a pay rise from £10.50 to £15 per hour.
Aartee	Willenhall	Steel	Aartee, a steel business with its headquarters in Willenhall has entered administration. Aartee Bright Bar, which employs 250, is a customer of steel producer Liberty Steel which is being tipped as a potential buyer of its assets.

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COMPANY	LOCATION	SECTOR	DETAIL
New Look	Coventry	Retail	A New Look store in Coventry has permanently shut down after a dispute over the lease agreement for the building. Shoppers were left saddened following the closure of the store at Arena Shopping Park on Sunday (January 29).

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
Firstsource Solutions Limited	Birmingham	Business support service activities	Firstsource Solutions Limited, a global provider of business process management (BPM) services and a RP-Sanjiv Goenka Group company, is proud to announce it has grown to 500 employees in one year at its Birmingham office. This far exceeds its goal of creating 360 new jobs in the West Midlands.
HS2	Region-wide	Infrastructure	HS2 is celebrating a major milestone, with over 1,000 apprentice starts now confirmed on the UK's flagship transport levelling up project. The total number of new starters has reached 1,126, putting the company building Britain's new railway on track to smash its target of creating 2,000 apprenticeships.
Coventry City Centre	Coventry	Retail	The new City Centre South scheme will cost an estimated £450m and demolition work will start later this year. The scheme is set to include a cinema, restaurants and new homes. There will also be an area for a hotel, co-working space and a medical centre.
Iceland	Coventry	Retail	Iceland is opening a huge new store in Coventry city centre this week. £1,000 in vouchers will be given away to the first 100 customers through the door of the 7,000 sq ft shop at West Orchards Shopping Centre.
Exemplar Health Care	Walsall	Social Care	Exemplar Health Care has launched a recruitment drive for Shire Oaks Court on Brownhills Road, Walsall, opening in spring. It includes a range of roles (150 in total), including home manager, health care assistant, nurse, physiotherapist and occupational therapist.
Goold Estates	Bloxwich	Industrial Letting	Property investment and development company Goold Estates has let the final available unit at a refurbished industrial destination in the West Midlands. A fashion brand has taken 13,400 sq ft of warehouse and office space at the fully let Masonry Trading Estate on Bloxwich Road, near Walsall town centre, to facilitate its international expansion.
HR Duo	Birmingham	Professional Services	An Irish HR tech company has selected Birmingham as the location of its first UK office after raising €4.5m from investors to expand into new markets and to support product development. HR Duo, which funds from investors such as Puma Venture Capital Trust in London, has created 15 jobs with its move to the Southside Building. The UK team is on track to expand to 20 people this year.

COMPANY	LOCATION	SECTOR	DETAIL
National Express	Region-wide	Transport	National Express is investing £150m in 300 electric zero-emission buses which will be deployed across the West Midlands. This investment is part of National Express' commitment to have a completely zero-emission bus fleet in the UK by 2030.
Wigley Group	Coventry	Logistics	Plans for a £4.5m logistics scheme in Coventry have been given the go-ahead. The Wigley Group has received full planning permission from Coventry City Council to transform Stonebridge Trading Estate on Rowley Drive.
KPMG	Birmingham	Professional Services	Professional services firm KPMG is planning to invest in its Midlands teams following a strong financial year.
Brickability	Sutton Coldfield	Industrial	Five jobs are set to be created after a warehouse purchase by a West Midlands trade counter. Brickability has acquired Unit 10, a new-build 12,400 sq ft warehouse on the Forge Lane Industrial Estate in Minworth, Sutton Coldfield in a £2.2m deal arranged by Siddall Jones.
Aurrigo	Coventry	Transport Technology	Following its successful IPO on AIM in September 2022, Coventry-based Aurrigo – a leading provider of transport technology solutions says it has enjoyed a strong year. It expects to report revenues of £5.2m, EBITDA loss of £1.2m and net cash/debt loss of £5m.
Poundland	Willenhall	Retail	Willenhall-headquartered High street retailer Poundland is to open half a million sq ft of retail space during 2023 as part of plans that are expected to create between 750 and 800 jobs. In the nine months to the end of September 2023, it plans to open and relocate at least 50 stores.

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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