West Midlands
Economic Impact Monitor

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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.

Despite some bright spots of recovery in the nation and West Midlands the forecast remains turbulent for the UK economy. Perhaps the biggest news is inflation: despite falls in inflation over the period since the previous monitor, the base rate is now at 4.5% and the hopes of easing interest rates in the medium term are dampened. Mortgage providers have pulled over 800 deals reflecting the change in outlook with concerns rates will remain stubbornly high for longer than anticipated.

The sector of focus in this issue is the MedTech and HealthTech sector. The West Midlands is due to house a MedTech/HealthTech innovation accelerator as part of the policy commitments outlined in the 2022 Levelling Up White Paper.

Business activity and economic outlook

- The West Midlands Business Activity Index rose marginally from 52.7 in March 2023 to 52.8 in April 2023. Early indications show that business activity growth was linked to greater client spending, successful marketing efforts, new business wins, improved consumer footfall and acquisitions.
- The UK Business Activity Index increased from 52.2 in March 2023 to 54.9 in April 2023.
- The West Midlands Future Business Activity Index decreased from 78.0 in March 2023 to 76.5 in April 2023. Despite falling to a three-month low, the latest reading still shows a strong degree of optimism for the upcoming year. The latest reading is the second highest seen in 14 months. Optimism in West Midlands firms for the upcoming 12 months was linked to new sales opportunities, expanded capacities, product diversification and expectations of better global trading conditions.
- Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in April 2023.
- The FSB's Small Business Index (SBI) report found that small business confidence in the UK recovered strongly between Q4 2022 and Q1 2023, but is still in lightly negative territory. The SBI reached -2.8 in Q1 2023, up 43 points from Q4 2022 but 18.1 points lower than in the same quarter last year (Q1 2022: 15.3). Confidence levels in the West Midlands are ahead of the UK average, with a sharp increase in confidence compared with previous reporting periods. The greatest perceived barriers to growth over the next year remain general economic conditions in the UK, utility costs and rising labour costs.
- While the latest Business Barometer from Lloyds Bank showed that business confidence dipped in the West Midlands during May (from 31% to 30%), but is relatively steady. Firms identified their top target areas for growth in the next six months as introducing new technology (43%), evolving their offer (37%) and investing in sustainability (36%).
- Despite inflation now falling, the cost of living and doing business squeeze continues to hold back investment and growth, as noted by FSB and others, including BDO. BDO's bi-monthly Economic Engine survey has revealed that high corporation tax is having an impact on firms too: 33% of respondents said they will either have to make redundancies or take on fewer people as a result. Worryingly, nearly half (42%) said the uplift in corporation tax had prompted them to consider leaving the UK.
- Another macroeconomic impact hitting businesses and communities in the region is interest rate rises – with the base rate now at 4.5%. Business concern about interest rates has firmly risen up the agenda in recent months.
- Some businesses are selling up or ceasing to trade because of these impacts, including in the West Midlands where business deaths have risen significantly in recent months.
- Separately, there is some concern about delays to the roll out of the UK Shared Prosperity Fund (UKSPF) and a potential lack of consistency of support between local authorities.

City Growth

- The recently released Demos-PwC Good Growth for Cities report looks at how the radical reshaping of public and private sector roles would help cities respond to current challenges (the Index covers broad measures of economic wellbeing, including jobs, income, health, skills, work-life balance, housing, transport and the environment), while at the same time steering towards growth and genuine levelling up.
- When measured against the priorities chosen by the public, cities in the West Midlands tend to perform below the national average, with the exception of Stoke-on-Trent. The highest performing city is Stoke-on-Trent, which comes 21st in the index. The lowest performing city is Birmingham, ranking 47th out of 51.
- As a whole, the four cities in the West Midlands included in the analysis perform most strongly on the following criteria:
    - *Work-life-balance*: Wolverhampton and Walsall and Birmingham score above the UK average, while Coventry and Stoke-on-Trent score similarly to the UK average.

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

- *Income Distribution*: Stoke-on-Trent and Wolverhampton and Walsall score higher than the UK average, while Coventry and Birmingham score more similarly to the UK average.
- Conversely, cities in the West Midlands score poorly on *High Streets, Jobs, Income and New Businesses* variables.

Sector focus - MedTech and HealthTech in the West Midlands

- The West Midlands Life Sciences economy contributes £10.3 billion to the region's economy, employing around 17,000 healthcare professionals, 9,600 MedTech specialists, 4,000 bio-pharma workers and 3,000 medical device experts. With four university-based medical schools at Warwick, Aston, Birmingham and Wolverhampton, the region produces 11,000 medical science graduates every year. This is boosted by 87,000 STEM students, 22,000 of which have skills specifically aligned to healthcare and data-driven research. With residents from 190 countries, the region's talent pool is also highly diverse, multicultural, and multilingual.
- MedTech encompasses equipment, medical devices, machines, diagnostics, software and tools. Better treatments and improvements on things like laser surgery, managing patient health journeys etc.
- HealthTech is concerned with prevention, monitoring of wellbeing, mental health and telehealth. Which includes wearables, software applications, data, connectivity, AI and in practice management.
- The West Midlands has key strengths in Diagnostics, Digital Health and Medical Devices – all driven by access to digitised patient data and highly advanced technologies – the region has additional expertise in specialist health disciplines including cell & gene therapy, genomics and clinical trials.
- *Data-driven healthcare*: Underpinning the region's healthcare economy is the ability to access, analyse and cross-reference clinical and genomic data from a demographically-diverse, non-transient population. This includes digitised patient records – drawn from a population of nearly five million people – collated and maintained via one of the most advanced electronic medical record systems in Europe.
- *Medical devices*: The West Midlands has extensive experience in established and emerging medical device markets. A proven ability in digitalised technologies – such as 3D-printing, sensors, Digital Twins, and other Industry 4.0 manufacturing processes – means there is expertise and capability to help prototype, test and produce mass market, specialised, and highly bespoke medical device solutions.
- *Digital health*: This sector is supported by deep and agile technology supply chains – and digital-led industries.
- Announced in the Government's 2022 Levelling up White Paper, the West Midlands Innovation Accelerator serves the purpose of forging a new co-design relationship between the region and Government, ensuring the region benefits from the commitment to increase in overall UK public Research and Development (R&D) funding to £20bn by 2024/5.
- The West Midlands HealthTech / MedTech 6D Innovator Accelerator has six deliverables (6Ds):
  - Diagnosis of company needs
  - Definition of major NHS and industry-based challenges to target
  - Development and refinement of prototype products
  - Deployment of innovation in real-world NHS settings
  - Diversification of supply chains, skills, and services
  - Demonstration of significant economic and health benefits for our region
- It is important that the region's assets in terms of research, technology and knowledge transfer, talent, supporting infrastructure and market strengths that can be mobilised. Success factors include:
  - Shortening the length of time to market
  - Provision of specialist guidance at each stage of the business journey
  - Improving accessibility and costs associated with clinical trials
  - Improving accessibility and costs associated with data that can be used to help develop and test products
  - Creating an investment fund
  - Establishing centres of excellence building on existing strengths, e.g. regulation, diagnostics and cell and gene therapy
  - Provision of suitable space including incubation, grow on, demonstration, sandbox ideas and create testbed
  - Capitalise on the West Midlands as a centre of illness prevention
  - Improved sharing of information between health providers, academia, and businesses.

Labour market summary

- For the three months ending March 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 74.2%. Since the three months ending December 2022, the employment rate decreased by 0.4 percentage points (pp). When compared to the same period in the previous year, the employment rate was 2.0pp lower. The UK employment rate was 75.9%, an increase of 0.2pp when compared to the previous quarter and an increase of 0.3pp when compared to the previous year.
- For the three months ending in March 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 5.1% (the highest of all regions) and has increased by 0.7pp since the previous quarter and an increase of 0.6pp from the previous year. The UK unemployment rate was 3.9%, an increase of 0.1pp from the previous quarter and a 0.2pp increase when compared to the previous year.

- For the three months ending March 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.9%, a decrease of 0.1pp from previous quarter but an increase of 1.6pp when compared to the previous year; the highest increase seen across all regions. The UK economic inactivity rate was 21.0%, a decrease of 0.4pp from the previous quarter and from the previous year.
- There were 128,820 claimants in the WMCA area in April 2023. Since March 2023, there has been an increase of 4.0% (+4,920) claimants in the WMCA area, while the UK increased by 2.7%. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 29.7% (+29,520) in the WMCA area, with the UK increasing by 26.1%.
- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 7.0% compared to 3.8% for the UK in April 2023.
- Overall, for the WMCA the number of youth claimants as a percentage of residents aged 18-24 years old was 8.1% compared to 4.9% for the UK in April 2023.

Global, National and Regional Outlook

Matt Lyons and Alice Pugh, WMREDI

Global

US Debt Ceiling

The House of Representatives has approved a deal to allow the US government to borrow more money after the government was facing defaulting on its debt. It was expected that the US government would hit its borrowing limit on 5th June, and it would then default on its $31.4tn (£25tn) debt which underpins the global financial system. If the government had defaulted it would have meant that the government would have been unable to borrow any more money or pay its bills, so wreaking havoc on the global economy, affecting prices and mortgage rates in other countries. The debt deal easily passed the House of Representatives by a vote of 314-117, following a bipartisan compromise over the weekend between the Democrats and Republicans.

Ukraine's Counter Offensive

Throughout the previous months there has been a growing suggestion that Ukraine was building towards a significant counter offensive against Russia. The counter offensive appears to have started and could be some of the most significant economic news of the year. Ukraine has received military and economic support from the West and there is a perceived time pressure on Ukraine to gain ground. If Ukraine fails to make significant progress some experts argue there will be growing calls for Ukraine to negotiate with Russia likely ceding occupied areas to Russia.

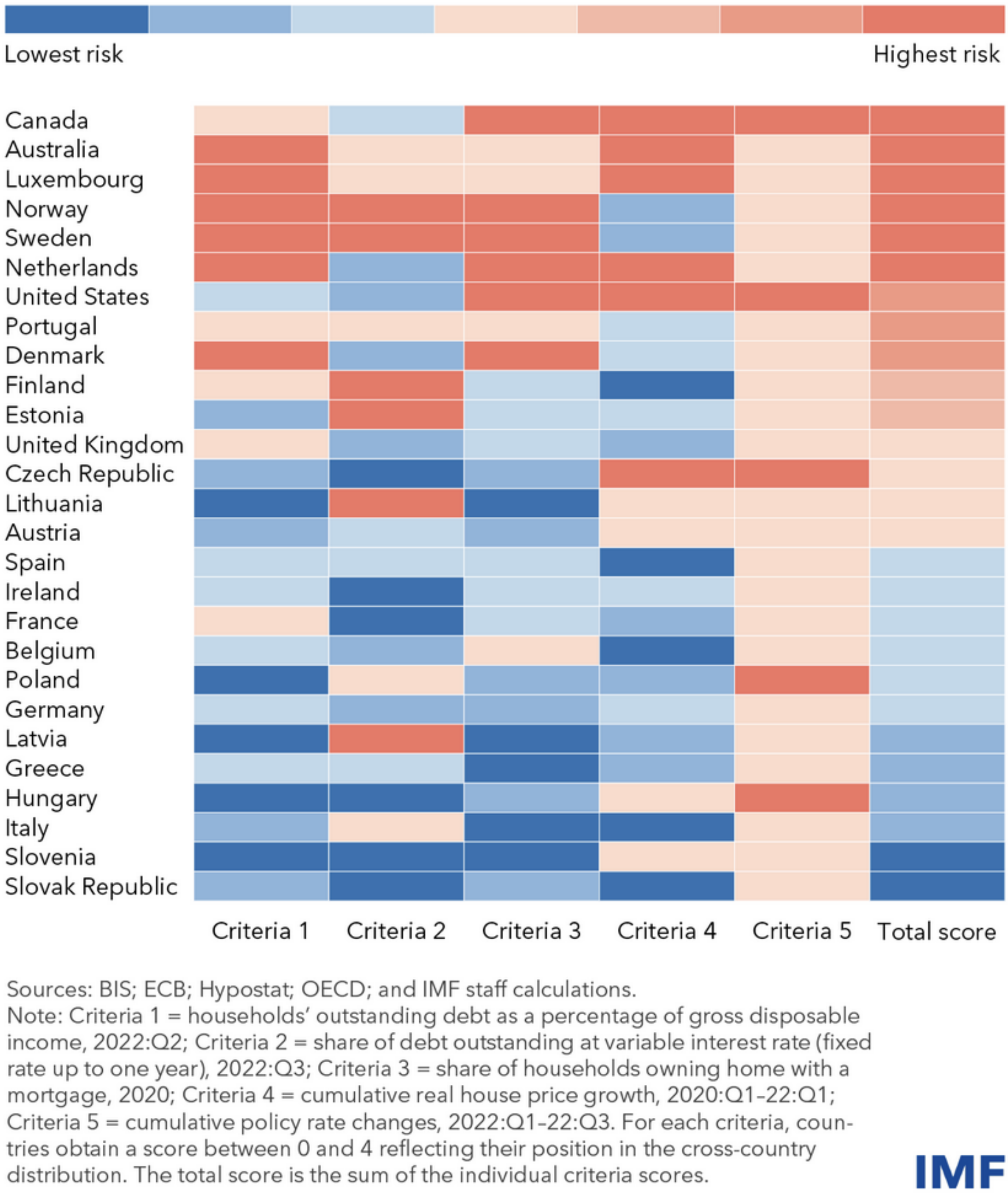
Falling House Prices

In the UK last week new data from Nationwide suggests that house prices are falling at the fastest rate in 14 years. House prices inflated during the pandemic and post-pandemic rate rises and a fall in real wages have seen property prices stall. The IMF has suggested that this poses a potential structural risk to global financial markets. The risk to a nation's economy is calculated based on five criteria:

1. Household's outstanding debt as a percentage of income
2. Share of debt outstanding at variable rates
3. Share of households owing a home with a mortgage
4. Recent cumulative real house price growth
5. Recent cumulative policy rate changes

Based on the five criteria the most as risk nations are: Canada, Australia, Luxemburg, Norway, Sweden, with the USA 7th and the United Kingdom 12th most at risk. Given the context of potentially more persistent inflation than anticipated the risk posed to global markets bares consideration.

House price chart from the IMF showing countries risk based on the five criteria.



Turkey Re-elect Erdogan as President

In May, Turkey's election turned surprisingly close but ultimately incumbent Erdogan was re-elected. Erdogan's re-election has caused some experts to suggest the downward trend of the Turkish economy is likely to continue further harming the fragile economy beleaguered by currency issues and a brain-drain of high-skilled workers. There are also concerns that tensions between the EU and Turkey are set to continue.

National

Consumer price inflation

The ONS has released data on consumer price inflation for April 2023, the key findings include:

- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.8% in the 12 months to April 2023, down from 8.9% in March; on a monthly basis, CPIH rose by 1.2% in April 2023, compared with a rise of 2.1% in April 2022.
- The Consumer Prices Index (CPI) rose by 8.7% in the 12 months to April 2023, down from 10.1% in March; on a monthly basis, the CPI rose by 1.2% in April 2023, compared with a rise of 2.5% in April 2022.

- Electricity and gas prices contributed 1.42 percentage points to the fall in annual inflation in April as last April's rise dropped out of the annual comparison. However, this component still contributed 1.01 percentage points to annual inflation.
- Food and non-alcoholic beverage prices continued to rise in April and contributed to high annual inflation, however, the annual inflation rate of food and non-alcoholic beverages eased, from 19.2% in the year to March 2023, to 19.1% in the year to April 2023.
- Core CPI (excluding energy, food, alcohol and tobacco) rose by 6.8% in the 12 months to April 2023, up from 6.2% in March, which is the highest rate since March 1992; the CPI goods annual rate eased from 12.8% to 10.0%, while the CPI services annual rate rose from 6.6% to 6.9%.

Producer price inflation

The ONS has released data on the changes in the prices of goods bought and sold by UK manufacturers. The key findings were:

- Producer input prices rose by 3.9% in the year to April 2023, down from 7.3% in the year to March 2023.
- Producer output (factory gate) prices rose by 5.4% in the year to April 2023, down from 8.5% in the year to March 2023.
- Inputs of metals and non-metallic minerals, and petroleum products provided the largest downward contributions to the change in the annual rates of input and output inflation, respectively.
- While annual producer price inflation rates have been slowing in recent months, the index levels for both input and output prices have been broadly stable since June 2022.
- On a monthly basis, producer input prices fell by 0.3% while output prices showed no movement in aggregate in April 2023.

Profitability of UK companies

The ONS has released data on the net rate of return on capital employed for UK private non-financial corporations related to their UK operations between October and December 2022. The key findings were:

- The profitability of private non-financial corporations (PNFCs) remained stable in Quarter 4 (Oct to Dec) 2022 with a net rate of return of 9.8%, remaining unchanged compared with the revised estimate for Quarter 3 (July to Sept) 2022.
- Profitability of UK continental shelf (UKCS) companies decreased following a continued drop in crude oil prices; the net rate of return for UKCS companies was 12.7% in Quarter 4 2022, 11.2 percentage points lower than the revised estimate for Quarter 3 2022 (23.9%).
- The net rate of return for manufacturing companies was 8.4% in Quarter 4 2022, up from the revised estimate of 8.3% in Quarter 3 2022.
- The net rate of return for services companies grew by 1 percentage point compared with Quarter 3 2022, to stand at 15.7% in Quarter 4 2022.

Retail sales

The ONS has released data on the first estimate of retail sales for April 2023. The key findings were:

- Retail sales volumes are estimated to have risen by 0.5% in April 2023, following a fall of 1.2% in March 2023 (revised from a fall of 0.9%).
- Sales volumes rose by 0.8% in the three months to April 2023 when compared with the previous three months; the highest rate since August 2021 (1.3%).
- Non-food store sales volumes rose by 1.0% in April 2023, following a fall of 1.8% in March when poor weather conditions throughout most of March affected sales.
- Food store sales volumes rose by 0.7% in April 2023, following a fall of 0.8% in March 2023; sales volumes were 2.7% below their pre-coronavirus (COVID-19) February 2020 levels.
- Non-store retailing (mainly online retailers) sales volumes rose by 0.2% in April 2023, following a fall of 1.4% in March 2023.
- Despite falling fuel prices, automotive fuel sales volumes fell by 2.2% in April 2023, following a rise of 0.1% in March 2023.

Economic Activity and Social Change

The ONS has released data on economic activity and social change on the 25th May. The key findings were:

- Consumer behaviour indicators were mixed in the latest week, with the aggregate CHAPS-based indicator of credit and debit card purchases decreased by 2 percentage points in the week (Bank of England CHAPS data) but retail footfall increased to 105% of the previous week; elsewhere, the number of in-store transactions at Pret A Manger stores increased in all but two location categories (Springboard, Pret A Manger).
- Both the System Average Price (SAP) of gas and the System Price of electricity fell in the week to 21 May 2023 by 16% and 25%, respectively, when compared with the previous week; both continue the downward trend since mid-December 2022 and are at the lowest level of 2023 to date (National Gas Transmission, Elexon).
- Among concerns reported, 15% of businesses reported inflation of goods and services prices as their main concern for June 2023, broadly stable with 16% that expected this for May 2023 (initial results from Wave 83 of the Business Insights and Conditions Survey).
- The total number of online job adverts was unchanged on 19 May 2023 compared with the previous week but was 20% lower than the level seen in the equivalent period of 2022; 26 of the 28 categories and all 12 UK countries and English regions were below the level seen a year ago (Adzuna).
- The average number of UK daily flights in the week to 21 May 2023 was broadly unchanged from the previous week but was 5% higher than the level seen in the equivalent week of 2022.

Family Spending

The ONS has released data on the average weekly household expenditure on goods and services in the UK between April 2021 to March 2022, the key findings were:

- Average weekly household expenditure was £528.80 in the financial year ending (FYE) 2022; a nominal increase of £47.30 (10%) since FYE 2021, this remains £59.10 (10%) below FYE 2020 and the start of the coronavirus (COVID-19) pandemic.
- After adjusting for inflation, this was a real term increase in average weekly household expenditure of £28.80 (6%) in FYE 2022 consistent with easing of COVID-19 restrictions; but remained £78.80 (13%) below pre-pandemic spending in FYE 2020.
- The greatest annual increases were across restaurants and hotels, transport, and recreation and culture, which were consistent with the easing of coronavirus restrictions, however, expenditure in these categories for FYE 2022 remained below FYE 2020.
- On average, the richest fifth of households spent a total of £811.20 per week, while the poorest fifth spent less than half this amount at £329.80 per week.

Travel trends

The ONS has released data on the annual estimates of completed international visits to and from the UK for 2022. The key findings were:

- Overseas residents made 31.2 million visits to the UK in 2022; this was higher than in 2021 (6.4 million) and can be attributed to the easing of coronavirus (COVID-19) travel restrictions towards the end of 2021.
- Overseas residents spent £26.5 billion on their visits to the UK in 2022; this was an increase of £20.9 billion compared with visits in 2021.
- UK residents made 71.0 million visits abroad in 2022; this compares with total visits of 19.1 million in 2021.
- UK residents spent £58.5 billion on visits abroad in 2022; this was £43.0 billion more than in 2021.
- The most frequent reason for visits was for holidays, both for UK residents visiting abroad and overseas residents visiting the UK; this has reverted to a more traditional reason after the coronavirus pandemic, when the most common reason for travel was to see friends and relatives.

Regional

PWC: Good Growth for Cities

PWC has updated their Good Growth for Cities Index report which looks at how the reshaping of public and private sector roles would help cities to respond to current changes, steering cities towards growth and genuine levelling up. The report's key findings on the West Midlands were:

When measured against the priorities chosen by the public, cities in the West Midlands tend to perform below the national average, with the exception of Stoke-on-Trent. The highest performing city is Stoke-on-Trent, which comes 21st in the index. The lowest performing city is Birmingham, ranking 47th out of 51.

As a whole, the four cities in the West Midlands perform most strongly on the following criteria:

- **Work-life-balance**: Wolverhampton and Walsall and Birmingham score above the UK average, while Coventry and Stoke-on-Trent score similarly to the UK average.
- **Income Distribution**: Stoke-on-Trent and Wolverhampton and Walsall score higher than the UK average, while Coventry and Birmingham score more similarly to the UK average.

Conversely, cities in the West Midlands **score poorly** on **High Streets, Jobs, Income** and **New Businesses variables**. Cities across the West Midlands perform quite differently across the index. The strongest performing city is Coventry, which is only significantly below the UK average on one variable, while Wolverhampton and Walsall perform lower than the UK average on six different variables.

Greater Birmingham Chambers of Commerce Quarter 1 2023 Economic Snapshot

In the latest quarterly economic update from the Greater Birmingham Chambers of Commerce, which analyses business sentiment and economic trends in the WMCA, the key findings were:

Recruitment Difficulties

- 62% of firms experienced recruitment challenges in Q1, a decrease of 6% compared to the previous quarter. In Greater Birmingham and Coventry and Warwickshire, 68% of business faced such challenges, whereas the figure for firms in the Black Country came in 9% below the regional average at 51%.
- 66% of service firms in the region faced recruitment difficulties, a 2% decrease compared to Q4 2022.
- 69% of businesses in manufacturing encountered recruitment issues in Q1, a 1% decrease compared to the previous quarter.

Export Trends

- A Balance Score of 49. The balance score for export sales across the region has fallen 4 points this quarter to 49.
- 31% of manufacturers across the WMCA area experienced an increase in their international output, compared to 15% of service firms.
- 22% of firms in the region expect their overseas sales to increase over the next three months, 55% expect sales to remain the same and 23% anticipate a decrease.

Business Resilience

- The balance score for price pressures fell by two points to 76 this quarter, the lowest figure since Q3 2021.
- The overall balance score for cash flow projections was 51 an increase of two points compared to the previous quarter. This was based on:
  - 26% seeing their cashflow increase over the past three months.
  - 49% experiencing constancy in cashflow.
  - 25% reporting a decrease in cashflow
- 61% of regional manufacturers expect the prices of their goods and services to increase over the next three months, compared to 53% of service firms.
- 28% of manufacturing firms have seen their cashflow decrease this quarter, 3% more than in Q4. On the other hand, the number of services firms reporting a decrease in cashflow has decreased from 29% in Q4 to 25% in Q1. of manufacturing firms have seen their cashflow decrease this quarter, 3% more than in Q4. On the other hand, the number of services firms reporting a decrease in cashflow has decreased from 29% in Q4 to 25% in Q1.

Business Investment

- 24% of firms reported an increase in investment plans for capital expenditure (capex), an increase of 1% compared to Q4. 58% of firms remained constant in terms of their capex investment whilst 18% reported scaling back their investment.
- 23% of firms from Greater Birmingham revised their capex investment upwards, compared to 28% for Coventry and Warwickshire and 17% in the Black Country.
- The balance score for capital expenditure investment fell by 10 points for manufacturers (from 50 to 60) and rose by 3 points for services firms (from 51 to 54).

Business Confidence

- A balance score of 62 for business confidence was recorded for profitability projections across West Midlands firms, a three-point decrease compared to Q4 2022. This was based on:
    - 46% expecting an increase in profits over the next 12 months (a 10% decrease compared to Q2)
    - 31% expecting profits to remain constant (1% lower than Q1)
    - 23% expected profits to decrease (a 9% increase compared to Q1)
- The balance score for turnover projections fell by 3 points to 70. This was based on 54% of companies reporting an increase in expected turnover, 32% expecting constancy and 15% anticipating a decrease in turnover levels.

Federation of Small Businesses West Midlands Quarterly Small Business Index Q1 2023

Research published by the Federation of Small Businesses (FSB), shows that confidence levels amongst West Midlands Small Business owners is at its highest level for a year and ahead of the UK average. Its West Midlands Small Business Index (WMSBI) quarterly report summarises findings from comprehensive research, which investigates small firms' recent performance, current circumstances, and future aspirations. The key findings in the quarterly update include:

- There has been a sharp increase in confidence amongst the region's small business owners compared to previous reporting periods. Confidence levels have entered positive territory for the first time since the beginning of 2022 and the West Midlands is the most optimistic of all UK regions.
- On revenue generation, the position has moved from negative to neutral, with 34% of firms now reporting an increase, the same number as reporting a decrease. Meanwhile the outlook for future profits is really positive, with almost twice the number of respondents expecting an increase (41%) than expect a decline (22%).
- Half (50%) of SMEs expect to grow in the next 12 months, compared to just 1 in 20 (5%) who expect to downsize, sell or close their business. Plus, marginally more expect to increase capital investment in their business (21%) than expect to decrease it (17%) during the coming quarter.
- It's a slightly more mixed picture for employment and wage growth. For while the overwhelming majority of firms (81%) reported that staff levels had remained unchanged, more than 1 in 10 (12%) had reduced employee numbers and only 1 in 20 (5%) had increased them.
- Unsurprisingly, the greatest perceived barriers to growth over the next year remain the general economic conditions in the UK (73%), followed by rising utility costs (38%) and increasing labour costs (27%).

MedTech and HealthTech in the West Midlands

George Bramley, WMREDI

The West Midlands has always had good foundations to grow its HealthTech and MedTech sectors. However, until work to map the size and strengths of the Midlands in these sectors around 2019, the region was overshadowed by the golden triangle which includes London, Oxford, and Cambridge. In this edition of the Monitor, we include abridged articles from Invest in the West Midlands, WMCA and the Midlands Engine which set out the case why the West Midlands is good place to invest in, locate and grow businesses in the MedTech and HealthTech sectors. To support these sectors funding has been made available through Innovate UK and UKRI to fund an innovation accelerator focused on these sectors. However, at the time of writing precise details on the accelerator are subject to an embargo.

Invest in the West Midlands sets out a good stall for potential investors in the West Midlands Life Sciences Economy including:

- Contributing £10.3 billion to the region's economy, employing around 17,000 healthcare professionals, 9,600 MedTech specialists, 4,000 bio-pharma workers and 3,000 medical device experts.
- The region's bio-pharma sector is the second largest in the UK and contributes £4 billion to the economy and MedTech sector £1.7 billion.
- There is a strong available talent pool in the region including 35 Centres of Clinical Excellence, 4 leading medical schools, 11,000 medical science graduates every year and 87,000 STEM students.
- There are over 600 healthcare and life sciences businesses.

The WMCA article outlines the strategic and economic case for the West Midlands Innovation accelerator and provides a useful baseline against which judge the success of West Midlands HealthTech / MedTech 6D Innovator Accelerator. It also usefully provides definitions of MedTech and HealthTech and the technologies they include. While both terms might be used interchangeably, the distinction made is a useful one. It helps emphasise the importance of innovation around the delivery of healthcare resulting from the novel use of technologies as well as commercialisation and adoption of promising technologies. The article also sets out the region's assets in terms of research, technology and knowledge transfer, talent, supporting infrastructure and market strengths that can be mobilised. It sets out the success factors identified by 130 stakeholders at an event in July, These include:

- Shortening the length of time to market
- Provision of specialist guidance at each stage of the business journey
- Improving accessibility and costs associated with clinical trails
- Improving accessibility and costs associated with data that can be used to help develop and test products
- Creating an investment fund
- Establishing centres of excellence building on existing strengths including for example regulation, diagnostics and cell and gene therapy
- Provision of suitable space including incubation, grow on, demonstration, sandbox ideas and create testbed
- Capitalise on the West Midlands as a centre of illness prevention
- Improved sharing of information between health providers, academia, and businesses.

The West Midlands HealthTech / MedTech 6D Innovator Accelerator has six deliverables (6Ds) which include:

D1. Diagnosis of company needs
D2. Definition of major NHS and industry-based challenges to target
D3. Development and refinement of prototype products
D4. Deployment of innovation in real-world NHS settings
D5. Diversification of supply chains, skills, and services
D6. Demonstration of significant economic and health benefits for our region

The Midlands Engine articles takes a wider Midlands perspective and summarises findings from the Exploring the Investment Potential of Midlands Clusters report. This is important given the complementary strengths within both the East and West Midlands in developing and bringing technologies to market. The East Midlands is home for several companies that act as distributors of medical technologies which can provide a route to collecting information on the efficacy and acceptance of technologies that have regulatory approval. The report provides updated estimates of health and life sciences cluster using data from Data City, Beauhurst, Wavteq, ONS and HESA including for example:

- 17% of UK companies in the sector are located in the Midlands cluster, which has grown by 93% since 2013.
- The Midlands cluster includes 12% of UK high growth companies in the sector and 15% of UK incorporations.
- 10% of Innovate UK funding to the sector was to businesses within the Midlands.

All three articles identify an extensive array of key assets, cluster organisations and existing providers of support in the region at all stages of development that can be drawn upon to grow the sector. Examples identified include:

- Medilink Midlands
- Birmingham Health Partners
- Institute for Translational Medicine
- West Midlands Academic Health Science Networks
- Birmingham Health Innovation Campus
- Innovation Alliance for the West Midlands
- Manufacturing Technology Centre
- Birmingham Centre for Clinical Trials and Warwick University Clinical Trials Unit

Work is underway on how to evidence the impact of interventions to support the sector within the region including estimating the impact of an innovation accelerator (see the article by Kelvin Humphreys and Charlie Hopkins) and an early assessment of the West Midlands Innovation Programme.

Life Sciences & Data-Driven Healthcare
Invest in the West Midlands

The West Midlands' interconnected Life Science network of hospitals, clinical research centres and innovators in the healthcare sector offers a stand-out speed-to-market opportunity.

The West Midlands is making a difference on a global scale. The UK Government has recognised the Birmingham Health Partners (BHP) for its world-class research infrastructure. The West Midlands is one of the UK's largest centres for clinical trials, giving easy access for local companies to test products and gather reliable data that proves a product's benefits.

Coupled with our 4.7 million, diverse population of potential trial participants, the region is an advantageous place to develop pharmaceuticals, medical devices, and advance data-driven decision making in healthcare.

The West Midlands' outstanding life sciences strengths – and a full 'bench to bedside' economic ecosystem - makes the region investment-ready for start-ups, scale-ups and established businesses across multiple healthcare sectors and clinical settings.

At a glance: The West Midlands Life Sciences Economy

Source: Data Driven Healthcare: Investment Prospectus, Invest in the West Midlands

The West Midlands: £10.3bn Bench to Bedside Healthcare Economy

With key strengths in Diagnostics, Digital Health and Medical Devices – all driven by access to digitised patient data and highly advanced technologies – the region has additional expertise in specialist health disciplines including cell & gene therapy, genomics and clinical trials.

A dynamic and collaborative healthcare ecosystem – including world-leading clinical, academic and commercial R&D assets – the region offers a full-service 'bench to bedside' healthcare economy which helps:

- Accelerate the commercialisation of new data-led interventions.

- New technology-led devices.
- New digitally-enabled health services.

The West Midlands also played a central role in the UK's response to Covid-19. It was a key partner in the country's Ventilator Challenge, and established one of the first Covid biobanks for new assay development.

Data-Driven Healthcare
Underpinning the region's innovative and disruptive healthcare economy is the ability to access, analyse and cross-reference clinical and genomic data from a demographically-diverse, non-transient population. This includes digitised patient records – drawn from a population of nearly five million people – collated and maintained via one of the most advanced electronic medical record systems in Europe.

Medical Devices
Home to a £10.4bn advanced manufacturing cluster – one of the biggest in the UK – the region has extensive experience in both established and emerging medical device markets.

Further, our proven ability in digitalised technologies – such as 3D-printing, sensors, Digital Twins, and other Industry 4.0 manufacturing processes – means we have the expertise and capabilities to help prototype, test and produce mass market, specialised, and highly bespoke medical device solutions.

Digital Health
Another rapidly growing market opportunity is within Digital Health. This sector is supported by deep and agile technology supply chains – and digital-led industries – with extensive expertise in disciplines including AI, UX, software development, immersive tech, mobile applications and IoT. We are also home to the UK's biggest multi-city 5G testbed, and many other industry-led Digital Health R&D assets.

This concentration of technological skills and capabilities is further driving rapid growth across many niche Digital Health subsectors, making it a great location to develop innovative products and services including wearable tech, remote care and health monitoring, and personalised health and wellbeing apps.

A Leading Life Sciences Destination
The West Midlands' immense potential for life sciences innovation, collaboration and investment growth has been officially recognised by the UK government.

Birmingham and Solihull has been ranked as the country's leading high potential investment destination for data driven healthcare innovation (as part of the Department for International Trade's High Potential Opportunities Programme). The Birmingham Health Innovation Campus (BHIC) has also been designated as the life sciences Opportunity Zone for the West Midlands – one of only six such zones in the UK.

West Midlands Key Life Sciences & Healthcare Strengths

A highly skilled and diverse talent pool
The West Midlands is home to over 17,000 healthcare professionals, 9,600 MedTech specialists, 4,000 bio-pharma workers and 3,000 medical devices experts. With four university-based medical schools at Warwick, Aston, Birmingham and Wolverhampton, the region produces 11,000 medical science graduates every year. This is boosted by 87,000 STEM students, 22,000 of which have skills specifically aligned to healthcare and data-driven research. With residents from 190 countries, the region's talent pool is also highly diverse, multicultural, and multilingual.

Access to clinical expertise
Home to the Birmingham Centre for Clinical Trials and Warwick University's Clinical Trials Unit, the West Midlands has one of the UK's largest concentrations of clinical trial activity for both drugs and medical devices. In addition, Birmingham Health Partners (BHP) has been recognised by the UK government for its world-class research infrastructure. This initiative drives clinical innovation by bringing together experts from the University of

Birmingham, University Hospitals Birmingham, and Birmingham Women's and Children's NHS Foundation Trusts, with commercial partners and healthcare industry leaders.

An accessible, world-class R&D healthcare ecosystem
With 35 research facilities clustered around world-class academic institutions, the region's healthcare ecosystem is accessible to the private sector for R&D collaborations. The region's significant NHS footprint, which includes the largest critical care unit in Europe via the Queen Elizabeth Hospital, and many major private healthcare providers, also offers opportunities to develop, prototype and validate 'real world' products and services quickly.

A leader In Data-Driven Healthcare
The West Midlands offers access to digitised, anonymised medical data from a demographically diverse, non-transient patient population of nearly 5 million. It's also home to one of the most advanced electronic patient record systems in the UK – aggregated by University Hospitals Birmingham. It further has hosted two world-leading data research programmes – PIONEER and INSIGHT – making it one of Europe's most advanced hubs of Data-Driven healthcare expertise.

A world-leading hub of Diagnostics
Home to The West Midlands Regional Genetics Laboratory (WMRGL), the largest genomics facility in the UK, the region has extensive expertise in digitalising and integrating diagnostic data including clinical, genomic and pathological intelligence. It also has extensive diagnostic capabilities – utilising predictive health and personal medicine technologies such as machine learning, AI and data analytics, and other patient-centred digital-led diagnostics.

A fast-growing Digital Health Cluster
One of the region's core MedTech subsectors is Digital Health. From prototyping to product launch, the region's fast-growing Digital Health cluster is underpinned by a combination of: accessible, digitised medical data; expertise in disciplines such as software development, immersive tech, gamification, 5G, IoT, and UX; and our significant technology focused supply chains.

This includes providing digital diagnostic tools for clinicians, 'smart' healthcare apps for consumers, and other transformative health and wellbeing services.

With 65,000 technology professionals already employed in the region (set to increase to over 70,000 in the next four years), the West Midlands also has outstanding Digital Health assets such as Bruntwood's Digital Health Quarter and the Institute of Digital Health.

A hotbed of Medical Device advanced manufacturing
With over 3,000 dedicated Medical Device professionals, the region has extensive expertise in medical device markets including assisted living, ophthalmic, consumables, artificial joints, mobility solutions, and imaging. Our Medical Device capabilities are further underpinned by the West Midlands' significant advanced manufacturing and Industry 4.0 strengths. This includes a manufacturing skills base of over 211,000 professionals, and a £10.4bn manufacturing economic cluster – one of the largest in the UK.

In addition, we are home to the Manufacturing Technology Centre in Coventry – part of the UK government's High Value Manufacturing Catapult – which is working with the healthcare sector across key challenges such as building resilience in the supply chain, reducing waste, and improving sustainability.

At the heart of a thriving MedTech economy
The West Midlands has a booming £1.7bn MedTech economy with a dedicated MedTech workforce of 9,600. This is supported by a further 1,500 professionals working within wider MedTech service and supply roles. MedTech already represents over 60% of the West Midlands entire life sciences economic activity.

For more information, please find the Invest in the West Midlands Life Sciences & Data driven Healthcare report here.

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

West Midlands Innovation Accelerator
WMCA

About the West Midlands Innovation Accelerator
Announced in the Government's 2022 Levelling up White Paper, the West Midlands Innovation Accelerator serves the purpose of forging a new co-design relationship between the region and Government, ensuring the region benefits from the commitment to increase in overall UK public Research and Development (R&D) funding to £20bn by 2024/5.

The Innovation Accelerator will be funded through a share of a new £100m fund, to be divided by three regional Innovation Accelerators over the next three years, to bolster the region's innovation and R&D capability and capacity to spark commercial growth and investment.

Vision
"To accelerate the growth of regional clusters of excellence in HealthTech & MedTech and CleanTech, delivered through the exploitation of applied and translational research; the application of regional strengths in engineering, manufacturing and advanced computing; and supported by a robust regional innovation framework".

The Innovation Accelerator will be used to accelerate our region's engineering R&D and Innovation strengths that lie at the very heart of our universities, economy and our manufacturing supply chains, pivoting them to springboard the growth industries of the future. By precision-injection of resources and expertise into just the right economic spaces we will stimulate and mobilise vibrant clusters of highest growth potential as force multipliers.

Principles
The West Midlands Innovation Accelerator will:
- be focused on specific clusters of comparative advantage identified in the West Midlands Plan for Growth.
- support cross-sector R&D and innovation. This means using the region's strengths in R&D – particularly in engineering and advanced manufacturing – but helping to stimulate applied and translational R&D in diversified fields and grow private R&D investment.
- position the region on the global scale as a beacon for Foreign Direct Investment.
- provide a sustainable framework for building innovation capability and capacity.
- be driven by market demand with strong private sector business leadership.

HealthTech and MedTech Challenges and Opportunities

MedTech and HealthTech are defined as
- MedTech: Equipment, medical devices, machines, diagnostics, software and tools. Better treatments and improvements on things like laser surgery, managing patient health journeys etc.
- HealthTech: Prevention, monitoring of wellbeing, mental health and telehealth. Which includes wearables, software applications, data, connectivity, AI and in practice management.

Strengths and Opportunities
The Global Health Technologies market that is set to grow at >7% to exceed £500bn by 2025, with the two major markets in US (43%) and EU (27%). MedTech across the (East and West) Midlands contributes an estimated £1.6bn annually to the region.

The '[West Midlands Plan for Growth]' describes the opportunity to create additional growth in the region's HealthTech cluster of £400m - £430m by 2030, meaning a further 5,300 to 5,900 jobs in this part of the life sciences (10,00 new jobs overall).

The West Midlands 'Plan for Growth', the 'State of the Region 2020' reports both produced by the West Midlands Combined Authority (WMCA), and the West Midlands Local Industrial Strategy all recognise that the region has cluster strengths and global competitiveness in MedTech and HealthTech.

Below are some examples of attributes of the West Midlands:

- **Research Assets**
    - Birmingham Health Innovation Campus has been designated as one of six Life Size Opportunity Zones by BEIS/OLS.
    - Specialist diagnostics research, for example immunodiagnostics, cancer diagnostics, Alzheimer's and the Rosalind Franklin Lab in Royal Leamington Spa.
    - The Precision Health Technologies Accelerator will be dedicated to the rapid development and translation of innovative therapies and technologies from concept to clinical evaluation.
    - The West Midlands leads the way in supporting translational medicine with accessible institutions such as the Institute for Translational Medicine accelerating the development of drugs and devices by providing a platform for interaction between scientists, clinicians and industry and bring in access to the right infrastructure such as informatics and biodata. Birmingham Health Partners provide an industry-facing team to facilitate access to collaborative research for industry.

- **Technology/Knowledge Transfer**
    - Large scale local healthcare system – eight hospitals combine with over 35 regional centres of clinical research excellence to make the West Midlands a hotspot for healthcare innovation and expertise. The region has one of the world's largest concentrations of clinical trial activity for both drugs and medical devices with one in five of all UK trials carried out in the region. It is home to the Birmingham Centre for Clinical Trials, the largest clinical trials base in Europe outside Oxford including Cancer Trials Unit and accelerated trials networks and access to large, integrated patient data sets for a diverse, stable population.
    - Accessible patient data. The ability to digitise and integrate clinical and genomic data, harnessed from a 5.5million population, creates a major opportunity to analyse and improve healthcare technologies for practitioners, institutions, and patients, quickly.
    - Birmingham Precision Medicine Centre brings together in one place all the clinical and academic expertise to support trial design, 'omic' analysis, and patient data analytics to accelerate the development of innovative diagnostics and targeted healthcare. Expertise in genetic testing and patient stratification has led to accelerated trials models in blood cancers and is being extended support development of advanced therapies in other rare diseases.
    - PathLAKE at Warwick University, a £15 million project to create a unique data resource of pathology images and techniques, and help develop AI technologies for cancer diagnosis and personalised treatment. The exemplary work at Coventry University on SARS-CoV-2, the immune response, metabolic disease, cardiovascular disease, cardioprotective strategies and drug safety.

- **Talent**
    - Strong supply of talent – the sector employs over 17,000 people in the West Midlands creating a substantial knowledgeable talent pool. The number of people employed in the sector is expected to increase by 10,000 by 2030. 11,000 graduates in medical sciences each year, and a further 6,000 graduates in the engineering and computing fields from our world leading universities.
    - The work of the West Midlands Universities and the collaborations they have in the sector is a key asset and future opportunity for the region.

- **Supporting Infrastructure**
    - Manufacturing skills base - Device manufacturing (for example, stoma care, procedure packs), is the latest highlight in a long history of manufacturing innovation that anchors the West Midlands economy. The home

of the Industrial Revolution, the region has harnessed its world-class supply chains and expertise in AI, robotics, and sensor technology to design, build and commercialise medical devices.

- Best connected region in the country for 5G which is being used to unlock better health techniques and products. The West Midlands is building on this advantage with the Smart City Region programme which includes improving digital health diagnostics and treatments.

- **Market**
  - The region is marketed internationally for investment and growth in Data-Driven Healthcare & Technologies through the DITs High Potential Opportunity programme.
  - Translational/ commercial strengths include one in five of all UK clinical trials carried out in the region; accessible patient data; expertise in genetic testing and patient stratification; specialist diagnostics.
  - The region has accessible patient data - The ability to digitise and integrate clinical and genomic data, harnessed from a 5.5million population, creates a significant opportunity to analyse and improve healthcare technologies for practitioners, institutions, and patients, quickly.

Proposed Intervention Areas

130 people attended the MedTech/HealthTech workshop held on 4th July 2022. Five common themes emerged from feedback from the participants on what they thought the Innovation Accelerator should do. Any EOI being submitted should address at least one of the following themes:

Theme 1: Shortening the length of time to market. There is an issue with the length of time and the complexity of getting products to market. This process needs to become quicker and slicker with pathways clearly mapped and support provided at each major stage.

Part A: Provide specialist guidance at each stage of the businesses journey. This guidance could be developed in the form of a wraparound service which would include the provision of (or broker in) specialist sector guidance along with more general business support. The range of support needed includes - but is not exhaustive:

Part B: Improve accessibility and cost associated with clinical trials. Accessing clinical trials is crucial for businesses yet it is often a lengthy, difficult and costly process. How can this be overcome?

Part C: Improving accessibility and cost associated with data. Accessing the right data sets is crucial for many businesses in the West Midlands to be able to test their product. Accessing data in a timely and affordable way is one way of speeding up the journey to market. How can datasets become more accessible/user friendly?

Part D: Create an investment fund. Having the right type of finance at the right time for businesses is crucial. A solution could be a co-investment fund to support businesses. A grant scheme to pivot into the sector. A consistent campaign to raise awareness of the opportunity to potential investors, businesses or government departments that might relocate. What can be done to improve the rate of investment? What could this investment vehicle be in the West Midlands to specifically support the MedTech and HealthTech sectors?

Theme 2: Create one or more centres of excellence in the West Midlands. Building on the assets/strengths identified and the feedback from the workshop that there is an opportunity to achieve long term economic advantage by having one or more centres of excellence in the region, this could be in Regulation, Diagnostics or by creating a Centre for Cell and Gene Therapy. What would such a centre of excellence provide and how would it operate and be of benefit to the region?

Theme 3: Provision of suitable space – incubator, start up, grow on, demonstrator space, area to sandbox ideas or create a testbed. These could also serve as locations for wraparound services, create a cluster and become centres for the cross fertilisation of ideas and areas to work with other sectors to explore areas of cross over. What could it look like? What would it include?

Theme 4: Capitalise on the West Midlands as a centre of illness prevention. There is a huge market opportunity in the prevention of illness, personally targeted and digitally enabled care that the West Midlands with its expertise in devices, diagnostics and data could become a world leader in. How can this opportunity best be capitalised on?

Theme 5: Better sharing of information between health providers and businesses/academia. There is a strong desire to better understand the demand and issues that providers are experiencing. There is a disconnect in communication, improving this could be of enormous benefit to all. What interventions are needed to make this work or how can this be improved?

For more information, please visit the WMCA website here

Exploring the Investment Potential of Midlands Clusters: Health and life sciences – a Midlands Super Cluster

The Midlands Engine

Health and Life Sciences is a Midlands Super Cluster. The sector is estimated to contribute £20.5 billion to the regional GVA every year. It also increasingly operates as an integrated, networked cluster of firms, businesses and healthcare providers across the region – albeit with notable concentrations including the East Midlands Medical Technologies Cluster and Data Driven Healthcare Innovation in Birmingham.

Today, the Midlands has:

- The **highest number of Medical Technologies companies** of any region in the UK **(pumping £1.6bn into the UK economy annually)**
- **14%** of all UK Life Sciences employment (30,565 jobs)
- **2 of the 3** largest UK NHS Trusts
- The **2nd largest** Clinical Trials cluster in Europe
- **7 leading Medical Schools** (producing over 20% of the UK's medical students)
- A stable, **ethnically diverse population of over 10 million citizens** (making it the ideal test bed for global health and multi-morbidity interventions).

Source: The Midlands Engine, Exploring the Investment Potential of Midlands Clusters

Data Driven Healthcare Innovation is a New Economy Cluster for the Midlands, with a notable concentration in the West Midlands around the dedicated Life Science Opportunity Zone at the Birmingham Health Innovation Campus. The cluster focuses on population data in deriving new healthcare interventions, utilising the strong innovation infrastructure through Medilink and the Academic Health Science Networks. The UK Government has allocated 'data-driven health innovation in Greater Birmingham and Solihull' a High Potential Opportunity, with notable clusters of high growth businesses also found in Nottingham and Leicester - supplemented by academic and research excellence in these places.

Medical Technologies is an Established Cluster for the Midlands, with the East Midlands is recognised as a centre of Medical Technologies (MedTech) activity. The Midlands has the highest number of Medical Technologies companies of any region in the UK (pumping £1.6bn into the UK economy pa). It is a driver of high productivity, with GVA per worker standing 40% higher than the Midlands average. There are close to 1,000 MedTech businesses operating in the Midlands – the largest number of MedTech companies in any region in the UK. Midlands MedTech employs 23,600 people – the second highest UK region for employment.

The East Midlands MedTech Cluster was the focus of a recent Innovation Caucus report: 'The cluster covers a range of activities (e.g., product development, contract manufacturing, contract research). It builds on the region's heritage in pharmaceuticals, particularly a legacy of R&D activities formerly conducted in the region by Boots

(Nottingham) and AstraZeneca (Loughborough). The East Midlands also has a long history in manufacturing and engineering industries that are a source of skills and capabilities related to the MedTech cluster. Respondents described the strength of the cluster relating to capabilities in being able to bring new product ideas to market rather than relating to a specialisation in any specific therapeutic area.'

Business Ecosystem

Health & Life Sciences is a growing Super Cluster within the Midlands (with a 93% company count growth 2013-22). With 420 businesses incorporated since 2017 and 34 spinouts currently being tracked, the growth looks set to continue. Prominent cluster locations based on business, growth and employee figures in particular are Birmingham and Nottingham. It has established organisations such as Medilink and Academic Health Science Networks, dedicated Life Science Opportunity Zones in Birmingham and Charnwood, as well as private incubator spaces such as BioCity in Nottingham, there is a robust cluster support infrastructure across the region.

	Cluster metric	Source	Score	Cluster in context
1.1	**Total Cluster Business Count**	*Data City, 2023*	1,294	• 17% of UK companies in this sector are located in the Midlands Cluster; • 93% growth in Midlands companies in the Cluster since 2013
1.2	**£100m+ Turnover Companies**	*Data City, 2023*	17	• 23% of £100m + UK companies in this sector are based in the Midlands Cluster
1.3	**High Growth Companies**	*Data City, 2023*	78	• 12% of High Growth companies in this sector based in the Midlands Cluster
1.4	**Incorporations 2017-22**	*Data City, 2023*	420	• 15% of UK incorporations in this sector between 2017 and 2022 are located in the Midlands Cluster
1.5	**Relevant Cluster Organisations**	*Midlands Engine Observatory*	Medilink; East & West Midlands Academic Health Science Networks; Birmingham Health Innovation Campus; Charnwood Campus; Innovation Alliance for the West Midlands; DIAGCOMM – The West Midlands Diagnostics Innovation Community; West Midlands Health Technologies Cluster	

Source: The Midlands Engine, Exploring the Investment Potential of Midlands Clusters

Innovation Ecosystem

Our analysis shows the Midlands Health and Life Science Super Cluster is built on a strong research and innovation base, including 11 of the region's universities performing highly in relevant research.

	Cluster metric	Source	Score	Cluster in context
2.1	**Accelerator Engagement**	*Beauhurst 2022: High growth companies utilised accelerators*	75 companies in 2022	
2.2	**Relevant Spinouts**	*Beauhurst 2022*	34 companies formed in 2022	
2.3	**Relevant high performing HEI research**	*Midlands Engine Observatory, REF 2021*	Universities of Aston; Birmingham; Coventry; De Montfort; Keele; Leicester; Lincoln; Loughborough; Nottingham; Nottingham Trent; Warwick	• 11 Midlands universities have a GPA >3.0 in a related research unit
2.4	**Significant Innovation Hubs**	*Midlands Engine Observatory,*	Birmingham Health Innovation Campus; Charnwood Campus; Biocity;	
2.5	**High Growth Company Grants**	*Beauhurst, 2022*	54 grants in 2022	
2.6	**Innovate UK funding**	*Data City, 2023*	£18m since 2005	• 10% of total Innovate UK funding to firms operating in the sector was to companies within the Midlands Cluster

Source: The Midlands Engine, Exploring the Investment Potential of Midlands Clusters

Talent Ecosystem

There are almost 45,000 Further Education leavers each year in health & life sciences, supplemented by over 10,000 Higher Education graduates.

	Cluster metric	Source	Score	Cluster in context
3.1	**Estimated Employees**	*Data City, 2023*	18,177	• 7% of UK employees in companies in this sector are located in the Midlands Cluster; • Midlands significance compared to other UK regions
3.2	**Earnings**	*ONS ASHE, 2021 - relevant sectors*	£30,755	• Salary is 17% lower in the Midlands Cluster than the national average for this sector
3.3	**Further Education Leavers**	*DfE Unit for Future Skills: Further Education leavers 18/19 in relevant fields*	43,940	• More FE leavers (including higher level) in relevant subjects than all other UK regions
3.4	**Relevant HEI High-Ranking Department**	*QS World University Rankings (Subject Area Rankings) 2022*	Universities of Nottingham; Birmingham; Warwick; Leicester	• 4 Midlands universities ranked within the Top 25 of UK universities for relevant subject areas
3.5	**University Graduates**	*Higher Education Statistics Agency Graduate Leavers (HESA) 2021*	11,200	• 8% of graduates from the Midlands who graduated with a degree in a relevant subject area to health and life sciences
3.6	**Graduate Retention: change over 3 years**	*DfE Graduate Outcomes by Industry 2019*	91.7%	• Negative balance for graduate retentions for both East Midlands and West Midlands

Source: The Midlands Engine, Exploring the Investment Potential of Midlands Clusters

Investment Ecosystem

The top countries for foreign ownership of businesses in this cluster are the USA, Germany, Australia, France, Sweden.

	Cluster metric	Source	Score	Cluster in context
4.1	**FDI into High Growth Companies**	*Beauhurst, 2022*	56%	• 7% of UK employees in companies in this sector are located in the Midlands Cluster; • Midlands significance compared to other UK regions
4.2	**FDI Capex 2017-21**	*Wavteq, 2022*	$266.30mn	• Salary is 17% lower in the Midlands Cluster than the national average for this sector
4.3	**DDI Capex 2017-21**	*Wavteq, 2022*	$544.21mn	• More FE leavers (including higher level) in relevant subjects than all other UK regions
4.4	**Fundraising Volumes**	*Beauhurst, 2022*	• Mean av. £688k fundraising investment • £68.2m in 99 investments (inc. £25.1m across 43 seed investments • £19.4m across 33 venture investments)	• 4 Midlands universities ranked within the Top 25 of UK universities for relevant subject areas
4.5	**FDI Jobs 2017-2021**	*Wavteq, 2022*	889 jobs	• 5% of UK total FDI jobs related to this sector were into the Midlands Cluster
4.6	**DDI Jobs 2017-2021**	*Wavteq, 2022*	3,321 jobs	• 17% of UK total DDI jobs related to this sector were into the Midlands Cluster
4.7	**FDI Projects 2017-2021**	*Wavteq, 2022*	27 projects	• 7% of UK total FDI projects related to this sector were into the Midlands Cluster
4.8	**DDI projects 2017-2021**	*Wavteq, 2022*	47 projects	• 25% of UK total DDI projects related to this sector were into the Midlands Cluster
4.9	**Foreign-owned enterprises**	*Data City, 2023*	10% (131 companies)	• 3% greater proportion of foreign-owned enterprise compared to national average for this sector

Source: The Midlands Engine, Exploring the Investment Potential of Midlands Clusters

For more information, please find the Exploring the Investment Potential of Midlands Clusters, from The Midlands Engine here

Estimating the Impact of an Innovation Accelerator

Kelvin Humphreys, WMREDI and Charlie Hopkirk, The Economic Intelligence Unit

Innovation accelerators are part of the government's strategy for levelling up regions outside of London and the South East by supporting place-based research, development and innovation activity.

City REDI's Kelvin Humphrey and The Economic Intelligence Unit's Charlie Hopkirk take a look at the challenges in modelling the potential impact of the accelerators.

The Levelling Up White Paper, published in 2022, announced the government's intention to establish innovation accelerators in three city regions: Glasgow, West Midlands and Greater Manchester. Fast forward to March 2023 and 26 projects were awarded a total of £100m across the three regions supporting a broad range of technologies, including net zero, advanced materials, health, quantum, fintech, digital, manufacturing and space.

Boosting Economic Growth

The innovation accelerators are intended to boost economic growth in areas of the country where productivity lags behind the national average, contributing to the levelling-up aim of rebalancing the economic geography of the UK over the long term. Pathways for achieving this involve the diffusion, adoption and commercialisation of innovative products and solutions, and the transfer of knowledge, to firms and organisations in the region where the accelerators are based. They also include the attraction of inward investment, highly skilled R&D workers and companies and organisations within the region. Taken together these effects, it is hoped, will boost growth, create jobs and raise productivity and wages. Beyond the economic benefits, the accelerators are also aimed at solving some of the biggest societal and environmental challenges, such as climate change and poor health.

It must be said that £100m is a relatively small amount of money for achieving such grand ambitions. To put this into context, governmental spend on R&D activities in 2020 was over £15bn with half of government R&D activity taking place in the highly productive golden triangle regions of London, East of England and South East. Added to this is the relatively short lifespan of the innovation accelerator programme, with government funding only sustaining delivery for two years. For the innovation accelerators to have an impact on rebalancing the UK's economic and social geography, and indeed the distribution of R&D activity, there needs to be a high return on investment.

Estimations

Estimating the potential impact and return on investment of the innovation accelerators requires that the long-term sustained effects are captured, not just short-term outputs from the programme delivery phase. Whilst the creation of jobs, leverage of match funding and support offered to local businesses during the two-year delivery phase are relatively easy to estimate and quantify, the longer-term economic, social and environmental impacts are much more difficult.

The economic impact of diffusion, adoption, commercialisation and transfer of new technologies, solutions and knowledge depends on a number of other factors, including the sectors directly involved and their linkages with others, the sustainment of effects beyond the two-year delivery phase, the effect on local and neighbouring places, and the strength of the local innovation ecosystem consisting universities, firms, other R&D assets and the institutions coordinating their activities. Estimating the societal and environmental impact depends entirely on the types of technologies and solutions being adopted and commercialised, such as for net zero, and on the fit between supply and demand for innovation outputs at the local level, in the case of healthcare for example. There may also be disbenefits to consider, such as an increase in regional inequality as higher-paid R&D positions are created, or the displacement of activity from one place to another, especially if clustering is to be encouraged.

Research

City REDI and The Economic Intelligence Unit (previously Black Country Economic Intelligence Unit) attempted to model the impact of a hypothetical sustainability-focused innovation accelerator following the release of the White Paper last year. We used an Oxford Economics forecast model to estimate the regional impact of the delivery phase of the hypothetical accelerator and found it to be relatively negligible. Modelling the longer-term sustained impacts of adoption, diffusion and commercialisation proved challenging due to the complexities and uncertainties involved. However, based on related work in the green tech area, we know that the inclusion of these longer-term aspects and other social and environmental factors, such as health, housing, emissions, and air quality, can have a pronounced effect on the expected investment return profile and anticipated regional impact.

As the accelerators move into the delivery phase, monitoring and evaluation will be important to capture the outputs, outcomes and learnings of the intervention. Doing so will support the ex-post appraisal of impact to inform and improve the delivery of similar future proposals and ensure value for money.

Labour Market Statistics and Claimant Count: Released May 2023

The Economic Intelligence Unit

UK Summary[1]

- For the UK, early estimates for April 2023 indicate that there were 29.8m payrolled employees, an increase of 1.0% (+297,000 employees) compared with the same period of the previous year. The number of payrolled employees was also up when compared to February 2020, by 2.9% (+838,000). Although, the latest monthly change indicates that payrolled employment decreased by 0.5% (-136,000 employees); the first fall in total payrolled employees since the Coronavirus pandemic[2].
- In January to March 2023, reports of UK-wide redundancies in the three months prior to interview[3] decreased by 0.7 per thousand employees, compared with the previous quarter, to 2.8 per thousand employees.
- The UK employment rate was estimated at 75.9% in the three months ending March 2023, this was 0.2 percentage points (pp) higher than the three months ending December 2022. The increase in employment over the latest three-month period was driven by part-time employees and self-employed workers. However, the UK employment rate is 0.7pp lower than before the pandemic (December 2019 to February 2020).
- The UK unemployment rate was estimated at 3.9% in the three months ending March 2023, this was 0.1pp higher than the previous three-month period. The increase in unemployment was largely driven by people unemployed for over 12 months. However, the UK unemployment rate was 0.1pp below pre-pandemic levels.
- The UK economic inactivity rate decreased by 0.4pp on the quarter (March 2023), to 21.0%. The decrease in economic inactivity during the latest three-month period was largely driven by people aged 16 to 24 years. Looking at economic inactivity by reason, the quarterly decrease was largely driven by those inactive because they are students or inactive for other reasons. Meanwhile, those inactive because of long-term sickness increased to a record high. The UK economic inactivity rate was but was 0.8 pp higher than before the Coronavirus pandemic.
- Flows estimates show that, between October to December 2022 and January to March 2023, there has been a record high net flow out of economic inactivity. This was driven by people moving from economic inactivity to employment.
- In the latest quarter, total actual weekly hours worked in the UK increased by 16.3m hours to 1.05bn hours in January to March 2023. This is 0.2m hours below pre-Coronavirus pandemic levels (December 2019 to February 2020). The increase in the latest quarter was largely driven by men who remain below pre-Coronavirus pandemic levels. Total actual weekly hours worked by women also increased and are above pre-Coronavirus pandemic levels.
- For the UK, the number of job vacancies in February to April 2023 was 1,083,000; this was a decrease of 4.9% (-55,000) from the previous quarter – the tenth consecutive quarterly fall as vacancies fell in 14 of 18 industries, this reflects uncertainty across industries, as survey respondents continue to cite economic pressures as a factor in holding back on recruitment. In February to April 2023, total vacancies were down by 214,000 from the level of a year ago, although they remained 282,000 above their pre-Coronavirus (January to March 2020) levels.
- The UK growth in average total pay (including bonuses) was 5.8% and growth in regular pay (excluding bonuses) was 6.7% among in January to March 2023. Total pay growth continues to be smaller than regular pay growth because of bonuses; the bonus payments made in March 2023 are at similar levels to March 2022, with the exception of the construction sector and wholesaling, retailing, hotels and restaurants sector that saw a slight decrease.
- For the UK, growth in total and regular pay fell in real terms (adjusted for inflation) on the year in January to March 2023, by 3.0% for total pay and 2.0% for regular pay; for real total pay a similar fall was seen in the previous three-month period and remains among the largest falls in growth since comparable records began in 2001.
- In the UK, average regular pay growth for the private sector was 7.0% in January to March 2023, and 5.6% for the public sector; a larger growth for the public sector was last seen in August to October 2003 (5.7%) and the difference between private and public sector growth rates has narrowed in recent months.

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[1] Source: ONS, Labour Market Overview; UK: May 2023

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

[3] 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.

- Early estimates for April 2023 indicate that the UK median monthly pay was £2,223, an increase of 7.4% compared with the same period of the previous year.
- Across the UK, there were 556,000 working days lost because of labour disputes in March 2023, up from 332,000 in February 2023.

Regional Labour Market Summary

- For the three months ending March 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 74.2%. Since the three months ending December 2022, the employment rate decreased by 0.4 percentage points (pp). When compared to the same period in the previous year, the employment rate was 2.0pp lower. The UK employment rate was 75.9%, an increase of 0.2pp when compared to the previous quarter and an increase of 0.3pp when compared to the previous year.
- For the three months ending in March 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 5.1% (this highest of all regions) and has increased by 0.7pp since the previous quarter and an increase of 0.6pp from the previous year. The UK unemployment rate was 3.9%, an increase of 0.1pp from the previous quarter and a 0.2pp increase when compared to the previous year.
- For the three months ending March 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.9%, a decrease of 0.1pp from previous quarter but an increase of 1.6pp when compared to the previous year; the highest increase seen across all regions. The UK economic inactivity rate was 21.0%, a decrease of 0.4pp from the previous quarter and from the previous year.

WMCA (7 Met.) Claimant Summary

- There were 128,820 claimants in the WMCA area in April 2023. Since March 2023, there has been an increase of 4.0% (+4,920) claimants in the WMCA area, while the UK increased by 2.7%. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 29.7% (+29,520) in the WMCA area, with the UK increasing by 26.1%.
- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 7.0% compared to 3.8% for the UK in April 2023.
- There were 23,130 youth claimants in the WMCA (7 Met.) area in April 2023. Since March 2023, there was an increase of 1.8% (+405) youth claimants in the WMCA area, while the UK increased by 0.8%. When compared to March 2020 (pre-Coronavirus pandemic), youth claimants have increased by 20.8% (+3,975) in the WMCA area, with the UK increasing by 14.0%.
- Overall, for the WMCA the number of youth claimants as a percentage of residents aged 18-24 years old was 8.1% compared to 4.9% for the UK in April 2023.

In Depth:

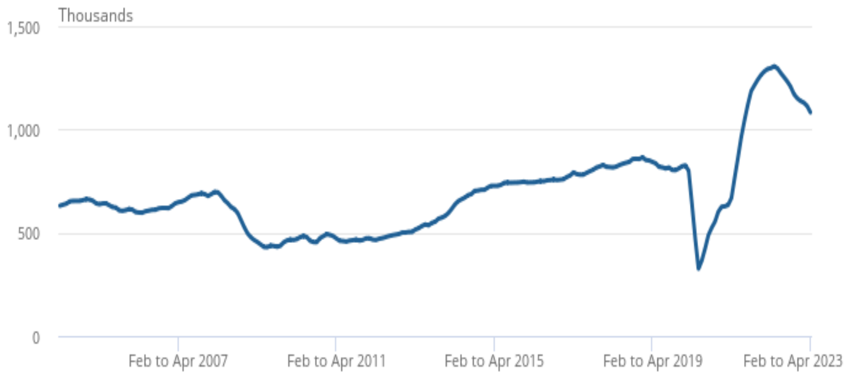
UK Labour Market Statistics – UK Vacancies[4]

- In February to April 2023, the estimated number of vacancies fell by 55,000 on the quarter to 1,083,000, the tenth consecutive period to see a quarterly fall since May to July 2022.

The following chart shows the number of vacancies in the UK, seasonally adjusted, February to March 2004 to February to March 2023:

[4] Source: ONS, Vacancies and Jobs in the UK: May 2023

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



Source: ONS – Vacancy Survey

- In February to April 2023, the number of vacancies fell by 4.9% from the previous quarter, with decreases in 14 of the 18 industry sectors. The industries showing the largest falls were financial and insurance activities and mining and quarrying, at negative 15.7% and negative 11.1%, respectively.

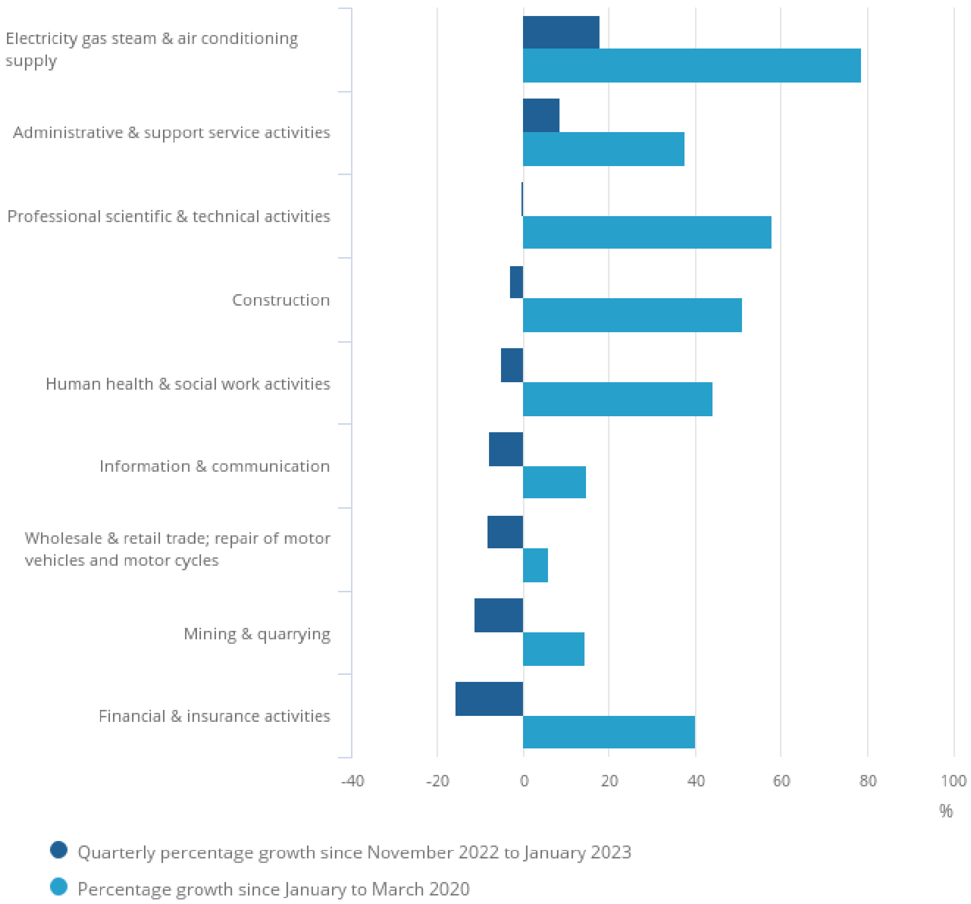
- February to April 2023 saw the number of vacancies fall on the quarter for the 10th consecutive period, decreasing by 55,000. The industry sectors displaying the largest falls in vacancy numbers were accommodation and food service activities and wholesale and retail trade; repair of motor vehicles and motorcycles, down on the quarter by 13,000 and 12,000, respectively. The industries which saw the largest growth on the quarter were administrative and support service activities and other service activities, growing by 6,000 and 3,000, respectively.

- ***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 February to April 2023 with the same time last year, total vacancies decreased by 214,000 (16.5%). The largest falls were in accommodation and food service activities and information and communication, both of which were down by 37,000 and 30,000, respectively. However, the total number of vacancies remain 282,000 above January to March 2020 pre-Coronavirus levels, with human health and social work activities showing the largest increase, at 60,000.

- In January to March 2023, the number of unemployed people per vacancy was at 1.2, up slightly from 1.1 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. This is following consecutive falls in vacancy numbers and increases in the number of unemployed people.

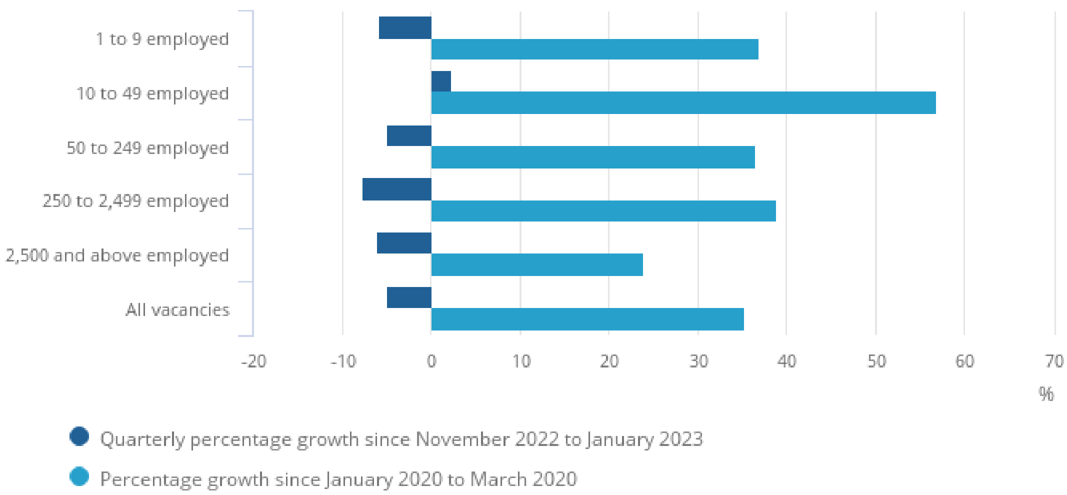
The following chart shows for February to April 2023 three-month average vacancies in the UK, quarterly percentage growth from November 2022 to January 2023 and percentage growth from pre-Coronavirus pandemic (January to March 2020):



Source: ONS – Vacancy Survey

- For the third consecutive period the only quarterly growth in the number of vacancies was in the 10 to 49 size band.

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



Source: ONS – Vacancy Survey

Regional Labour Market[5]

- For the three months ending March 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 74.2%. Since the three months ending December 2022, the employment rate decreased by 0.4 percentage

[5] Source: ONS, Labour Market in the Regions of the UK: May 2023

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

points (pp). When compared to the same period in the previous year, the employment rate was 2.0pp lower. The UK employment rate was 75.9%, an increase of 0.2pp when compared to the previous quarter and an increase of 0.3pp when compared to the previous year. The highest employment rate within the UK for the three months ending March 2023 were in the South East and the South West both with 78.8% and the lowest in Wales with 71.5%.

- For the three months ending in March 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 5.1%, which has increased by 0.7pp since the previous quarter and an increase of 0.6pp from the previous year. The UK unemployment rate was 3.9%, an increase of 0.1pp from the previous quarter and a 0.2pp increase when compared to the previous year. The highest unemployment rate in the UK for the three months ending March 2023 was in the West Midlands with the lowest unemployment rates in the South West and Northern Ireland both at 2.5%.

- For the three months ending March 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 21.9%, a decrease of 0.1pp from previous quarter but an increase of 1.6pp when compared to the previous year; the highest increase seen across all regions. The UK economic inactivity rate was 21.0%, a decrease of 0.4pp from the previous quarter and from the previous year. The highest economic inactivity rate in the UK for the three months ending March 2023 was in Northern Ireland with 26.1% with the lowest in the East of England with 17.9%.

The table below provides a summary of the latest headline estimates and quarterly changes for regions of the UK, seasonally adjusted, January to March 2023:

	Employment Rate – Jan to Mar 23 (aged 16- 64 years)	**Change on Oct to Dec 22**	**Unemployment Rate – Jan to Mar 23 (16 years +)**	**Change on Oct to Dec 22**	**Inactivity Rate – Jan to Mar 23 (aged 16-64 years)**	**Change on Oct to Dec 22**
UK	75.9%	0.2pp	3.9%	0.1pp	21.0%	-0.4pp
Great Britain	76.0%	0.2pp	3.9%	0.2pp	20.8%	-0.4pp
England	76.3%	0.4pp	4.0%	0.1pp	20.5%	-0.6pp
North East	73.7%	2.7pp	4.2%	-0.2pp	22.9%	-2.8pp
North West	74.9%	0.8pp	3.3%	-0.4pp	22.6%	-0.4pp
Yorkshire and The Humber	74.8%	0.9pp	3.9%	0.0pp	22.2%	-0.9pp
East Midlands	75.6%	0.9pp	3.7%	0.5pp	21.4%	-1.4pp
West Midlands	**74.2%**	**-0.4pp**	**5.1%**	**0.7pp**	**21.9%**	**-0.1pp**
East	78.7%	0.6pp	4.0%	0.5pp	17.9%	-1.1pp
London	75.4%	0.3pp	4.7%	0.2pp	20.9%	-0.5pp
South East	78.8%	0.6pp	3.7%	-0.3pp	18.0%	-0.4pp
South West	78.8%	-1.5pp	2.5%	0.4pp	19.1%	1.1pp
Wales	71.5%	-0.3pp	4.6%	1.1pp	24.9%	-0.5pp
Scotland	75.3%	-1.2pp	3.1%	-0.2pp	22.2%	1.4pp
Northern Ireland	72.0%	0.1pp	2.5%	0.0pp	26.1%	-0.1pp

Source: ONS – Labour Force Survey

- Following a period of growth, we have seen falls in the number of payrolled employees in all regions when comparing April 2023 with March 2023.

Claimant Count

Claimant count for people aged 16 years and over[6]:

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

- There were 128,820 claimants in the WMCA (7 Met.) area in April 2023. Since March 2023, there has been an increase of 4.0% (+4,920) claimants in the WMCA area, while the UK increased by 2.7%. When compared to April 2022, claimants have increased by 0.8% (+1,035) in the WMCA area, with the UK decreasing by 2.0% over the same period. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 29.7% (+29,520) in the WMCA area, with the UK increasing by 26.1%.

- Birmingham had 64,155 claimants aged 16 years and over in April 2023, an increase of 2,390 (+3.9%) claimants from the previous month. Compared to the same month in 2022, Birmingham claimants decreased by 170 (-0.3%). When compared to March 2020, the number of claimants has increased by 14,785 (+29.9%).

- Coventry had 13,265 claimants aged 16 years and over in April 2023, an increase of 625 (+4.9%) claimants from the previous month. Compared to the same month in 2022, Coventry claimants increased by 1,215 (+10.1%). When compared to March 2020, the number of claimants has increased by 5,265 (+65.8%).

- Dudley had 9,660 claimants aged 16 years and over in April 2023, an increase of 425 (+4.6%) claimants from the previous month. Compared to the same month in 2022, Dudley claimants decreased by 340 (-3.4%). When compared to March 2020, the number of claimants has increased by 1,145 (+13.4%).

- Sandwell had 14,145 claimants aged 16 years and over in April 2023, an increase of 540 (+4.0%) claimants from the previous month. Compared to the same month in 2022, Sandwell claimants increased by 170 (+1.2%). When compared to March 2020, the number of claimants has increased by 3,365 (+31.2%).

- Solihull had 4,315 claimants aged 16 years and over in April 2023, an increase of 105 (+2.5%) claimants from the previous month. Compared to the same month in 2022, Solihull claimants decreased by 375 (-8.0%). When compared to March 2020, the number of claimants has increased by 665 (+18.2%).

- Walsall had 10,215 claimants aged 16 years and over in April 2023, an increase of 415 (+4.2%) claimants from the previous month. Compared to the same month in 2022, Walsall claimants decreased by 50 (-0.5%). When compared to March 2020, the number of claimants has increased by 1,610 (+18.7%).

- Wolverhampton had 13,065 claimants aged 16 years and over in April 2023, an increase of 425 (+3.4%) claimants from the previous month. Compared to the same month in 2022, Wolverhampton claimants increased by 585 (+4.7%). When compared to March 2020, the number of claimants has increased by 2,685 (+25.9%).

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

	Mar 2020	Apr 2022	Mar 2023	Apr 2023	Apr 2023 (Claimants as proportion aged 16-64) Rates	% Change Since Mar 20	% Change Since Apr 22	% Change Since Mar 23
Birmingham	49,370	64,325	61,765	64,155	8.7%	29.9%	-0.3%	3.9%
Coventry	8,000	12,050	12,640	13,265	5.9%	65.8%	10.1%	4.9%
Dudley	8,515	10,000	9,235	9,660	4.9%	13.4%	-3.4%	4.6%
Sandwell	10,780	13,975	13,605	14,145	6.5%	31.2%	1.2%	4.0%
Solihull	3,650	4,690	4,210	4,315	3.3%	18.2%	-8.0%	2.5%
Walsall	8,605	10,265	9,800	10,215	5.9%	18.7%	-0.5%	4.2%
Wolverhampton	10,380	12,480	12,640	13,065	7.9%	25.9%	4.7%	3.4%
WMCA	**99,300**	**127,785**	**123,900**	**128,820**	**7.0%**	**29.7%**	**0.8%**	**4.0%**
UK	1,268,620	1,632,180	1,557,915	1,599,545	3.8%	26.1%	-2.0%	2.7%

- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 7.0% compared to 3.8% for the UK in April 2023.

Youth Claimants (Aged 18-24)

- There were 23,130 youth claimants in the WMCA (7 Met.) area in April 2023. Since March 2023, there was an increase of 1.8% (+405) youth claimants in the WMCA area, while the UK increased by 0.8%. When compared to April 2022, youth claimants have increased by 7.4% (+1,600) in the WMCA area, with the UK increasing by 6.4%. When compared to March 2020 (pre-Coronavirus pandemic), youth claimants have increased by 20.8% (+3,975) in the WMCA area, with the UK increasing by 14.0%.

- Birmingham had 11,360 youth claimants in April 2023, an increase of 170 (+1.5%) youth claimants from the previous month. Compared to the same month in 2022, Birmingham's youth claimants increased by 655 (+6.1%). When compared to March 2020, the number of youth claimants has increased by 2,255 (+24.8%).

- Coventry had 2,205 youth claimants in April 2023, an increase of 40 (+1.8%) youth claimants from the previous month. Compared to the same month in 2022, Coventry's youth claimants increased by 250 (+12.8%). When compared to March 2020, the number of claimants has increased by 670 (+43.6%).

- Dudley had 1,790 youth claimants in April 2023, an increase of 10 (+0.6%) youth claimants from the previous month. Compared to the same month in 2022, Dudley's youth claimants increased by 90 (+5.3%). When compared to March 2020, the number of youth claimants has increased by 40 (+2.3%).

- Sandwell had 2,615 youth claimants in April 2023, an increase of 50 (+1.9%) youth claimants from the previous month. Compared to the same month in 2022, Sandwell's youth claimants increased by 180 (+7.4%). When compared to March 2020, the number of youth claimants has increased by 500 (+23.6%).

- Solihull had 800 youth claimants in April 2023, an increase of 15 (+1.9%) claimants from the previous month. Compared to the same month in 2022, Solihull's youth claimants decreased by 55 (-6.4%). When compared to March 2020, the number of youth claimants has decreased by 25 (-3.0%).

- Walsall had 2,050 youth claimants in April 2023, an increase of 70 (+3.5%) claimants from the previous month. Compared to the same month in 2022, Walsall's youth claimants increased by 150 (+7.9%). When compared to March 2020, the number of youth claimants has increased by 135 (+7.0%).

- Wolverhampton had 2,310 youth claimants in April 2023, an increase of 40 (+1.8%) youth claimants from the previous month. Compared to the same month in 2022, Wolverhampton's youth claimants increased by 335 (+17.0%). When compared to March 2020, the number of youth claimants has increased by 400 (+20.9%).

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	Apr 2022	Mar 2023	Apr 2023	Apr 2023 (Claimants as proportion aged 18-24) Rates	% Change Since Mar 20	% Change Since Apr 22	% Change Since Mar 23
Birmingham	9,105	10,705	11,190	11,360	8.7%	24.8%	6.1%	1.5%
Coventry	1,535	1,955	2,165	2,205	5.1%	43.6%	12.8%	1.8%
Dudley	1,750	1,700	1,780	1,790	7.6%	2.3%	5.3%	0.6%
Sandwell	2,115	2,435	2,565	2,615	9.2%	23.6%	7.4%	1.9%
Solihull	825	855	785	800	5.3%	-3.0%	-6.4%	1.9%
Walsall	1,915	1,900	1,980	2,050	9.1%	7.0%	7.9%	3.5%
Wolverhampton	1,910	1,975	2,270	2,310	10.8%	20.9%	17.0%	1.8%
WMCA	**19,155**	**21,530**	**22,725**	**23,130**	**8.1%**	**20.8%**	**7.4%**	**1.8%**
UK	238,085	255,100	269,205	271,470	4.9%	14.0%	6.4%	0.8%

- Overall, for the WMCA the number of youth claimants as a percentage of residents aged 18-24 years old was 8.1% compared to 4.9% for the UK in April 2023.

Claimant Count by Age and Gender (WMCA 7 Met.)[7]

- For those aged 16-24 in the WMCA (7 Met.) area, when comparing April 2023 to the previous month, there was an overall increase of 400 claimants. This can be split by an increase of 285 males and an increase of 115 females.

- For those aged 25-49 in the WMCA area, when comparing April 2023 to the previous month, there was an overall increase of 3,505 claimants. This can be split by an increase of 1,230 males and an increase of 2,275 females.

- For those aged 50 years and over in the WMCA area, when comparing April 2023 to the previous month, there was an overall increase of 1,020 claimants. This can be split by an increase of 405 males and an increase of 615 females.

- Notably, the only age range where there was an overall decrease when compared to March 2023 was those aged 16-17 years old. This age range decreased by 10 claimants, due to females decreasing (males remained at the same level). Females aged 65 years and over all remained at the same level since March 2023.

The following table shows a breakdown by age brackets and gender for the WMCA area over selected time periods and change since April 2023:

		Mar 2020	Apr 2022	Mar 2023	Apr 2023	No. Change Since Mar 20	No. Change Since Apr 22	No. Change Since Mar 23
Total	**Age 16+**	**99,300**	**127,785**	**123,900**	**128,820**	**29,520**	**1,035**	**4,920**
	Aged 16-24	**19,345**	**21,725**	**22,905**	**23,305**	**3,960**	**1,580**	**400**
	Aged 16-17	190	195	180	170	-20	-25	-10
	Aged 18-24	19,155	21,530	22,725	23,130	3,975	1,600	405
	Aged 25-49	**56,930**	**75,765**	**73,695**	**77,200**	**20,270**	**1,435**	**3,505**
	Aged 25-29	13,505	16,605	15,975	16,565	3,060	-40	590
	Aged 30-34	13,315	17,750	16,915	17,570	4,255	-180	655
	Aged 35-39	11,650	16,375	16,390	17,160	5,510	785	770
	Aged 40-44	9,535	13,770	13,885	14,665	5,130	895	780
	Aged 45-49	8,925	11,265	10,530	11,240	2,315	-25	710
	Aged 50+	**23,020**	**30,290**	**27,295**	**28,315**	**5,295**	**-1,975**	**1,020**
	Aged 50-54	8,360	10,790	9,860	10,325	1,965	-465	465
	Aged 55-59	7,490	9,570	8,535	8,755	1,265	-815	220
	Aged 60-64	6,340	8,170	7,130	7,425	1,085	-745	295
	Aged 65+	830	1,760	1,770	1,805	975	45	35
Male	**Age 16+**	**58,885**	**75,815**	**72,010**	**73,925**	**15,040**	**-1,890**	**1,915**
	Aged 16-24	**11,970**	**13,575**	**14,250**	**14,535**	**2,565**	**960**	**285**
	Aged 16-17	85	75	85	85	0	10	0
	Aged 18-24	11,885	13,500	14,165	14,450	2,565	950	285
	Aged 25-49	**33,260**	**44,345**	**41,730**	**42,960**	**9,700**	**-1,385**	**1,230**
	Aged 25-29	8,180	10,145	9,600	9,885	1,705	-260	285
	Aged 30-34	7,825	10,530	9,675	9,970	2,145	-560	295
	Aged 35-39	6,605	9,315	9,040	9,265	2,660	-50	225
	Aged 40-44	5,525	7,895	7,590	7,775	2,250	-120	185
	Aged 45-49	5,125	6,465	5,825	6,070	945	-395	245
	Aged 50+	**13,655**	**17,895**	**16,020**	**16,425**	**2,770**	**-1,470**	**405**
	Aged 50-54	4,880	6,355	5,685	5,860	980	-495	175
	Aged 55-59	4,420	5,650	5,050	5,100	680	-550	50
	Aged 60-64	3,815	4,815	4,165	4,305	490	-510	140
	Aged 65+	535	1,075	1,125	1,160	625	85	35
Female	**Age 16+**	**40,415**	**51,965**	**51,890**	**54,895**	**14,480**	**2,930**	**3,005**

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

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		Mar 2020	Apr 2022	Mar 2023	Apr 2023	No. Change Since Mar 20	No. Change Since Apr 22	No. Change Since Mar 23
	Aged 16-24	**7,375**	**8,150**	**8,655**	**8,770**	**1,395**	**620**	**115**
	Aged 16-17	105	120	90	85	-20	-35	-5
	Aged 18-24	7,270	8,030	8,565	8,685	1,415	655	120
	Aged 25-49	**23,670**	**31,420**	**31,965**	**34,240**	**10,570**	**2,820**	**2,275**
	Aged 25-29	5,325	6,465	6,375	6,680	1,355	215	305
	Aged 30-34	5,490	7,220	7,240	7,595	2,105	375	355
	Aged 35-39	5,045	7,065	7,350	7,895	2,850	830	545
	Aged 40-44	4,010	5,880	6,295	6,895	2,885	1,015	600
	Aged 45-49	3,800	4,800	4,705	5,175	1,375	375	470
	Aged 50+	**9,365**	**12,390**	**11,275**	**11,890**	**2,525**	**-500**	**615**
	Aged 50-54	3,475	4,430	4,180	4,465	990	35	285
	Aged 55-59	3,070	3,920	3,485	3,655	585	-265	170
	Aged 60-64	2,525	3,355	2,965	3,120	595	-235	155
	Aged 65+	295	685	645	645	350	-40	0

Lightcast Job Postings WMCA Geography for April 2023[8]

- ***The number of unique job postings across the WMCA 7 Met. area continues to fluctuate from month-to-month.***
- Whereas last month there was a nominal increase in postings, in April unique job postings decreased to 110,532 from 115,763 (-4.5%), mirroring trends nationally.
- Notably, unique postings are still 15% higher than pre-Coronavirus levels in 2019.
- Job posting activity was subdued across the WMCA 7 Met. area, with all seven local authority areas logging a negative change in unique postings. This ranged from -8% in both Solihull and Wolverhampton to -3% in Birmingham.
- Posting intensity, i.e., the effort towards hiring was highest in Dudley and Walsall.

The following table reports the number of unique job postings across the WMCA local authorities in April 2023 and the percentage change from the previous month:

	Apr 2023 Unique Postings	Percentage Change (Mar 2023 - Apr 2023)
Birmingham	61,951	-3%
Coventry	14,091	-5%
Dudley	7,044	-6%
Sandwell	6,806	-5%
Solihull	7,075	-8%
Walsall	5,535	-7%
Wolverhampton	8,030	-8%

[8] Source: Lightcast, accessed May 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 Better Local Employment Support Could Help Tackle UK Labour Shortages

Abigail Taylor, WMREDI and Ceri Hughes, University of Manchester

Abigail Taylor and Ceri Hughes discuss how a more local approach to Employment Support is needed to help tackle UK labour shortages.

This blog was originally written for the conversation.
This blog is also based on work conducted with Anne Green and Paul Sissons.

There has been a rise in "economic inactivity" in the UK among people of working age since the start of the COVID pandemic. Although the trend peaked last year, an additional 420,000 people are now in this category compared with early 2020.

People classed as economically inactive are neither working nor actively seeking employment. They include students, retired older people, and those in poor health or caring for others at home. Helping these people return to work would alleviate current UK labour shortages that are increasing workloads for existing staff, limiting output and business growth.

According to the Annual Population Survey from the Office for National Statistics, there are around 1.65 million inactive people in the UK that say they would like to work, but need support. There have been calls to widen access to existing UK government-funded programmes and make services more tailored to people's needs.

But people who are economically inactive are not typically well served by mainstream national employment support. Inactivity rates vary widely between areas, and have done for many years. For example, in 2022 in East Lindsey, Lincolnshire, 36% of the working-age population was economically inactive, whereas it was just 9% in Wandsworth.

Our joint research with Anne Green from the University of Birmingham and Paul Sissons from the University of Wolverhampton, shows a more local approach to employment support could help tackle this challenge.

This would involve working with local policymakers and organisations to design policy and programmes. Such localised initiatives could focus on helping people with multiple or complex barriers such as debt, poor health and limited childcare – depending on the most pressing issues in the area. These employment support services could also prioritise moving people into better-paid work, rather than the first job that becomes available.

What are the benefits of a more local approach?

Localising employment support could address gaps in the help that is already on offer, while reducing duplication between different government services. Involving local stakeholders in designing employment support could also enable policy to be better targeted.

For example, Connecting Communities was an employment support pilot that ran in the West Midlands between 2018 and 2021, as part of a government pilot employment scheme. It took a place-based approach to employment support, offering tailored, intensive support to people in nine neighbourhoods.

In order to reach people who do not traditionally engage with employment support, providers varied how and where participants were engaged. For example, they sought to facilitate engagement by reaching out to people at food banks, community centres and supermarkets.

An evaluation of the scheme by the Institute for Employment Studies and the University of Birmingham's City Region Economic and Development Institute (City-REDI) suggested that personalised, place-based employment support programmes can be effective in reaching people with significant barriers to work. It can also help participants become more aware of, and work towards, employment opportunities.

Other criticisms of mainstream provision are that it emphasises sanctions rather than support. After a pandemic lull, the number of applied benefit sanctions reached 52,000 in March 2022. Most sanctions are imposed for fairly minor issues, such as missed or late arrivals at meetings. Research on sanctions also suggests there is little accountability for the decisions made by employment advisers.

Some evaluations suggest a local approach that builds more trusting relationships between jobseekers and advisers could be more successful in moving people into sustainable employment. Another opportunity lies in developing local approaches that extend access to support to economically inactive people, rather than narrowly targeting it at those on benefits who are required to actively look for work.

Why isn't this happening?

The UK has traditionally pursued a highly centralised approach to employment support. Local Jobcentres mainly implement national policy priorities. The support on offer is relatively limited, covering work search reviews and guidance, vacancy referrals, and access to some training, education and work experience programmes.

This is also largely targeted at moving active jobseekers on benefits into a job, so will exclude many who are economically inactive. To keep their benefit payments, jobseekers are required to engage with this provision and to meet a range of requirements set by their adviser.

Local councils and authorities do not have the power to implement locally specific employment support programmes right now. Fewer evaluations exist of locally designed policies than nationally designed policies. However, some recent government pilots have explored the potential to pursue different approaches to employment support in different city regions.

The Local Government Association has called for further devolution and partnership working under a "Work Local" model. This would enable a more integrated and supportive approach.

And, while not a central theme in its 2023 budget, the government did announce a trial of an integrated approach to work and health support in local areas. It also promised a "co-design approach" to all future contracted employment support in Manchester and the West Midlands. The Labour Party also wants to expand employment support, including devolving it to local authorities and embedding career advisers in health services to help people into work.

Recent proposals for local approaches to employment support are a step in the right direction, but they are unlikely to bring inactivity levels down. Comparatively speaking, the UK spends relatively little as a percentage of its GDP on active labour market programmes, including public employment services. The government needs to focus more on how national employment support is targeted and funded. The reliance on sanctions to push people into the first job they can find is also not working.

Overall, our research indicates that a different approach is needed. Initiatives that fit people to jobs that more closely meet their requirements, and that also align with local needs, could help get people back to work and tackle the labour shortages that are damaging the UK economy.

NatWest Purchasing Manager Index (PMI) Survey: West Midlands Region Released May 2023[9]

The Economic Intelligence Unit

In Summary:

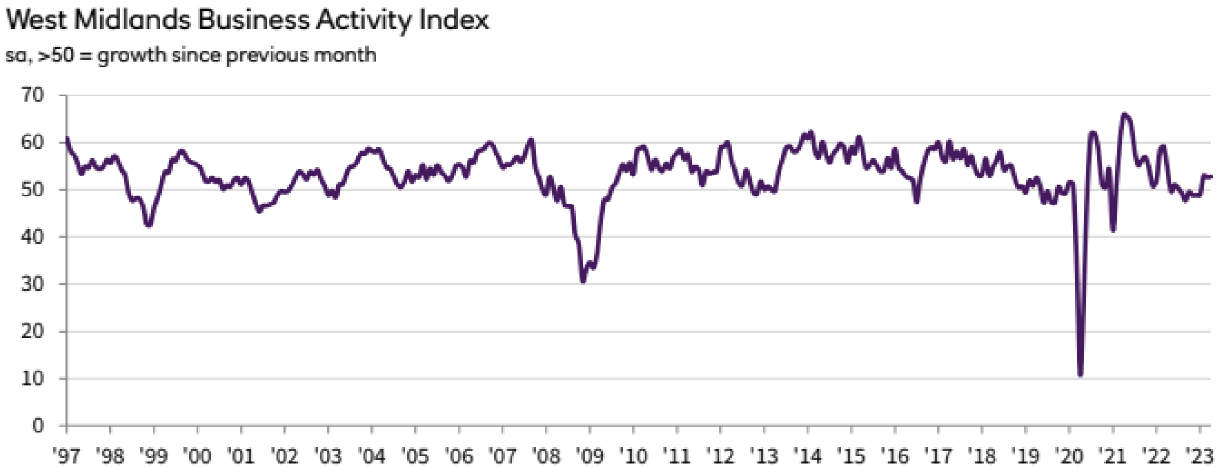
- The West Midlands Business Activity Index rose marginally from 52.7 in March 2023 to 52.8 in April 2023. Early indications show that business activity growth was linked to greater client spending, successful marketing efforts, new business wins, improved consumer footfall and acquisitions.
- The UK Business Activity Index increased from 52.2 in March 2023 to 54.9 in April 2023.
- Out of the 12 UK regions, the West Midlands was the fourth lowest for business activity in April 2023.
- The West Midlands Future Business Activity Index decreased from 78.0 in March 2023 to 76.5 in April 2023. Despite falling to a three-month low, the latest reading still shows a strong degree of optimism for the upcoming year. The latest reading is the second highest seen in 14 months. Optimism in West Midlands firms for the upcoming 12 months was linked to new sales opportunities, expanded capacities, product diversification and expectations of better global trading conditions.
- Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in April 2023.

In Detail:

Business Activity Index

The West Midlands Business Activity Index rose marginally from 52.7 in March 2023 to 52.8 in April 2023. Early indications show that business activity growth was linked to greater client spending, successful marketing efforts, new business wins, improved consumer footfall and acquisitions.

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



Source: NatWest West Midlands PMI, May 2023

Out of the 12 UK regions, the West Midlands was the fourth lowest for business activity in April 2023. London was the highest with 59.0 and Wales was the lowest at 51.1.

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

[9] Source: NatWest UK regional PMI report for April 2023, released May 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.

Source: NatWest West Midlands PMI, May 2023

Demand

The West Midlands New Business Index decreased from 54.1 in March 2023 to 54.0 in April 2023, the third consecutive month for rises in new business intakes. The rise in new work was linked to improved demand and footfall.

Exports

The West Midlands Export Climate Index increased from 52.5 in March 2023 to 53.1 in April 2023. The latest reading signals the most favourable export climate in close to a year.

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

Rank	Market	Weight	Output Index, Apr 23
1	USA	24.3%	53.4
2	Germany	11.9%	54.2
3	China	8.5%	53.6
4	France	7.7%	52.4
5	Ireland	7.2%	53.5

Source: NatWest West Midlands PMI, May 2023

Business Capacity

The West Midlands Employment Index increased from 50.5 in March 2023 to 52.6 in April 2023, as West Midlands firms raised payroll number at the start of the second quarter. After a 25-month low seen in March 2023, the latest increase in job numbers was solid.

The West Midlands Outstanding Business Index decreased from 49.9 in March 2023 48.3 to April 2023, the fifth consecutive month under the 50-mark threshold. Where a decline was reported, West Midlands firms reported successful recruitment, overtime and efficiency gains.

Prices

The West Midlands Input Prices Index decreased from 65.7 in March 2023 to 63.9 in April 2023. However, firms still reported increases to expenses in the latest month due to higher beverage, food, freight, insurance, material and staff costs. The increase was also linked in part to unfavourable exchange rate movements and higher energy costs. The latest reading is still historically high, although, the rate of inflation has softened to its weakest point in nearly two-and-a half years mainly due to lower raw material prices.

The West Midlands Prices Charged Index increased from 59.7 in March 2023 to 60.3 in April 2023. Ongoing cost rises, wage pressures and demand resilience caused a further increase in prices charged for goods and services across the West Midlands.

Outlook

The West Midlands Future Business Activity Index decreased from 78.0 in March 2023 to 76.5 in April 2023. Despite falling to a three-month low, the latest reading still shows a strong degree of optimism for the upcoming year. Optimism in West Midlands firms for the upcoming 12 months was linked to new sales opportunities, expanded capacities, product diversification and expectations of better global trading conditions.

Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in April 2023. Yorkshire & The Humber was the second highest with 75.8 and Northern Ireland was the lowest at 60.6.

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

Source: NatWest West Midlands PMI, May 2023

Quarterly Gross Domestic Product (GDP): – July to September (Q3) 2022 – West Midlands Region[10]

The Economic Intelligence Unit

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.

In Summary:

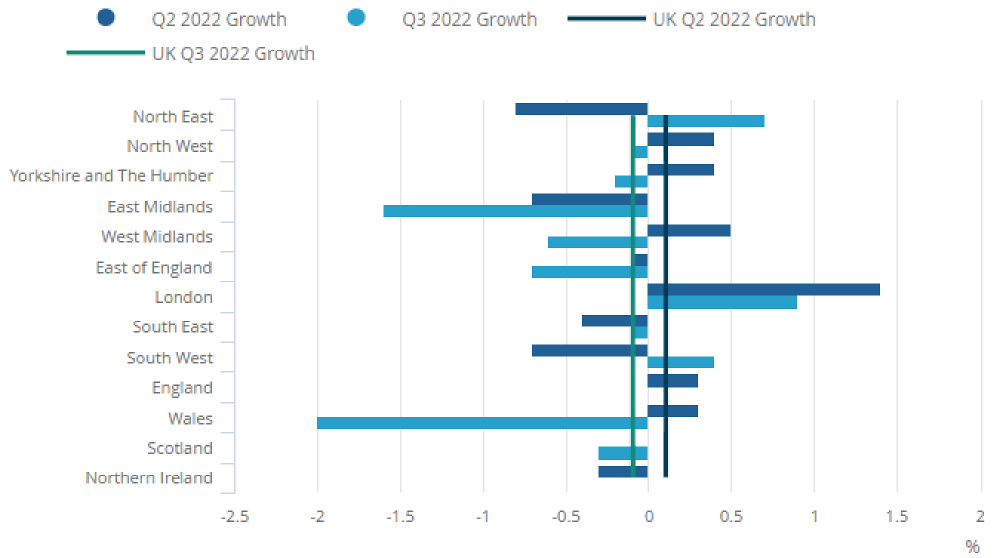
- Quarter on quarter analysis shows that, for the West Midlands region, GDP decreased by 0.6% in Quarter 3 2022, while England-wide was flat at 0.0%.
- Utilising a base year of 2019 (=100), in Q3 2022, the quarterly GDP indices for the West Midlands was 97.2, a decrease from 97.9 in the previous quarter.
- The latest quarter on quarter GDP percentage change to Quarter 3 2022 shows for the West Midlands that overall the production sector, construction sector, total services sector and 12 industries contracted. While the overall agriculture, forestry and fishing sector and 6 industries recorded growth in GDP.
- Quarter on same quarter a year earlier analysis shows that, for the West Midlands region, GDP decreased by 0.1% in Quarter 3 2022, while England-wide there was a growth of 2.5%.

Full Briefing:

Quarter on Quarter

Quarter on quarter analysis shows that for the West Midlands region, GDP decreased by 0.6% in Quarter 3 2022, while England-wide remained was flat at 0.0%. Wales and Scotland were estimated to have had negative growth in Quarter 3 2022 of 2.0% and 0.3%, respectively. While GDP growth in Northern Ireland in Quarter 3 2022 was flat at 0.0%. Of the nine English regions, the largest positive GDP growth in Quarter 3 2022 was in London by 0.9% (one of three regions), in contrast, the largest decline in GDP was in the East Midlands by 1.6%.

Seasonally adjusted quarter on quarter GDP growth/contractions for the regions of England and countries of the UK for Quarter 2 (Apr to Jun) and Quarter 3 (Jul to Sep) 2022:

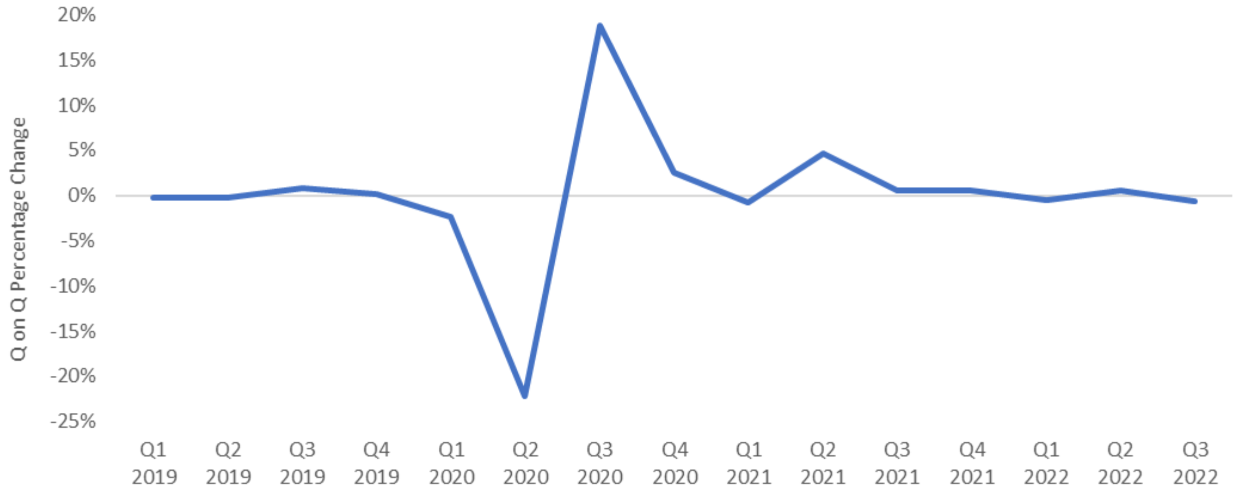


Source: Regional GDP estimate and Quarterly National Accounts GDP estimate from the Office for National Statistics, GDP Quarterly National Accounts from Scottish Government, and the Northern Ireland Composite Economics Index from the Northern Ireland Statistics and Research Agency

[10] Source: Office for National Statistics (ONS): GDP, UK regions and Countries: July to September 2022 – released May 2023. Please note, Estimates in this release have taken on revisions back to Quarter 1 (Jan to Mar) 2012; the revisions are caused by constraining to the latest regional economic activity by gross domestic product produced by regional accounts.

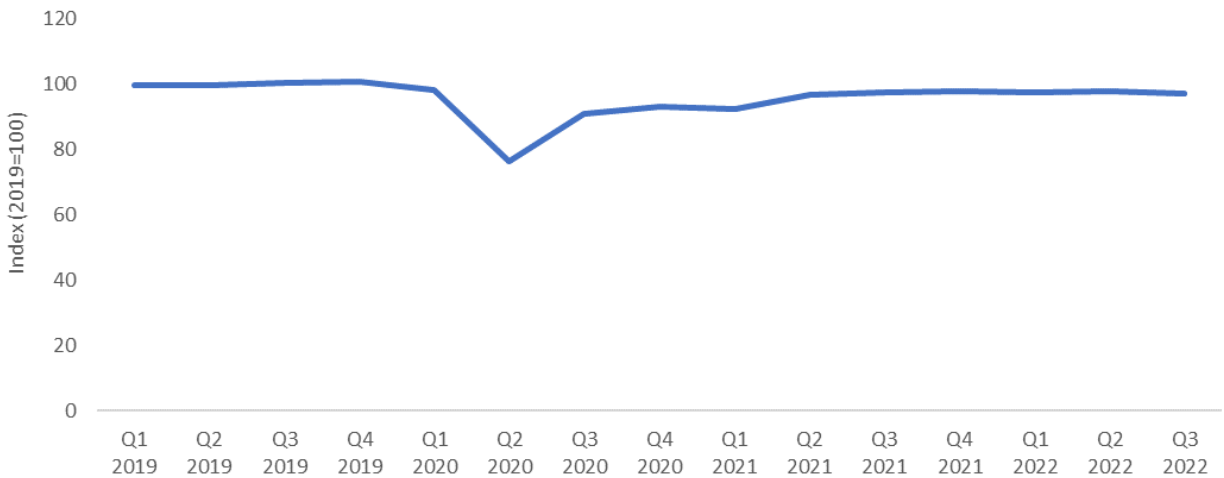
- The following chart shows quarter on quarter GDP percentage change for the West Midlands since Q1 2019. The latest analysis shows that in the last three quarters two have been negative.

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



- Utilising a base year of 2019 (=100), in Q3 2022, the quarterly GDP indices for the West Midlands was 97.2, a decrease from 97.9 in the previous quarter.

West Midlands quarterly indices trends (2019 = 100):



- The latest quarter on quarter GDP percentage change to Quarter 3 2022 shows for the West Midlands that overall the production sector, construction sector, total services sector and 12 industries contracted. While the overall agriculture, forestry and fishing sector and 6 industries recorded growth in GDP.

- The 6 industries of growth were information & communication and administrative & support service activities (both +0.4%), public administration & defence (1.8%), arts, entertainment & recreations (+3.4%), transportation & storage (+4.8%) and electricity, gas, steam & air (+8.2%).

- Of the 12 industries that contracted, the highest declines were in financial & insurance activities (-3.0%), manufacturing (-2.6%) and activities of households as employers, undifferentiated goods & services (-2.4%).

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

	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	Q3 2022
All industries	**-0.2%**	**0.8%**	**0.2%**	**-2.3%**	**-22.2%**	**18.8%**	**2.6%**	**-0.8%**	**4.7%**	**0.5%**	**0.6%**	**-0.5%**	**0.5%**	**-0.6%**
Agriculture, Forestry and fishing	**-2.6%**	**3.2%**	**1.5%**	**-0.4%**	**-10.7%**	**3.8%**	**-0.3%**	**0.8%**	**3.7%**	**6.2%**	**-1.1%**	**-0.6%**	**2.8%**	**2.5%**
Total production industries	**-0.5%**	**4.2%**	**-0.7%**	**-1.0%**	**-22.8%**	**26.7%**	**9.6%**	**5.9%**	**-4.1%**	**-4.2%**	**-5.6%**	**-9.2%**	**2.9%**	**-1.5%**
Mining & quarrying	0.7%	1.4%	-3.6%	3.8%	-25.6%	32.1%	5.9%	2.9%	-1.4%	-3.3%	0.6%	-2.8%	0.6%	-1.4%
Manufacturing	-2.2%	4.5%	-1.6%	-1.9%	-27.8%	36.1%	12.2%	4.6%	-5.6%	-3.7%	-6.3%	-9.0%	6.1%	-2.6%
Electricity, gas, steam and air	11.2%	6.8%	7.4%	0.5%	-0.4%	-3.1%	-2.0%	16.7%	2.8%	-7.0%	-5.4%	-13.1%	-16.2%	8.2%
Water supply, sewerage	0.6%	-1.8%	-3.5%	7.0%	-9.1%	4.5%	1.6%	4.7%	1.6%	-3.8%	0.3%	-5.5%	-0.3%	-2.3%
Construction	**0.8%**	**0.4%**	**-2.0%**	**-0.8%**	**-35.1%**	**48.3%**	**4.2%**	**-2.9%**	**4.6%**	**0.9%**	**1.2%**	**-1.7%**	**-1.7%**	**-0.8%**
Total service industries	**-0.2%**	**0.0%**	**0.6%**	**-2.8%**	**-21.0%**	**14.9%**	**0.5%**	**-2.6%**	**7.6%**	**1.8%**	**2.3%**	**1.8%**	**0.1%**	**-0.5%**
Wholesale and retail: repair of motor vehicles and motorcycles	-2.6%	-1.3%	-3.8%	-6.0%	-24.8%	26.1%	-4.7%	-3.9%	9.8%	-0.7%	4.7%	4.5%	1.1%	-1.5%
Transport and storage	3.1%	-1.3%	2.7%	0.5%	-27.1%	22.3%	-1.5%	-10.3%	2.0%	3.6%	4.3%	2.6%	0.0%	4.8%
Accommodation and food service activities	-4.8%	-2.1%	-0.6%	-7.4%	-84.1%	405.8%	-30.4%	-18.5%	91.5%	33.0%	-14.0%	6.4%	1.7%	-0.5%
Information and Communication	3.5%	5.5%	4.7%	-1.0%	-8.5%	13.8%	-1.7%	-3.5%	7.6%	-0.8%	4.1%	5.3%	-3.3%	0.4%
Financial and insurance activities	-0.9%	3.6%	1.3%	-0.2%	-3.5%	-1.8%	-0.4%	1.0%	0.4%	-3.1%	1.6%	-2.9%	2.5%	-3.0%
Real estate activities	-0.6%	-0.3%	-0.9%	3.3%	-0.9%	-0.2%	0.7%	0.2%	-0.1%	0.1%	-0.7%	-2.3%	-0.7%	-0.6%
Professional scientific and technical activities	2.0%	3.1%	0.9%	-0.6%	-17.4%	6.7%	6.0%	3.8%	1.2%	0.5%	0.6%	1.7%	-3.1%	-2.2%
Administrative and support service activities	1.2%	0.2%	3.4%	-2.2%	-22.6%	7.1%	12.0%	1.1%	2.6%	2.0%	2.2%	3.0%	4.8%	0.4%
Public administration and defence	-3.0%	2.1%	0.4%	-2.2%	-0.8%	-3.7%	-1.4%	1.2%	1.7%	0.3%	0.9%	1.3%	1.1%	1.8%
Education	2.5%	-4.5%	6.5%	-10.2%	-38.4%	52.8%	9.5%	-19.2%	24.8%	2.4%	-0.4%	1.1%	-1.2%	-0.7%
Human health and social work activities	0.0%	0.0%	-2.7%	-5.5%	-36.6%	8.0%	5.8%	11.2%	10.7%	5.9%	13.8%	3.4%	-0.3%	-1.7%
Arts, entertainment and recreation	0.2%	-1.9%	-4.3%	-4.5%	-40.0%	12.9%	9.0%	8.9%	9.7%	4.3%	7.7%	8.9%	3.1%	3.4%

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

Other service activities	-3.1%	-0.4%	9.0%	-0.5%	-23.7%	33.6%	-7.4%	-15.4%	6.2%	-7.7%	-2.2%	-2.1%	-2.2%	-0.1%
Activities of households as employers, undifferentiated goods and services	1.9%	-4.8%	-8.5%	-5.5%	-50.9%	84.4%	2.0%	-3.1%	23.5%	-1.2%	2.4%	-4.5%	-3.9%	-2.4%

- When indexed to 2019 (=100), the latest quarterly GDP shows for the West Midlands that 1 sector (agriculture, forestry & fishing) and 6 industries (mining & quarrying, information & communication, administrative & support service activities, public administration & defence, human health & social work activities and arts, entertainment & recreation) were above the 100 index, as seen in the table below.

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

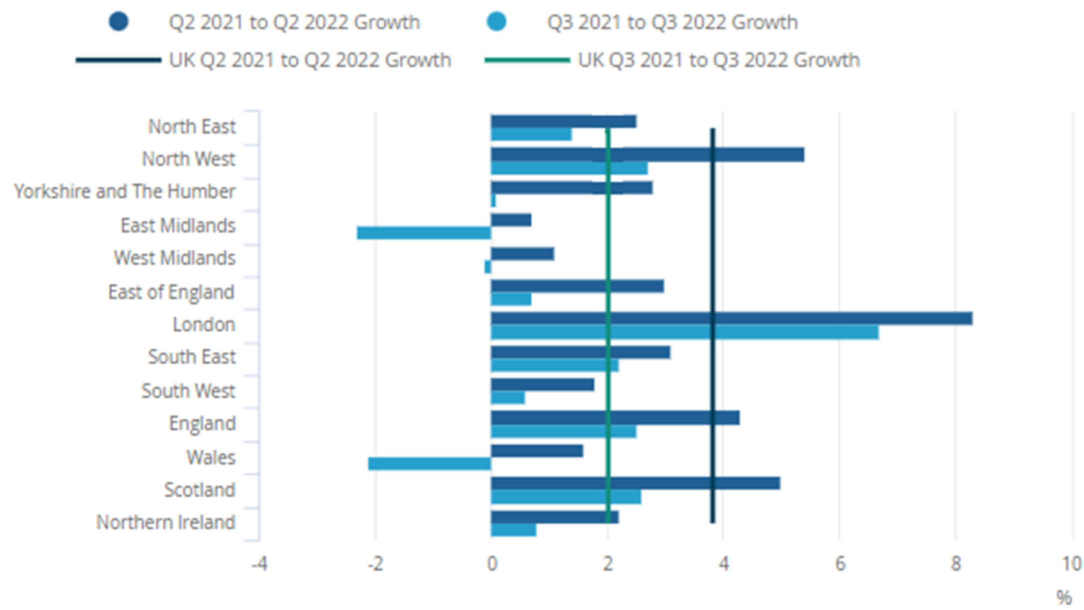
	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
All industries	**98.2**	**76.4**	**90.8**	**93.1**	**92.4**	**96.8**	**97.3**	**97.9**	**97.4**	**97.9**	**97.2**
Agriculture, Forestry and fishing	**101.6**	**90.8**	**94.3**	**94.0**	**94.7**	**98.2**	**104.3**	**103.1**	**102.5**	**105.4**	**108.1**
Total production industries	100.4	77.5	98.2	107.6	114.0	109.4	104.8	98.9	89.8	92.4	91.0
Mining & quarrying	101.9	75.8	100.1	106.0	109.1	107.6	104.0	104.6	101.6	102.2	100.7
Manufacturing	98.5	71.1	96.8	108.7	113.6	107.2	103.2	96.8	88.1	93.5	91.1
Electricity, gas, steam and air	112.1	111.6	108.1	106.0	123.7	127.1	118.2	111.8	97.2	81.5	88.2
Water supply, sewerage	103.3	93.9	98.1	99.7	104.3	106.0	102.0	102.2	96.6	96.3	94.1
Construction	**98.0**	**63.6**	**94.3**	**98.3**	**95.4**	**99.8**	**100.7**	**101.9**	**100.2**	**98.5**	**97.7**
Total service industries	**97.6**	**77.1**	**88.6**	**89.0**	**86.7**	**93.3**	**95.1**	**97.2**	**99.0**	**99.1**	**98.6**
Wholesale and retail: repair of motor vehicles and motorcycles	90.0	67.7	85.4	81.4	78.2	85.8	85.2	89.2	93.2	94.2	92.8
Transport and storage	102.7	74.9	91.6	90.2	81.0	82.6	85.5	89.2	91.6	91.6	95.9
Accommodation and food service activities	90.0	14.3	72.4	50.4	41.1	78.7	104.6	89.9	95.7	97.3	96.8
Information and Communication	106.0	97.0	110.4	108.6	104.8	112.8	111.9	116.5	122.6	118.6	119.1
Financial and insurance activities	102.3	98.7	96.9	96.6	97.5	97.9	94.8	96.3	93.6	95.9	93.0
Real estate activities	102.3	101.4	101.1	101.8	102.1	102.0	102.1	101.4	99.1	98.4	97.8
Professional scientific and technical activities	102.1	84.3	89.9	95.3	98.9	100.1	100.6	101.2	103.0	99.7	97.5
Administrative and support service activities	100.7	78.0	83.5	93.5	94.5	97.0	98.9	101.2	104.2	109.1	109.6
Public administration and defence	98.3	97.5	93.9	92.5	93.6	95.3	95.6	96.5	97.7	98.8	100.5
Education	92.5	57.0	87.1	95.5	77.1	96.2	98.5	98.2	99.3	98.0	97.3
Human health and social work activities	92.6	58.8	63.5	67.2	74.7	82.7	87.6	99.7	103.0	102.7	101.0
Arts, entertainment and recreation	91.5	54.9	62.0	67.6	73.6	80.7	84.2	90.7	98.7	101.7	105.2
Other service activities	105.1	80.2	107.1	99.2	83.9	89.1	82.2	80.4	78.7	76.9	76.8
Activities of households as employers, undifferentiated goods and services	86.6	42.5	78.4	79.9	77.5	95.7	94.5	96.8	92.5	88.9	86.7

Quarter on Same Quarter a Year Earlier

- Quarter on same quarter a year earlier analysis shows that, for the West Midlands region, GDP decreased by 0.1% in Quarter 3 2022, while England-wide there was a growth of 2.5%.

- East Midlands and Wales also decreased in Quarter 3 2022 when compared with the same quarter in 2022. Growth rates varied from 6.7% in London to 0.1% in the Yorkshire and the Humber.

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



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

- The latest quarter on same quarter a year earlier GDP percentage change to Quarter 3 2022 shows for the West Midlands that overall the production sector, construction sector and 11 industries contracted. While the overall agriculture, forestry and fishing sector, services sector and 7 industries recorded growth in GDP.

- The 7 industries of growth were public administration & defence (+5.2%), information & communication (+6.4%), wholesale and retail: repair of motor vehicles and motorcycles (+8.9%), administrative & support service activities (+10.8%), transport & storage (+12.1%), human health & social work activities (+15.3%) and arts, entertainment & recreations (+24.9%).

- Of the 12 industries that contracted, the highest declines were in electricity, gas, steam & air (-25.4%), manufacturing (-11.7%) and activities of households as employers, undifferentiated goods & services (-8.2%).

West Midlands GDP percentage change by quarter on same quarter a year earlier by industry trends:

	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	Q3 2022
All industries	**-1.7%**	**-0.8%**	**0.5%**	**-1.5%**	**-23.2%**	**-9.5%**	**-7.3%**	**-5.9%**	**26.7%**	**7.2%**	**5.1%**	**5.4%**	**1.1%**	**-0.1%**
Agriculture, Forestry and fishing	**21.2%**	**20.2%**	**14.4 %**	**1.6%**	**-6.8%**	**-6.2%**	**-7.8%**	**-6.8%**	**8.2%**	**10.6%**	**9.7%**	**8.2%**	**7.3%**	**3.6%**
Total production industries	-7.5%	-3.0%	1.0%	1.9%	-20.9%	-3.8%	6.1%	13.6%	41.1%	6.7%	-8.1%	-21.2%	-15.5%	-13.1%
Mining & quarrying	-0.7%	2.4%	0.4%	2.2%	-24.5%	-1.6%	8.1%	7.1%	42.0%	3.9%	-1.3%	-6.9%	-5.0%	-3.1%
Manufacturing	-11.4%	-5.9%	-1.7%	-1.4%	-27.2%	-5.1%	8.2%	15.4%	50.7%	6.6%	-10.9%	-22.5%	-12.8%	-11.7%
Electricity, gas, steam and air	15.9%	17.5%	27.1 %	28.2%	14.8%	4.1%	-4.9%	10.4%	13.9%	9.3%	5.5%	-21.4%	-35.9%	-25.4%
Water supply, sewerage	4.1%	0.7%	-5.5%	2.0%	-7.9%	-2.0%	3.2%	0.9%	12.9%	3.9%	2.6%	-7.4%	-9.2%	-7.7%
Construction	**5.1%**	**4.7%**	**1.8%**	**-1.7%**	**-36.7%**	**-6.5%**	**-0.6%**	**-2.7%**	**56.9%**	**6.8%**	**3.7%**	**5.1%**	**-1.3%**	**-3.0%**
Total service industries	**-1.0%**	**-0.9%**	**0.1%**	**-2.4%**	**-22.7%**	**-11.3%**	**-11.3%**	**-11.2%**	**21.1%**	**7.3%**	**9.2%**	**14.2%**	**6.2%**	**3.8%**
Wholesale and retail: repair of motor	-9.5%	-10.3%	-12.1 %	-13.2%	-33.0%	-14.3%	-15.0%	-13.1%	26.9%	-0.2%	9.6%	19.1%	9.8%	8.9%

vehicles and motorcycles														
Transport and storage	6.4%	2.4%	4.8%	5.1%	-25.6%	-7.9%	-11.7%	-21.2%	10.2%	-6.6%	-1.1%	13.1%	10.9%	12.1%
Accommodation and food service activities	6.7%	0.7%	-5.5%	-14.3%	-85.7%	-26.0%	-48.1%	-54.3%	449.2 %	44.4%	78.4%	133.0 %	23.7%	-7.4%
Information and Communication	8.6%	9.7%	15.5 %	13.2%	0.1%	8.0%	1.4%	-1.2%	16.3%	1.3%	7.2%	17.0%	5.1%	6.4%
Financial and insurance activities	-7.7%	-0.5%	4.5%	3.8%	1.0%	-4.2%	-5.8%	-4.7%	-0.8%	-2.2%	-0.3%	-4.0%	-2.0%	-1.9%
Real estate activities	3.3%	1.6%	-1.5%	1.5%	1.1%	1.2%	2.8%	-0.2%	0.6%	1.0%	-0.4%	-2.9%	-3.5%	-4.2%
Professional scientific and technical activities	-8.2%	-1.1%	4.8%	5.5%	-14.6%	-11.6%	-7.2%	-3.1%	18.8%	11.9%	6.2%	4.1%	-0.4%	-3.1%
Administrative and support service activities	-3.6%	6.4%	9.3%	2.6%	-21.5%	-16.2%	-9.2%	-6.2%	24.5%	18.5%	8.2%	10.2%	12.5%	10.8%
Public administration and defence	5.1%	6.0%	4.8%	-2.8%	-0.7%	-6.3%	-8.0%	-4.7%	-2.3%	1.8%	4.2%	4.3%	3.7%	5.2%
Education	10.5%	0.1%	5.6%	-6.4%	-43.7%	-10.0%	-7.4%	-16.7%	68.8%	13.1%	2.9%	28.8%	1.9%	-1.2%
Human health and social work activities	-3.1%	-4.0%	-5.4%	-8.0%	-41.6%	-37.0%	-31.4%	-19.3%	40.7%	38.0%	48.4%	37.9%	24.2%	15.3%
Arts, entertainment and recreation	-2.3%	6.7%	-4.2%	-10.2%	-46.2%	-38.1%	-29.5%	-19.6%	47.0%	35.8%	34.2%	34.2%	26.0%	24.9%
Other service activities	-15.7%	-14.9%	2.4%	4.8%	-17.5%	10.6%	-6.1%	-20.2%	11.1%	-23.3%	-19.0%	-6.2%	-13.6%	-6.5%
Activities of households as employers, undifferentiated goods and services	34.3%	14.9%	0.1%	-16.1%	-59.6%	-21.7%	-12.7%	-10.5%	125.1 %	20.6%	21.1%	19.4%	-7.1%	-8.2%

ONS economic activity and social change in the UK, real-time indicators
The Economic Intelligence Unit

On the 2nd June 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).

Consumer Behaviour Indicators
Consumer behaviour indicators mostly saw increased activity in the latest week, with the aggregate Bank of England CHAPS-based indicator of credit and debit purchases rising by 2 points and Springboard footfall increasing to 104% of the level of the previous week; elsewhere, average fuel prices from Visa shows a continual trend downwards and are now 64 percentage points below the July 2022 peak.

UK Daily Flights
EUROCONTROL data shows the average number of UK daily flights increased by 4% in the week to 28th May 2023 and was 5% higher than the level seen in the equivalent week of 2022.

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 for non deduplicated job adverts.

Nationally, between the 19th and 26th May 2023, total online job adverts increased by 2.1%. On the 26th May 2023, total online job adverts were at 116.2% of their average level in February 2020. Out of the 28 categories (excluding unknown) 24 increased; the largest weekly increase was in "legal", which rose by 17.1% (to 80.2% of the average level in February 2020). One category remained at the same level (81.8%) which was creative/design/arts & media. In contrast, of the 3 categories that decreased (healthcare & social care, graduate and other/general), the highest decrease was in "other/general" which fell by 8.8% (to 127.2% of the average level in February 2020). There were 10 categories that were below the February 2020 average level, with the lowest in "property" at 79.4%.

Online job adverts increased for all UK regions between the 19th and 26th May 2023. The West Midlands online job postings rose by 1.3% and on the 26th May 2023, it was at 116.6% of the average level in February 2020. On the 26th May 2023, there were 3 regions below their February 2020 levels (London 95.8%, East of England 96.9% and the South East 99.2%). In contrast, Northern Ireland was the highest at 159.6% 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 14th May 2023, across the UK, there were 57 employers proposing 3,058 potential redundancies. The potential redundancies 4-week rolling average was 4,253 and the employers proposing redundancies 4-week rolling average was 63.
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 86 and the employers proposing redundancies 4-week rolling average was 115.

System Average Price of Gas

The System Average Price (SAP) of gas fell for the seventh consecutive week, decreasing by 10% in the week to 28th May 2023, it was 48% lower than the equivalent level in 2022 and 87% below the weekly peak level in late August 2022. However, when compared to the pre-Covid-19 baseline, SAP of gas was 163% higher.

Business Insights and Conditions Survey

The final results from Wave 82 of the Business Insights and Conditions Survey (BICS) based off the 5,244 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 25.5% (1,335) and 3,215 businesses that are head quartered in the West Midlands, with a response rate of 24.4% (784). Please note, the survey reference period was 1st to 30th April 2023 with a survey live period of 2nd to 14th May 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.

Financial Performance

18.3% of responding West Midlands businesses reported that turnover in April 2023 had increased when compared to the previous calendar month. 38.6% of West Midlands businesses reported turnover had stayed the same. However, 36.1% had reported that turnover had decreased.

33.8% of West Midlands businesses expect turnover to increase in June 2023. While 46.8% reported expectations of turnover to stay the same. However, 7.7% of West Midlands businesses expect turnover to decrease in May 2023.

Prices

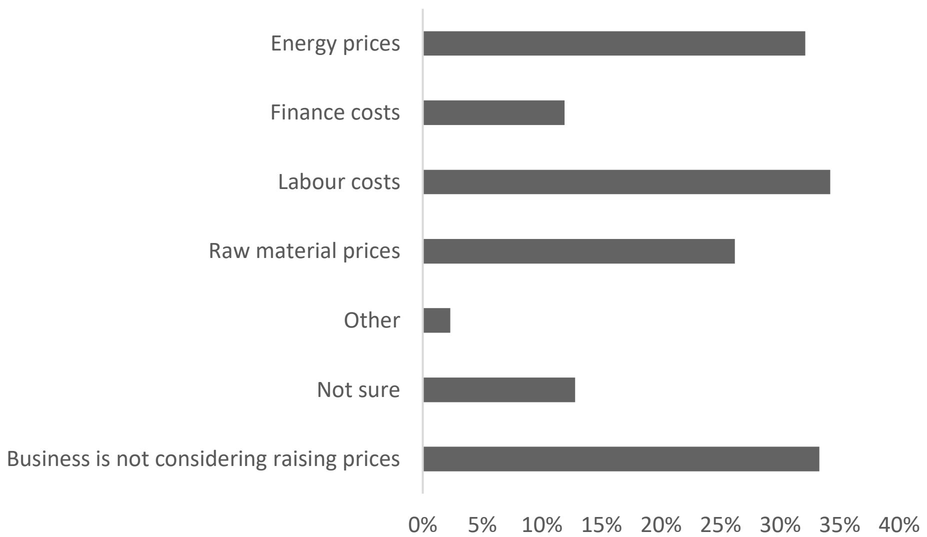
30.6% of responding West Midlands businesses reported the prices of goods or services brought in April 2023 when compared to the previous month had increased. 52.5% reported that prices had stayed the same and 1.8% of West Midlands businesses reported that prices of goods or services brought had decreased.

19.7% of West Midlands businesses reported the prices of goods or services sold in April 2023 when compared to the previous month had increased. 64.5% reported that prices had stayed the same and 2.0% of West Midlands businesses reported that prices of goods or services sold had decreased.

17.6% of West Midlands businesses expect the prices of goods or services sold in June 2023 to increase. 63.8% expect prices to stay the same and 1.1% expect the prices of goods or services sold to decrease.

34.2% of West Midlands businesses reported that labour costs was a factor for the business to consider rising prices in June 2023. While 33.3% of responding West Midlands businesses reported to not be considering raising prices in June 2023.

Factors (if any) causing West Midlands businesses to consider raising prices in June 2023:



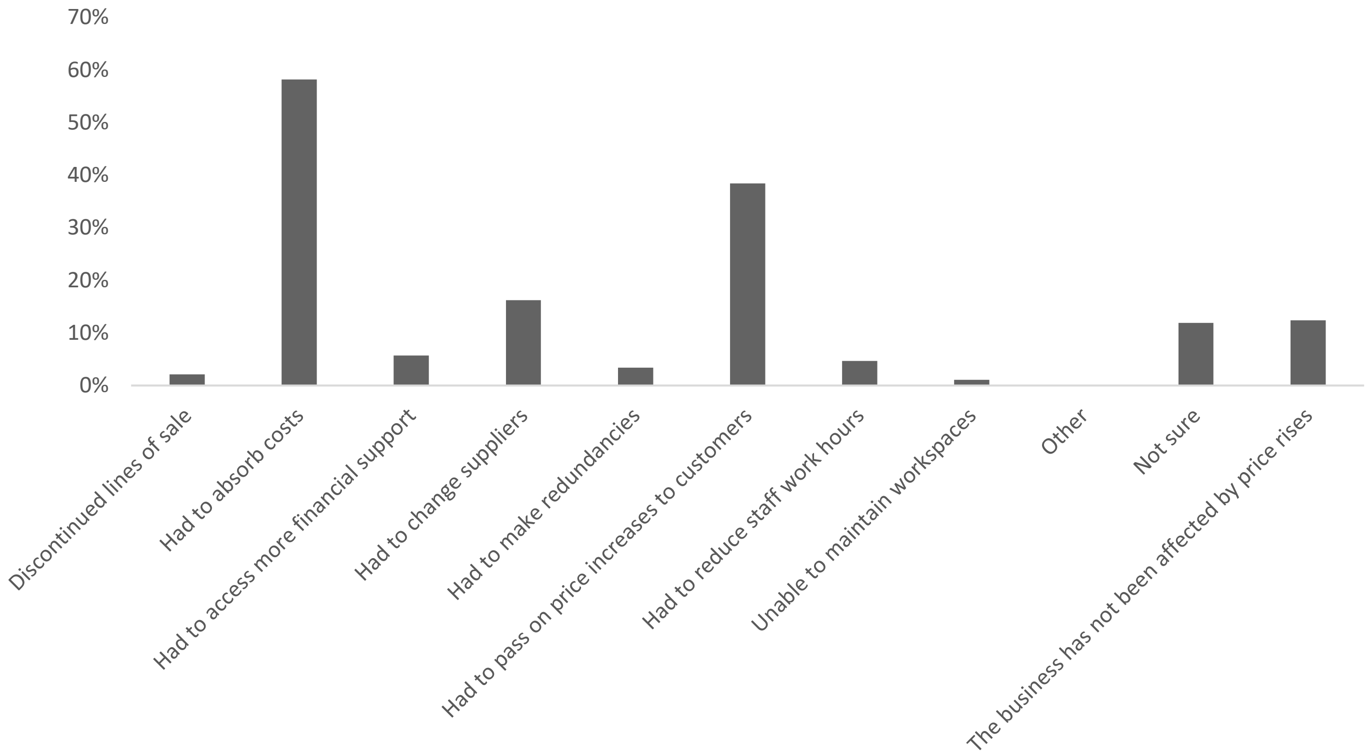
Energy Prices

5.1% of responding West Midlands businesses reported production had been affected by recent increases in energy prices, 15.9% of West Midlands businesses reported suppliers had been affected and 25.2% of West Midlands businesses reported that both production and suppliers were affected. While 25.5% of West Midlands businesses reported to not being affected by the recent increases in energy prices.

Impacts of Price Rises

58.2% of West Midlands businesses have had to absorb costs due to price rises.

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



Demand for Goods and Services

12.1% of responding West Midlands businesses reported that domestic demand for goods and services in April 2023 when compared to the previous month had increased. 50.8% reported the domestic demand had stayed the same and 18.9% of West Midlands businesses reported the domestic demand for goods and services had decreased.

4.1% of West Midlands businesses reported that international demand for goods and services in April 2023 when compared to the previous month had increased. 23.4% reported the international demand had stayed the same and 7.4% of West Midlands businesses reported the international demand for goods and services had decreased.

Stock Levels and Stockpiling

7.9% of responding West Midlands businesses reported that stock levels of raw materials in April 2023 when compared to the previous month were higher. 36.9% reported that stock levels stayed the same and 8.2% of West Midlands businesses reported stock was lower.

8.7% of responding West Midlands businesses reported that stock levels of finished materials in April 2023 when compared to the previous month were higher. 33.3% reported that stock levels stayed the same and 8.6% of West Midlands businesses reported stock was lower.

6.2% of responding West Midlands businesses reported to stockpiling goods or materials.

Number of Employees
20.9% of responding West Midlands businesses reported in April 2023 when compared to the previous month, that the number of employees increased, 59.3% reported the number of employees had stayed the same and 13.4% of West Midlands businesses reported the number of employees had decreased.

22.4% of West Midlands businesses expect the number of employees will increase in June 2023, 59.9% expected the number of employees to stay the same and 5.7% of West Midlands businesses expect the number of employees to decrease.

Recruitment Difficulties
29.6% of responding West Midlands businesses reported to experiencing difficulties in recruiting employees in April 2023. However, 42.9% of West Midlands businesses did not experience any difficulties.

Debts and Insolvency
1.1% of responding West Midlands businesses reported that debt repayments were more than 100% of turnover in April 2023. 3.5% of West Midlands businesses reported that debt repayments were between 50% and 100%. 3.8% of West Midlands businesses reported that repayments were between 20% and 50% of turnover. 27.6% of West Midlands businesses reported that repayments were up to 20% of turnover. While 41.8% of responding West Midlands businesses reported that it was not applicable.

48.2% of West Midlands businesses reported high confidence to meet the current debt obligations, 14.1% had moderate confidence and 1.1% had low confidence.

4.9% of West Midlands businesses reported to be at moderate risk of insolvency, 43.2% reported low risk and 42.2% reported no risk.

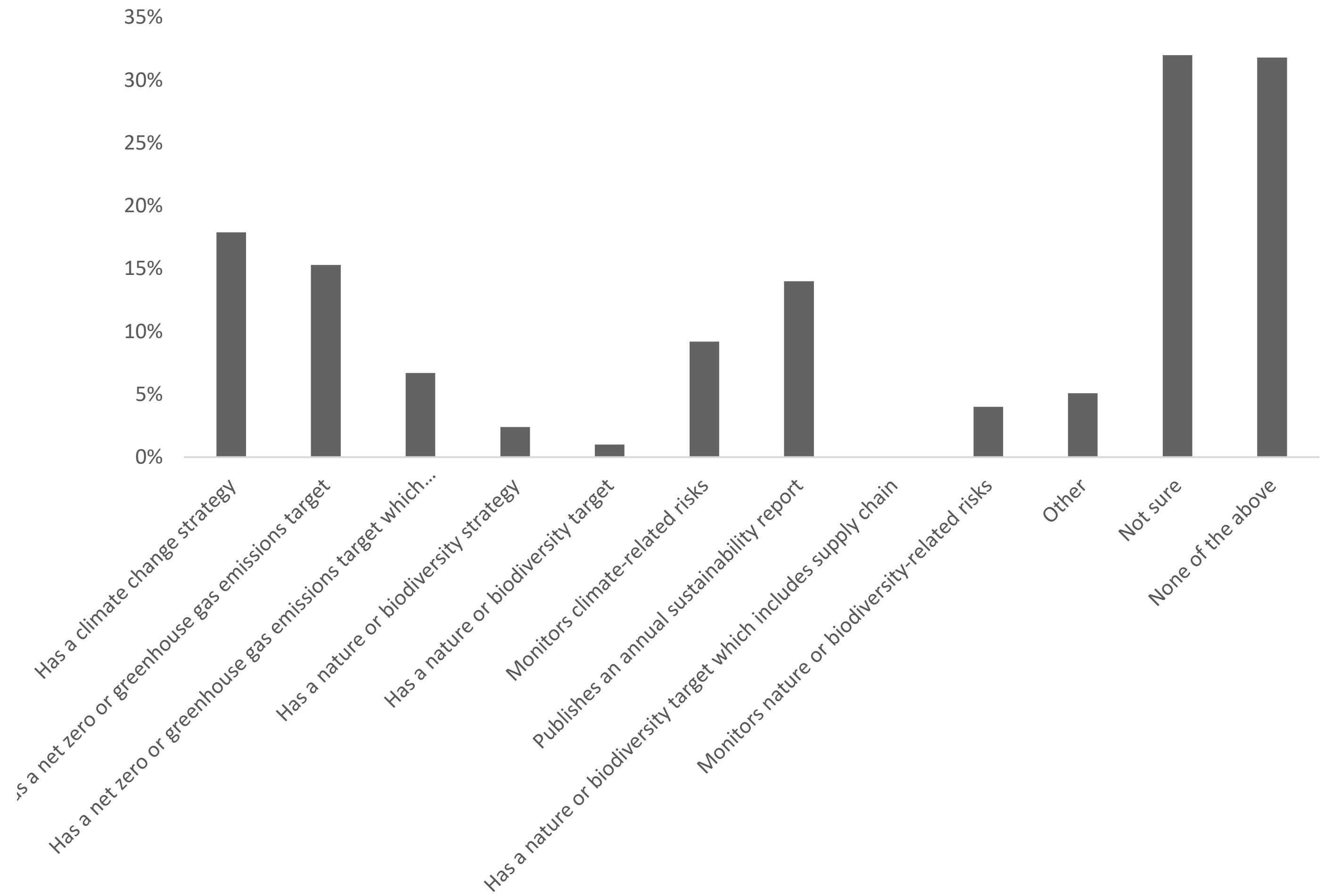
EU Workers and Non-EU Workers
1.9% of responding West Midlands businesses reported in April 2023 when compared to the previous year, that the number of workers from within the EU had increased, 24.0% reported the number had stayed the same and 7.1% of West Midlands businesses reported the number had decreased.

4.9% of West Midlands businesses reported in April 2023 when compared to the previous year, that the number of workers from outside the EU had increased, 15.6% reported the number had stayed the same and 2.7% of West Midlands businesses reported the number had decreased.

Net Zero
55.9% of responding West Midlands businesses were either very or somewhat concerned about the impact climate change may have on the business.

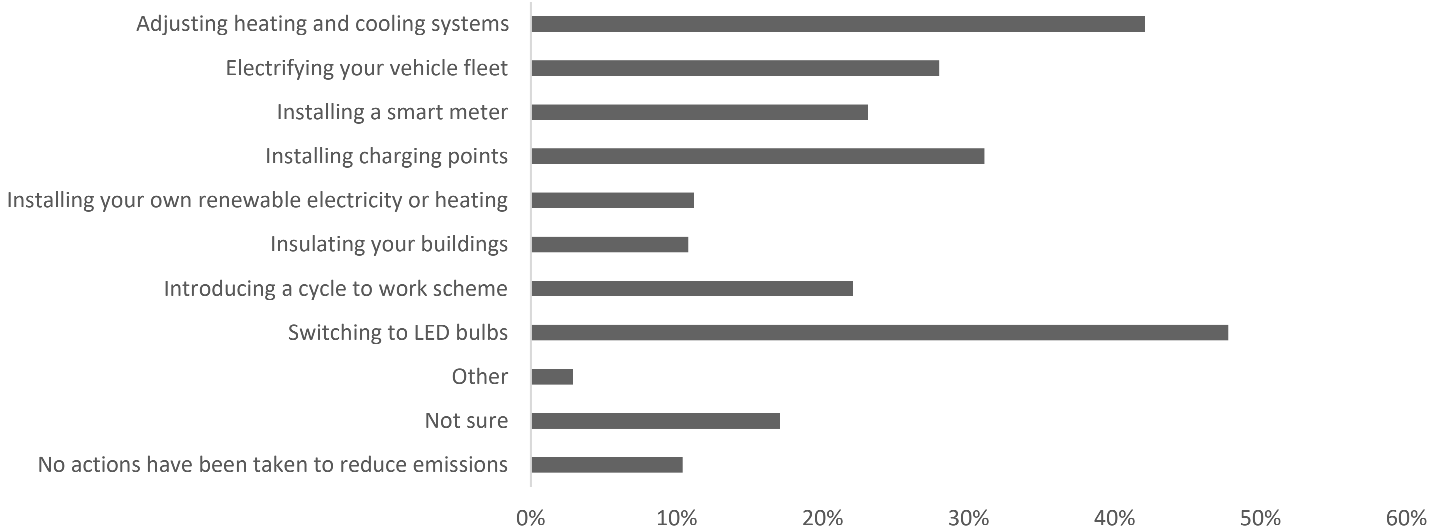
17.9% of West Midlands businesses have a climate change strategy in place to protect the environment.

Actions (if any), West Midlands businesses have taken to protect the environment:



47.8% of West Midlands businesses and 46.6% have switched to LED bulbs in an effort to reduce carbon emissions.

Actions (if any), West Midlands businesses have taken to reduce carbon emissions:



Overall Performance

26.2% of responding West Midlands businesses reported that overall performance in April 2023 increased when compared to the same period in the previous year. 42.2% of West Midlands businesses reported that performance had stayed the same and 20.5% reported that performance had decreased.

For the next 12 months, 42.6% of West Midlands businesses expect that performance will increase, 34.5% expect performance will stay the same and 7.7% expect performance will decrease.

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 17th to 29th May 2023.

Important Issues Facing the UK

Respondents felt the four main issues facing the UK were; the cost of living (92%), NHS (87%), economy (73%) and climate change & the environment (60%).

Cost of Living

67% of adults reported that their cost of living had increased, compared with a month ago.

The most common reasons reported by adults who said their cost of living had increased compared with a month ago were an increase in the price of food shopping (97%), an increase in gas or electricity bills (69%), and an increase in the price of fuel (40%).

Green Jobs

29% of working adults reported that they would describe any part of their job as a "green job", based on the definition of "a job that helps to protect or contribute towards the environment, such as helping to combat climate change or improve the natural environment".

4% of working adults reported that all or most of their job relates to "green" activities.

15% of working adults reported that they work for an organisation that does specific green activities, but their own work was not directly related.

Headlines

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<tr><th>SECTOR</th><th>KEY INSIGHTS</th></tr>
<tr><td>Cross Sector</td><td>
<h3>Outlook</h3>

There appears to have been some return of business confidence in the first half of 2023 so far, but margins and investment sentiment remain weak. The FSB's Small Business Index (SBI) report found that small business confidence in the UK recovered strongly between Q4 2022 and Q1 2023, but is still in lightly negative territory. The SBI reached -2.8 in Q1 2023, up 43 points from Q4 2022 but 18.1 points lower than in the same quarter last year (Q1 2022: 15.3).
While the latest Business Barometer from Lloyds Bank showed that business confidence dipped in the West Midlands during May (from 31% to 30%), but is relatively steady. Firms identified their top target areas for growth in the next six months as introducing new technology (43%), evolving their offer (37%) and investing in sustainability (36%).
Despite inflation now falling, the cost of living and doing business squeeze continues to hold back investment and growth, as noted by FSB and others, including BDO. BDO's bi-monthly Economic Engine survey has revealed that high corporation tax is having an impact on firms too: 33% of respondents said they will either have to make redundancies or take on fewer people as a result. Worryingly, nearly half (42%) said the uplift in corporation tax had prompted them to consider leaving the UK.
Another macroeconomic impact hitting businesses and communities in the region is interest rate rises – with the base rate now at 4.5%. Business concern about interest rates has firmly risen up the agenda in recent months.
Unfortunately, we are still seeing casualties where businesses are selling up or ceasing to trade because of these impacts, including in the West Midlands where business deaths have risen significantly in recent months.
Separately, there is some concern about delays to the roll out of the UK Shared Prosperity Fund (UKSPF) and a potential lack of consistency of support between local authorities.

The recently released Demos-PwC Good Growth for Cities report looks at how the radical reshaping of public and private sector roles would help cities respond to current challenges (the Index covers broad measures of economic wellbeing, including jobs, income, health, skills, work-life balance, housing, transport and the environment), while at the same time steering towards growth and genuine levelling up.

When measured against the priorities chosen by the public, cities in the West Midlands tend to perform below the national average, with the exception of Stoke-on-Trent. The highest performing city is Stoke-on-Trent, which comes 21st in our index. The lowest performing city is Birmingham, ranking 47th out of 51.
As a whole, the four cities in the West Midlands perform most strongly on the following criteria:

Work-life-balance: Wolverhampton and Walsall and Birmingham score above the UK average, while Coventry and Stoke-on-Trent score similarly to the UK average.
Income Distribution: Stoke-on-Trent and Wolverhampton and Walsall score higher than the UK average, while Coventry and Birmingham score more similarly to the UK average.
Conversely, cities in the West Midlands score poorly on High Streets, Jobs, Income and New Businesses variables.

More broadly, Centre for Cities has published its report on the role of the Midlands Engine in the British economy, showing that the region has considerable importance but also aspects of underperformance. Important for West Midlands partners, the report recommends the following to maximise the strength of the Midlands: improving skills of residents; making city centres more attractive places to do business; improving public transport; and aim to secure devolution deals.
<h3>Trading Environment</h3>

Increased costs continue to affect the operational costs and cashflow of businesses in the West Midlands region, reducing margins and stunting growth opportunities. For example:

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SECTOR	KEY INSIGHTS
	- **Energy:** 500% increases in energy costs reported by engineering firms. Still examples of those seeing increases and others that managed to secure fixed deals, delaying the rise in costs for up to 3 years. - **Staff:** Salaries increased by some employers sooner than they had planned in order to retain and attract staff. A survey by Shropshire Chamber of Commerce found that "more than four out of five employers are having to offer higher wages to attract staff, at the same time as wrestling with the dilemma of trying not to pass on big price rises to their own customers." - **Materials:** Various reports of increases in materials costs. Copper prices approximately 40% up on this time last year, increasing from £40-£50 per 100m to £60-£70. Aluminium and porous metals such as Brass are up 150%, Plastics +100% and Steel +120% over last year. - **Containers:** Although not as high as during the pandemic which saw prices increase from around £3,500 to £21,000 per container, these are still hovering around the £5,000 mark. • **Re-Shoring:** Businesses reliant on importing products and/or components from China continue to look at bringing manufacturing of these items within Europe and the UK. • Businesses of all sizes in the West Midlands are being hit hard by the **ongoing series of train strikes.** As well as **retailers losing trade with shoppers being kept away**, **many businesses are facing problems from staff being unable to get to work on time or at all on some days.** **Labour Market** • Reflecting British Chambers of Commerce comment amongst others, various **requests for support from businesses on skills continue across the West Midlands region**, including for sales, marketing and social media skills as well as more specific requests across sectors to fill shortages; - **Social Care:** Some businesses are saying they will have to close as they **cannot fulfil contracts**, partly due to their own resourcing errors as they have over stretched themselves and **cannot find the workers** required to do so. - **Engineers:** Continued **shortages of engineers**, particularly with growth in the **EV and Battery Tech** arenas where **traditional methods are becoming outdated**. Some reports that **University courses are not suitable for newer technologies**. - **Cleaners:** Commercial and Domestic cleaners are in high demand. Businesses with contracts for schools highlighting they are **unable to recruit sufficient staff numbers.** - **Security Engineers:** A shortage in **electricians and security engineers** leading to delays in growing businesses due to **lack of skills**. • **Interns:** Regional businesses reporting that the quality of Interns is poor and that the **concept of "free labour" is outdated** and that industry needs to offer a reasonable salary to candidates with a view to ultimately recruiting from this talent pool. Businesses have said they are **struggling with young people 16+ being work ready** and the need for more work with schools. • The demand for support with **learning and development for staff** has also been an issue that has been regularly raised.
Manufacturing	• Positively for places like the West Midlands, British car manufacturing made further gains in April, with **output increasing for the third month in a row, up 9.9%,** according to the latest figures published by the Society of Motor Manufacturers and Traders (SMMT). **66,527 cars rolled out of factory gates, 5,973 more than in April last year as global supply chain shortages, most notably of semiconductors, continued to ease.** • The Government published its National Semiconductor Strategy in May, focused on securing a **long-term semiconductor supply chain for Britain.** The British Chambers of Commerce have commented saying the strategy is a **"welcome first step".**
Construction and Infrastructure	• According to official ONS data, **monthly UK construction output is estimated to have increased 0.2% in volume terms in March 2023**; this came from an increase in new work (0.7%), partially offset by a decrease in repair and maintenance (0.6% fall) on the month. **Quarterly construction output increased 0.7% in Quarter 1 (Jan to Mar) 2023 compared with Quarter 4 (Oct to Dec) 2022; the increase came solely from a rise in repair and maintenance (4.9%),** as new work saw a decrease of 1.9%. • The annual rate of construction output price growth was **8.5% in the 12 months to March 2023; this has slowed slightly** from the record annual price growth found in May and June. • Data for April – from the S&P Global / CIPS UK Purchasing Managers Index for the construction industry – shows that **activity in the sector increased again in April albeit with "lopsided" growth**. Residential house-building is suffering its steepest decline since May 2020, **weighed down by**

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

SECTOR	KEY INSIGHTS
	weaker demand and higher mortgage rates, in contract to strong commercial construction growth. • Separately, West Midlands businesses have been **urged to seize the opportunity of £1 billion of HS2 contracts that are coming up for grabs this year**, at a roundtable event hosted by national audit, tax, advisory and risk firm Crowe. At the same time Johnathan Dudley, Crowe's Midlands and South West Managing Partner and National Head of Manufacturing, **urged the HS2 partnership to use the railway scheme as a platform to revive the UK's traditional railway engineering industry.**
Hospitality, Retail and Tourism	• With the business climate remaining uncertain and consumer demand low, **hospitality, retail and tourism businesses remain at particular risk** – owing to sustained higher costs and less spending from the public. • **Only a third of UK hospitality businesses are optimistic about their future** due to high energy prices and rising food costs, industry bosses have warned. Four of the UK's largest hospitality industry groups – the British Institute of Innkeeping, UKHospitality, the British Beer and Pub Association and Hospitality Ulster – **have issued a plea to the government.** • Examples of struggling wider regional firms in these sectors have been raised, for example **Severn Valley Railway has launched an urgent appeal** for donations as bosses warn the attraction may not survive its current financial crisis. The railway has been profoundly affected by changes in the financial climate over the past three years, as a result of the Covid-19 pandemic, the war in Ukraine, post-Brexit supply chain issues and the cost-of-living crisis. • However, more positively **UK consumers picked up the pace of their spending in April, and sales volumes over the three months to April grew by the most since mid-2021**, according to ONS retail sales data, that suggested limited impact from the surge in inflation. **Sales volumes in April rose by a slightly stronger-than-expected 0.5% from March**, while in the February-to-April period, sales were up by 0.8% from the previous three months.
Cross-Sector Clusters	• A new report, **Exploring the Investment Potential of Midlands Clusters**, has been produced and published by the Midlands Engine Partnership to launch a new programme of analysis, engagement and policy development focused on supporting our regional partners, businesses, and the UK Government to better **understand and develop clusters across the Midlands.** - Working in collaboration with The Data City, Beauhurst, Wavteq, CBI Economics and Midlands Engine Observatory, the project has **identified, selected and analysed a series of clusters in the Midlands Engine region**. The published report demonstrates the cluster framework and methodology applied, while **showcasing the analysis of 4 clusters identified (out of a total of 23).** • Also, a new "Open for Business" report from the Centre for Progressive Policy (CPP) shows that **innovation and investment need not be confined to our big cities**: many towns, small cities and rural and coastal areas with underperforming local economies already **contain pockets of high potential industries, that have demonstrated impressive growth in recent years.** - From a total of 95 "pockets of potential" in 72 underperforming local economics, the report **highlights 3 West Midlands locations with at least one high potential sector / sub-sector**: largely related to **manufacturing but also information and communication.** • A separate report from The Economy 2030 Inquiry highlights key characteristics of successful **"turnaround cities"** – an interesting perspective for use in West Midlands and wider UK places. • Additionally, the new Gender Index 2023 report explores the upward trend of female-owned and ethnic-minority owned female-led companies. **Since 2022, the West Midlands has improved its position** and moved above the South East to 2nd position at 17.6%. London remains the highest at 18.6%.

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
Marston's	Region-wide	Hospitality	Pubs and restaurants group Marston's is to sell off more pubs to reduce its debts. Chief executive Andrew Andrea said more than 60 pubs across the country were likely to feature in the disposals programme. They are on top of the 61 pubs already being sold off by the Wolverhampton-based group that were revealed in March. Those include the unique Crooked House pub between Dudley and Himley. However, Mr Andrea remains upbeat about the future.
Harvester	West Bromwich	Restaurants	The Harvester in West Bromwich has closed. The New Square restaurant's management said: "It is with great sadness that we announce that our wonderful site Harvester New Square will be closing permanently this weekend.
Wetherspoons	West Bromwich	Hospitality	The Wetherspoons in West Bromwich has closed after being among more than 30 earmarked for closures by the chain due to economic pressures.
Robinson Manufacturing	Sutherland Avenue	Timber	Robinson Manufacturing is winding down operations in Wolverhampton after entering administration with 61 staff being made redundant. The timber frame and truss firm appointed administrators Paul Meadows and Matt Cowlishaw, of Teneo Financial Advisory, who secured a pre-pack deal for Robinson Manufacturing's Ebbw Vale site.
Creation Day Festival	West Park	Live Music	Creation Day - a major city music festival – has been postponed for the third year running. It was due to take place at Wolverhampton's West Park on September 2 and 3, but it has now emerged it has been pushed back to 2024 at a different venue.
Crazy Pedro's	Digbeth	Food and Drink	The owner of the Custard Factory has confirmed that Crazy Pedro's is closed for good. Oval Real Estate said that the pizza chain has left Digbeth and that a 'new hospitality venture' will be taking its place.
Vinoteca	Birmingham	Food and Drink	A wine bar in Birmingham City Centre has closed less than a year after opening, citing struggles during the economic challenges over the past year.

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
Severn Trent	Midlands-wide	Water Supply	Water company Severn Trent has announced plans to create 1,000 new jobs in the region.
Biogas Products	Brierley Hill	Energy	A biogas technology company has continued its expansion at a refurbished industrial estate. Biogas Products has signed a deal on Unit 7 at Cookley Wharf Industrial Estate, Brierley Hill and completed lease extensions on two additional industrial/warehouse units on the same estate. The company, which designs, manufactures and installs biogas equipment in the UK and overseas, now occupies more than 14,400 sq ft at Cookley Wharf where it has been based since 2011.
Segro	West Midlands-wide	Industrial Development	Industrial giant SEGRO has committed £2bn to a decade-long net zero warehouse development programme after becoming a strategic partner of the West Midlands Combined Authority (WMCA). As a strategic partner, SEGRO aims to deliver 13.5 million sq ft of sustainable warehouse space across the West Midlands by the end of 2033, focused on tech-enabled logistics facilities as well as purpose-built space for Research & Development and light manufacturing.
Midlands JCB	Smethwick	Construction	Midlands JCB has bought three depots owned by Gunn JCB in Smethwick, Stoke-on-Trent, and Hereford. The change in

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COMPANY	LOCATION	SECTOR	DETAIL
			ownership is a crucial step in JCB's growth in the region, which is set to attract considerable investment in the future.
LetSanify	Tipton	Life Sciences	A Tipton business has begun exporting to Qatar. LetSanify has sent its first consignment of eco-friendly disinfectants and cleaning products. They will be sold into the Lulu group of supermarkets that has more than 200 outlets across the region.
Mercia Real Estate	Wednesbury	Industrial Development	Mercia Real Estate has started work on the redevelopment of an industrial park in Wednesbury. A detailed planning application for GWS trading estate on Leabrook Road was approved last year. The project will see the demolition of existing buildings and construction of a new 6,100 sq. m. commercial unit. The property will comprise a single Grade A distribution warehouse totalling 65,000 sq. ft. incorporating ground and first floor ancillary office accommodation.
Lidl	Darlaston	Retail	Discount supermarket giant Lidl has put forward its latest proposal to open a fourth brand new store within Walsall. The company is looking to take over the former bingo hall site on Park Lane in Darlaston for a new branch, which will help create 40 new jobs if given the go-ahead.
Gestamp	Four Ashes	Manufacturing	Gestamp, which manufactures metal components for use in car body structures, has invested in a dedicated training centre. The six classrooms are being used to deliver lean manufacturing apprenticeships for a minimum of 60 existing team members every year, as well as a host of other development activities designed to increase the skills base of its 650-strong workforce.
Suncredit Power Balancing	Bilston	Energy	Plans to build a new energy storage unit and natural gas and electricity plant next to a canal have been submitted. The application, made by Suncredit Power Balancing, is for a natural gas-fuelled standby electricity generation plant and battery storage on land next to the Birmingham Canal near Anchor Lane in Bilston. The facility will be known as the Anchor Lane Energy Centre.
National Timber Systems (NTS)	Penderford	Timber	More than 100 jobs are set to be created when a timber firm creates a new manufacturing site in Wolverhampton. National Timber Systems (NTS) is expected to start recruiting soon as it takes over an existing building at Owen Trading Estate, off Wobaston Road in Pendeford. The multi-million pound investment will create one of NTS's largest manufacturing sites, with the premises measuring 70,000 sq ft.
Aurrigo	Coventry	Autonomous vehicle technology	Aurrigo International plc, which floated on AIM last year, has acquired a provider of electrical wiring harnesses and assemblies; GB Wiring, based in Leicestershire.
Greater Birmingham Chambers of Commerce (GBCC)	Edgbaston	Commerce	Greater Birmingham Chambers of Commerce (GBCC) has confirmed plans to relocate to new premises in the Edgbaston area of the city. The GBCC has agreed to lease office space at 54 Hagley Road – "a stone's throw" from Chamber of Commerce House, which has been home to the membership organisation since 1960.
NP Aerospace	Coventry	Aerospace	Coventry-based manufacturer NP Aerospace has secured an extension to a £63m protected mobility engineering and technical support vehicle contract with the UK Ministry of Defence until March 2026.
304 Clothing	Birmingham	Retail	Jobs have been secured following the acquisition of a Birmingham-based fashion designer and retailer, 304 Clothing, out of administration. Last year, the firm secured investment to support its expansion plans. 304 Clothing was established in 2012 and produced and sold streetwear for men, women and children. The company sold its goods via its website and third-party retailers including Asos and Asda. The sale of the company will see eight employees transferring to the new owner.

COMPANY	LOCATION	SECTOR	DETAIL
iQ Student Accommodation	Warwick	Residential Development	iQ Student Accommodation has revealed it will forward fund the development of a 1,209-bed student scheme near the University of Warwick.
Celadon Pharmaceuticals	West Midlands	Pharmaceuticals	A West Midlands pharmaceutical company focused on the research, cultivation, manufacturing and sale of cannabis-based medicines has secured a £7m credit facility with a with a high-net-worth investor.
Centrick	Birmingham	Property	Birmingham-headquartered property firm Centrick has sold the retail arm of its commercial agency business to Siddall-Jones.
Glenstone REIT / Knowles Property Services Holdings	Perry Barr	Industrial Development	A real estate investment trust has secured a prominent industrial site near Birmingham city centre through the acquisition of Knowles Property Services Holdings. Glenstone REIT has completed the purchase of Knowles Property Services Holdings - including its 45,000 sq ft site on Moor Lane Trading Estate, located close to the M6 in Perry Barr.
Watling Real Estate	Birmingham	Real Estate	A real estate advisory business has formed, following a management buyout of the national restructuring solutions team from Avison Young. Watling Real Estate will be headquartered in London with a network of offices in Birmingham, Manchester, Leeds and Bristol and will have a team of more than 20 professionals.
Graftongate /Cilldara Group	Walsall	Development	Developers Graftongate and Cilldara Group have secured planning consent for a new sustainable industrial/logistics scheme in Walsall. Walsall Council has granted permission for the development of a former Holiday Inn complex on a vacant 5.4-acre site off Wolverhampton Road West in Bentley.
KWB	Birmingham	Industrial Development	Property agency KWB has completed a double deal with self-storage business Space Station. A vacant 69,154 sq ft warehouse, situated on a 2.43-acre on Garretts Green Lane in Birmingham has been sold to the firm, which it will use to deliver a 95,000 sq ft facility with work starting on the scheme in June.
HSBC	Region-wide	Business Funding	HSBC has launched its latest SME lending fund, with £1.5bn earmarked for businesses in the West Midlands.
IMI	Solihull	Engineering	IMI, the Solihull-based engineering giant has landed a spot on the FTSE 100. Following the quarterly reshuffle of the indices, IMI has taken British Land's place, ending its 21-year run on the FTSE 100.

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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