West Midlands
Economic Impact Monitor

Issue 104 Publication Date 06/07/23

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.

Business conditions continue to remain challenging, but estimates show some signs of improvement: (1) a smaller proportion of businesses report supply chain disruption, (2) more businesses report that they aee able to get materials, goods, and services from within the UK, and (3) fewer businesses report price inflation of goods and services or energy prices as their main concern. Yet inflation remains high, job vacancies are slowing, and 18.2% of responding West Midlands businesses expect inflation to be the main concern for business this month.

Global and national economy

- Global GDP growth in 2023 is projected to be 2.7%: the lowest annual rate since the global financial crisis, except for the 2020 pandemic period. A modest improvement to 2.9% is foreseen for 2024. Annual OECD GDP growth is projected to be below trend in both 2023 and 2024.
- The Bank of England (BoE) has raised interest rates for the 13th consecutive time as it tries to stop inflation rising to 5% from 4.5%. With core inflation remaining high, further rises throughout the year are likely.
- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.9% in the 12 months to May 2023, up from 7.8% in April.
- The Consumer Prices Index (CPI) rose by 8.7% in the 12 months to May 2023.
- Rising prices for air travel, recreational and cultural goods and services, and second-hand cars, resulted in the largest upward contributions to the monthly change in both the CPIH and CPI.
- Core CPI (excluding energy, food, alcohol and tobacco) rose by 7.1% in the 12 months to May 2023, up from 6.8% in April. This is the highest rate since March 1992
- 1 in 8 (13%) businesses reported that their employees' hourly wages had increased in May 2023 compared with April 2023.
- The total number of online job adverts on 23 June 2023 was 3% below the level seen in the equivalent period of 2022.
- Both the System Average Price (SAP) of gas and System Price of electricity in the week to 25 June 2023 were around half the level of the equivalent period of 2022.
- Consumer behaviour indicators mostly saw decreased activity, with the aggregate CHAPS-based indicator of credit and debit card purchases decreasing by 1 point (Bank of England CHAPS data), overall retail footfall falling to 98% of the previous week.
- Producer input prices rose by 0.5% in the year to May 2023, down from a rise of 4.2% in the year to April 2023.
- Private rental prices paid by tenants in the UK rose by 5.0% in the 12 months to May 2023, up from 4.8% in the 12 months to April 2023.

West Midlands economy

- Some business activity measures suggest an economic recovery in the first half of 2023. The FSB's West Midlands Small Business Index (WMSBI) shows that confidence levels amongst regional small business owners is at its highest level for a year and ahead of the UK average.
- The West Midlands Business Activity Index increased from 52.8 in April 2023 to 54.2 in May 2023: the strongest increase seen since April 2022. Business activity growth was linked to better sales, capacity growth, favourable demand conditions and publicity.
- The West Midlands New Business Index decreased from 54.0 in April 2023 to 53.8 in May 2023. Despite the decline this is the fourth consecutive month for rises in new business intakes. The rise in new work was linked to improved demand trends, new clients, and better business conditions.
- The West Midlands Export Climate Index decreased from 53.1 in April 2023 to 52.6 in May 2023. Despite the fall, the latest reading signals the second fastest rate of expansion in a year.
- The West Midlands Future Business Activity Index increased from 76.5 in April 2023 to 78.5 in May 2023. The latest reading is at a 16-month high.
- In 2019, the Midlands accounted for £56 billion in exported UK goods, representing 16% of the UK's total goods exports. However, the value of goods exports experienced a significant decline in 2020, dropping by over 10% to £45.6 billion - five times higher than the national average decline of around 2%.

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

- Additionally, the Midlands' services exports were severely disrupted, with a near 25% reduction in export value, making it the worst-hit region. Between 2021 and 2022, the Midlands' rate of recovery lagged behind the UK average, resulting in a two-percentage-point reduction in the region's share of UK exports.
- Machinery and transport account for over 60% of the region's exports, but the decline and slow recovery in this sector, particularly in the West Midlands, have negatively impacted the region.
- In the WMCA (3 LEP) area there was a total of 160 FDI projects creating 7,605 new jobs in 2022-23. FDI projects increased by 21.2% (+28) and new jobs increased by 82.1% (+3,429) since 2021-22.
- FDI projects delivered a total of 8,652 jobs in the West Midlands region in 2022-23. This was an increase of 47.4% (+2,781 jobs) from 2021-22. The UK had a decrease over this period of 6.8%.
- 41.2% (193 of 469 total projects) of West Midlands FDI projects between 2020-21 to 2022-23 were from EU countries. This was higher than the UK-wide figure of 38.4%.
- Since the year ending Q1 2022, the West Midlands region's total value in goods exports increased by £5.7bn (+22.2%) to £31.6bn in the year ending Q1 2023. The overall value of UK trade in goods exports increased at a slower rate, by 17.5% (to £380.6bn in the year ending Q1 2023).
- The West Midlands had a trade in goods deficit of £11.1bn in the year ending Q1 2023.
- In the year ending Q1 2023, the largest value goods exported for a SITC section in the West Midlands was machinery & transport at nearly £21.5bn. This SITC section accounted for 68.1% of the total exports value; of which 61.2% (£13.2bn) were non-EU exports
- At a Country Group level, the highest value of West Midlands goods exports was to the EU at £14.2bn, accounting for 44.9% of the total in the year ending Q1 2023. Exports to the EU from the West Midlands have increased by £1.9bn (+15.4%) since year ending Q1 2022.
- 84.3% of responding West Midlands businesses were able to get the materials, goods or services it needed from within the UK in May 2023.
- In 2021, GVA per hour in the West Midlands Combined Authority (WMCA) area was £34.05. Since 2020, the WMCA area increased by 1.5% (+£0.50), which matched the UK growth rate. When compared to 2019, GVA per hour in the WMCA area increased by 4.2% (+£1.36) while the UK increased by 4.5% (+£1.64).
- In 2021, GVA per filled job in the WMCA area was £50,970. Since 2020, the WMCA area increased by 0.4% (+£194.41), while the UK increased by 0.7%.

West Midlands labour market and skills

- 26.4% of responding West Midlands businesses reported to currently experiencing a shortage of workers. 59.5% of responding businesses reported that they were not experiencing a shortage of workers.
- 57.8% of West Midlands businesses reported employees were working increased hours due to the shortage of workers.
- For the three months ending April 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 75.6%. Since the three months ending January 2023, the employment rate increased by 1.6 percentage points.
- For the three months ending in April 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 4.8%, which has increased by 0.3 percentage points since the previous quarter and an increase of 0.4 percentage points from the previous year.
- There were 126,240 claimants in the WMCA area in May 2023. Since April 2023, there has been a decrease of 0.9% (-1,085) claimants in the WMCA area, while the UK decreased by 2.2%. When compared to March 2020 (pre-Coronavirus pandemic), the number of claimants has increased by 27.1% (+26,940) in the WMCA area, with the UK increasing by 22.1% over the same period.
- In May 2023, there were 22,950 youth claimants in the WMCA area. Since April 2023, there was an increase of 0.02% (+5) youth claimants in the WMCA area, while the UK decreased by 1.7%. When compared to March 2020 (pre-Coronavirus pandemic), the number of youth claimants has increased by 19.8% (+3,795) in the WMCA area, with the UK increasing by 11.3% over the same period.
- Research conducted by WMREDI indicates that within Birmingham and the wider West Midlands universities and colleges already contribute considerably to up-skilling and reskilling through developing future sectoral skills, piloting new ways of learning, supporting graduate employability, addressing access to higher education (HE) barriers, developing pathways between further education (FE) and HE, introducing applied higher-level skills development initiatives and working with regional governance stakeholders.
- The Skills and Productivity Board has emphasised that to fully realise the benefits of individual, firm or government investments in skills, there is a need for complementary investments in other types of capital (namely physical, intangible, financial, social and institutional) – as set out in the Levelling Up White Paper. Longer-term, for levelling up of skills to be fully effective there is a need for broader investment across health, education, social services and public transport.
- Extensive research has attempted to quantify the impact of key characteristics on the probability of non-completion in UK higher education. Seven major influences are: an unsatisfactory learning experience, inappropriate subject choice, the university's location and environment, difficulties in fulfilling academic requirements, dissatisfaction with provided resources, financial/employment hardships, and challenges with social integration.

- In other studies, family background has emerged as a potent predictor of enrolment loss, as it is closely linked with students' financial capabilities, readiness for higher education success, and career aspirations post-university. Specifically, university students who come from highly deprived backgrounds show a considerably higher tendency to drop out when compared to their counterparts from the highest socio-economic group, even when factors such as demographic traits, educational achievement, the type of university, and the subject of study are taken into account.

Economic inactivity

- 'Looking after family and home' is one of the categories of economic inactivity that actually fell, rather than rose, throughout the pandemic, standing some 166,000 lower in the first quarter of 2023 (at 1.66 million) than in the first quarter of 2020 (when it was 1.83 million) according to figures from the Office for National Statistics. Retirement among the population of working age (16-64 years) had already fallen back to below pre-pandemic levels by the end of 2022.
- As of 5th March 2023, an estimated 1.9 million (2.9% of the population) were reporting Long COVID lasting four weeks or more (ONS). As of March 2022, an estimated 80,000 people had left employment in the UK due to Long COVID
- Changes in age structure are estimated to have contributed 0.29 percentage points (63% of the actual rise) to the rise in economic inactivity. The tail of the baby boomer cohort moving into their early 60s, an age group with a high level of economic inactivity, and exiting the labour market due to retirement is expected to continue to bring down the size of the workforce until 2026, other things being equal (ONS).
- The Office for National Statistics highlighted that the percentage of people aged 16 to 64 years who report a long-lasting health condition that limits either the kind or amount of work they can do rose from 16.4% to 18.1% between 2019 and 2022.

Aerospace

- Aerospace is a significant manufacturing sub-sector in the WMCA area. The West Midlands region's share of UK aerospace is estimated at around 10%, representing a Gross Value Added (GVA) of around £1bn and around 25,000 full-time equivalent jobs.
- The Midlands is home to the largest Aerospace cluster in the UK with 30% of aerospace businesses and more than half of domestic investment going to aerospace companies in the Midlands. This means the Midlands is also home to 7% per cent of Europe's and 3% of the world's aerospace industry.
- The principal hub of the cluster is the heart of civil aerospace operations at Rolls-Royce, the world's second largest manufacturer of aircraft engines, in Derby. A second cluster hub is organised around the companies Collins Aerospace, Rolls-Royce Control Systems, Meggitt and Moog, in Birmingham, Wolverhampton and Coventry, which supply electro-mechanical systems to control aircraft moving parts
- Midlands-based businesses in the manufacturing and engineering sector received just 7.44% of equity investment raised in the UK from 2017 to 2021, despite making up 18.7% of the high-growth companies in this sector.
- However, Midlands-based companies received 22.9% of all grant money received by high-growth companies in manufacturing and engineering, suggesting that the Midlands companies in the sector are being recognised for their innovation.

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

Global, National and Regional Outlook
Alice Pugh, WMREDI

Global

OECD Economic Outlook
The OECD has released their Economic Outlook report, looking into the global economy and how it is fairing, the challenges faced and potential opportunities, as well as advice for policy makers. The key findings were as follows:

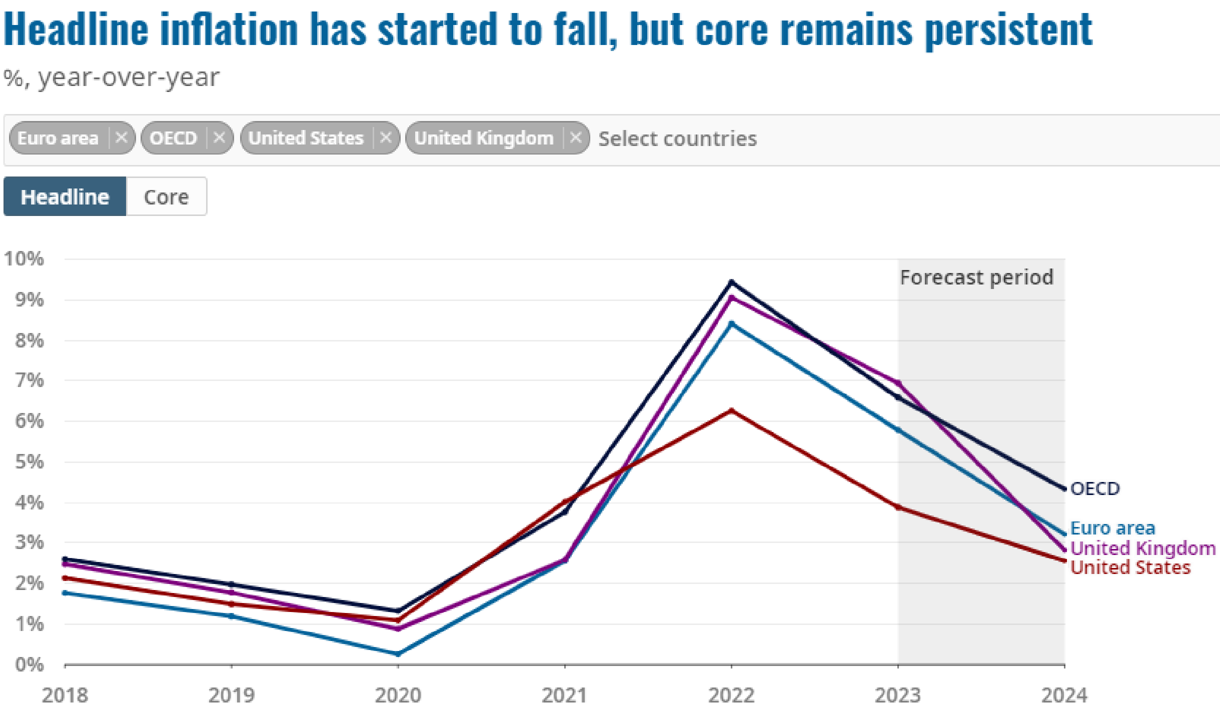
The global economy is showing signs of improvement, but the upturn remains weak, amid significant downside risks. Lower energy prices are helping to bring down headline inflation and ease strains on household budgets. The earlier-than-expected reopening of China has provided a boost to global activity. However, core inflation is proving persistent, and the impact of higher interest rates is increasingly being felt across the economy.

Global GDP growth in 2023 is projected to be 2.7%. This is the lowest annual rate since the global financial crisis, with the exception of the 2020 pandemic period. A modest improvement to 2.9% is foreseen for 2024. Annual OECD GDP growth is projected to be below trend in both 2023 and 2024, although it is expected to gradually pick up through 2024 as inflation moderates and real incomes strengthen.

Source: OECD Economic Outlook, June 2023.

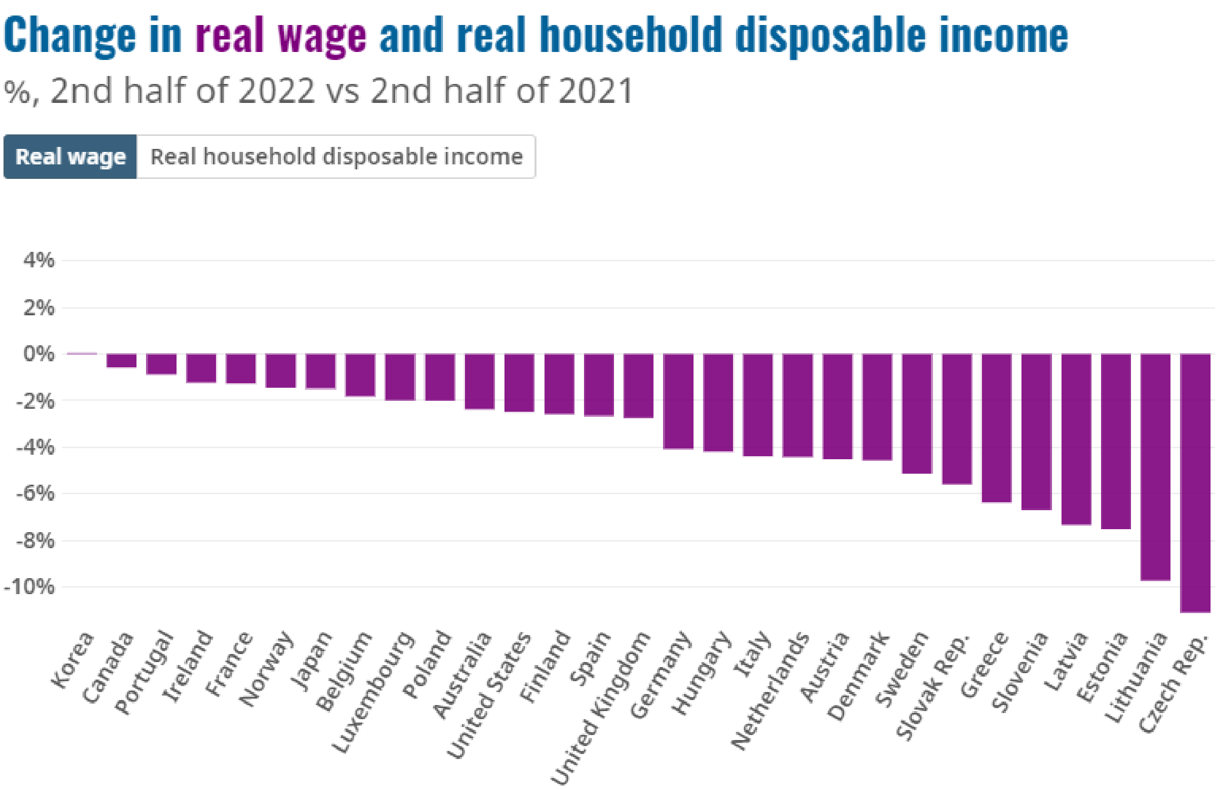
Headline inflation has fallen in most economies in recent months due to the downturn in energy prices, even though food and services prices have continued to rise rapidly. Core inflation remains stubbornly high.

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



Source: [OECD Economic Outlook, June 2023.]

A combination of high inflation and modest wage increases led to falling real wages in 2022. Many governments rolled out extensive support to cushion the effects of high energy and food prices on households. Over the course of 2023 real wages are projected to stop declining in most OECD countries.



Source: [OECD Economic Outlook, June 2023.]

What should governments do?

1. **Maintain restrictive monetary policy to combat inflation** - Monetary policy needs to remain restrictive until there are clear signs that underlying inflationary pressures are durably reduced. This may require additional interest rate increases in economies in which high core inflation is proving persistent.

2. **Phase out and target fiscal support** - With global food and energy prices having declined and minimum wages and welfare benefits having increased to take account of past inflation, fiscal support to mitigate the cost-of-living crisis should increasingly become targeted on vulnerable households inadequately covered by the general social protection system.
3. **Prioritise pro-growth spending and supply-boosting structural reforms** - Public debt levels and budget deficits are high. Many countries also face rising future spending pressures from ageing populations, the green transition and higher interest payments on public debt. These pressing future challenges and the longer-term decline in trend growth rates point to a need for ambitious supply-boosting structural reforms and prioritising pro-growth public spending.

National

Interest rates
The Bank of England (BoE) has raised interest rates for the 13th consecutive time as it tries to stop rising inflation. The new Bank rate set by the Monetary Policy Committee has now risen to 5% from 4.5%. With core inflation remaining high, it also looks like there will be further rises throughout the year, with financial markets predicting the rate will hit 6% early next year.

The theory behind raising interest rates is that this makes it more expensive to borrow money. This means that people have less to spend, therefore reducing demand and slowing price rises. However, it should be noted that the current inflation is not necessarily due to high demand; it is as a result of supply-side issues and policy. For instance, high energy prices are a result of Russia invading Ukraine and wage rises, which are contributing to inflation as a result of a lack of labour; these are supply-side issues, not demand issues. These supply-side issues, however, are difficult to fix in the short term. They are also expensive issues to fix, which the government would struggle to fund whilst interest rates are rising. As the drivers behind inflation are supply-side, this means that interest rate rises are having limited impacted on inflation so far.

However, interest rate rises can be dangerous in a cost-of-living crisis. Rises increases the cost of borrowing or entering overdrafts, with interest on both currently being around 20%. However, in the last few months borrowing has risen as people struggle to afford to pay for basic necessities and rises, placing even greater pressure on already struggling households and businesses. Rising interest rates will also lead to higher mortgage repayments for many, especially those on trackers or standard variable rates, with repayments increasing potentially by hundreds of pounds per month. If prices continue to remain high whilst interest paid on mortgages also rises there could be a mortgage time bomb as people struggle to afford their payments and begin to default.

For savers higher interest rates mean more money from savings.

Consumer Price Inflation
The ONS has released data on consumer price inflation for May 2023. The key findings include:
- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 7.9% in the 12 months to May 2023, up from 7.8% in April.
- On a monthly basis CPIH rose by 0.6% in May 2023, compared with a rise of 0.6% in May 2022.
- The Consumer Prices Index (CPI) rose by 8.7% in the 12 months to May 2023, unchanged from April.
- On a monthly basis, CPI rose by 0.7% in May 2023, compared with a rise of 0.7% in May 2022.
- Rising prices for air travel, recreational and cultural goods and services, and second-hand cars, resulted in the largest upward contributions to the monthly change in both the CPIH and CPI annual rates.
- Falling prices for motor fuel led to the largest downward contribution to the monthly change in CPIH and CPI annual rates, while prices for food and non-alcoholic beverages rose in May 2023 but by less than in May 2022, also leading to an easing in the annual rates.
- Core CPIH (excluding energy, food, alcohol and tobacco) rose by 6.5% in the 12 months to May 2023, up from 6.2% in April, and the highest rate for over 30 years; the CPIH goods annual rate eased from 10.0% to 9.7%, while the CPIH services annual rate rose from 6.0% to 6.3%.

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

- Core CPI (excluding energy, food, alcohol and tobacco) rose by 7.1% in the 12 months to May 2023, up from 6.8% in April, and the highest rate since March 1992; the CPI goods annual rate eased from 10.0% to 9.7%, while the CPI services annual rate rose from 6.9% to 7.4%.

Economic activity and social change

The ONS has released data on economic activity and social change on 29th June. The key findings were:

- Around 1 in 8 (13%) businesses reported that their employees' hourly wages had increased in May 2023 compared with April 2023; this was 22% for businesses with 10 or more employees (final results from Wave 85 of the Business Insights and Conditions Survey).
- The total number of online job adverts on 23rd June 2023 was 3% below the level seen in the equivalent period of 2022, having decreased by 1% from the previous week; 4 of the 12 UK countries and English regions and 17 of the 28 job categories saw decreases in online job adverts compared with the previous week (Adzuna).
- Both the System Average Price (SAP) of gas and System Price of electricity in the week to 25 June 2023 were around half the level of the equivalent period of 2022; however, both prices were substantially higher than the average level in February 2020 (National Gas Transmission, Elexon).
- Consumer behaviour indicators mostly saw decreased activity this week, with the aggregate CHAPS-based indicator of credit and debit card purchases decreasing by 1 point (Bank of England CHAPS data), overall retail footfall falling to 98% of the previous week, and the number of transactions at Pret A Manger stores falling or remaining the same at 6 of 10 location categories (Springboard, Pret A Manger).
- The average number of UK flights in the week to 25th June 2023 was 6,050, which was 1% higher than the previous week and 7% higher than the equivalent week of 2022; this is the highest average number of UK flights since the end of October 2019 (EUROCONTROL).

Retail Sales

The ONS has released data on a first estimate of retail sales in volume and value terms for Mat 2023, released on 23rd June. The key findings were:

- Retail sales volumes are estimated to have risen by 0.3% in May 2023, following a rise of 0.5% in April 2023 (unrevised from our previous publication).
- Non-store retailing sales volumes rose by 2.7% in May 2023 because of strong sales by online retailers selling outdoor-related goods and summer clothing; this was boosted by the warm weather in the second half of the month.
- Automotive fuel stores sales volumes rose by 1.7% in May 2023, following a fall of 1.7% in April 2023; sales volumes were 9.5% below their pre-coronavirus (COVID-19) February 2020 levels.
- Food stores sales volumes fell by 0.5% in May 2023, with some anecdotal evidence of increased spending on takeaways and fast food because of the extra bank holiday; however retailers also indicated that increased cost of living and food prices continued to affect sales volumes.
- Non-food stores sales volumes fell by 0.2% in May 2023, following a rise of 0.9% in April.

Producer Price Inflation

The ONS has released data on changes in prices of goods bought and sold by UK manufacturers for May 2023. The key findings were:

- Producer input prices rose by 0.5% in the year to May 2023, down from a rise of 4.2% in the year to April 2023.
- Producer output (factory gate) prices rose by 2.9% in the year to May 2023, down from a rise of 5.2% in the year to April 2023.
- Inputs of crude oil 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 1.5% and output prices by 0.5% in May 2023.

Business insights and impact

The ONS has released data on the impact of challenges facing the economy and other events on UK businesses on 29th June. The key findings were:

- Latest results suggest business conditions continue to remain challenging, but estimates show signs of improvement for some measures. Examples include: a smaller proportion of businesses reporting supply chain disruption, more businesses reporting they were able to get materials, goods, and services from within the UK, and fewer businesses reporting price inflation of goods and services or energy prices as their main concern.
- More than two-thirds (68%) of businesses with 10 or more employees reported they were able to get the goods they needed from within the UK in May 2023 without some form of disruption, up three percentage points from April 2023; a further 13% of businesses reported they had to change suppliers or find alternative solutions to do so.
- In May 2023, nearly 3 in 5 (59%) businesses with 10 or more employees reported they did not experience global supply chain disruption, up four percentage points from April 2023.
- More than two-thirds (67%) of businesses reported some form of concern for their business for July 2023, the lowest percentage reported since late March 2022.
- Around 1 in 8 (13%) businesses reported that their employees' hourly wages had increased in May 2023 compared with April 2023; this was 22% for businesses with 10 or more employees.
- Less than 1 in 10 (7%) businesses were affected by industrial action in May 2023, the lowest proportion reported since July 2022; as a result, a third (33%) of those businesses reported that their workforce had to change their working location.

International trade in UK nations, regions and cities

The ONS has released experimental data on the estimated value of exports and imports of goods and services for 2021 on 28th June. The key findings were:

- In 2021, there was a total trade surplus in England, Wales, Scotland, and Northern Ireland, driven in each nation by the trade surplus in services.
- London's trade surplus of £51.6 billion, offset the trade deficits in other English regions.
- The value of goods imported by the South East was higher than any UK region (£93.1 billion) in 2021, 57.5% of which were by the wholesale and motor trade industry.
- In 2021, London, the East of England, the North West and Scotland all saw total exports return to pre-coronavirus (COVID-19) pandemic levels (2018).
- Total imports in 2021 remained below pre-pandemic levels (2018) in all nations and regions within the UK, with imports in the travel industry particularly affected by coronavirus restrictions.

Index of Private Housing Rental Prices

The ONS has released experimental data on the price index tracking the prices paid for property from private landlords on the 21st of June for the May 2023 time period. The key findings were:

- Private rental prices paid by tenants in the UK rose by 5.0% in the 12 months to May 2023, up from 4.8% in the 12 months to April 2023.
- Annual private rental prices increased by 4.9% in England, 5.0% in Wales, and 5.4% in Scotland in the 12 months to May 2023.
- Within England, the highest annual percentage change in private rental prices in the 12 months to May 2023 was in the West Midlands, at 5.2%, while the North East saw the lowest (4.3%).
- London's annual percentage change in private rental prices was 5.1% in the 12 months to May 2023, above the England average and its highest annual rate since October 2012.

UK House Price Index

The ONS has released data on monthly house price inflation in the UK from the April 2023 time period. The Key findings were:

- Average UK house prices increased by 3.5% in the 12 months to April 2023, down from 4.1% in March 2023.
- The average UK house price was £286,000 in April 2023, which is £9,000 higher than 12 months ago, but £7,000 below the recent peak in September 2022.
- Average house prices increased over the 12 months to £306,000 in England (3.7%), £213,000 in Wales (2.0%), £187,000 in Scotland (2.0%) and £172,000 in Northern Ireland (5.0%).
- The North East saw the highest annual percentage change of all English regions in the 12 months to April 2023 (5.5%), while London saw the lowest (2.4%).

Regional

Midlands International Trade: State and Challenges
A new report from Aston University's Centre for Business Prosperity, Midlands International Trade: State and Challenges, has looked into the region's trade performance from Q3 2019 to Q2 2022, shedding light on the realities faced by the Midlands region concerning trade. The key findings in the report include:

Several factors have disrupted exports across the UK, including Brexit uncertainty, the COVID-19 pandemic, supply chain disruptions, the UK's EU exit, reduced demand and higher costs.

In 2019, the Midlands accounted for £56 billion in exported UK goods, representing 16% of the UK's total goods exports. However, the value of goods exports experienced a significant decline in 2020, dropping by over 10% to £45.6 billion - five times higher than the national average decline of around 2%.

Additionally, the Midlands' services exports were severely disrupted, with a near 25% reduction in export value, making it the worst-hit region. Between 2021 and 2022, the Midlands' rate of recovery lagged behind the UK average, resulting in a two-percentage-point reduction in the region's share of UK exports.

Machinery and transport account for over 60% of the region's exports, but the decline and slow recovery in this sector, particularly in the West Midlands, have negatively impacted the region.

Tourism and the Commonwealth Games
In 2022 the West Midlands welcomed 141.2m visitors, with the Commonwealth Games being credited for the jump in visitor numbers. Spending rose to £14.1bn: a 7% increase compared to pre-covid figures, with 41% of the spending being on retail. More than 5 million visitors visited Birmingham city centre during the Games, with hotel occupancy in the city averaging 90% during the competition. Data also showed that Birmingham's popularity as a short-term rental destination had also increased, with the city climbing 4 places in the list of most popular UK destinations for short-term rents, from 10th in 2019 to 6th in 2022. Overall, visitor numbers were up 38% in 2022 compared with 2021, and over the 12-day Commonwealth Games period they were up 200% compared to the same time the year before.

Aerospace Sector Overview

The Economic Intelligence Unit and Andrew Mair, MAA

The UK is an important player in the global aerospace industry, principally focused on the design, manufacture and maintenance of commercial and defence aircraft. Due to its reliance on international travel demand, aerospace was hit extremely hard in the Covid-19 pandemic, but is now focused on delivering an efficient and sustainable recovery of aircraft production, as reported in recent industry surveys.

Excluding the Covid years, aerospace is an industry that has grown fast in recent decades, adding value to regional economies such as the West Midlands through high-wage employment in deep, resilient supply chains. In addition to supporting continued growth in global air travel, substantial further opportunities exist in the future, underpinned by opportunities for technological transformation. For example:

- Sustainable aviation fuel
- The electrification of aircraft controls
- New materials and lightweighting
- Disruptive future propulsion technologies, including hydrogen
- New production techniques like additive manufacturing
- Digitisation
- Autonomous aircraft

Aerospace in the West Midlands

Aerospace is a significant manufacturing sub-sector in the WMCA area. The West Midlands region's share of UK aerospace is estimated at around 10%, representing a Gross Value Added (GVA) of around £1bn and around 25,000 full-time equivalent jobs. It also sits within a broader regional ecosystem given the strengths of aerospace in the East Midlands; with an in-depth statistical analysis of the contribution of the industry to the region to be published by Midlands Engine Observatory (MEO) and Midlands Aerospace Alliance (MAA) later in Summer 2023 and a WMCA version of this research planned. This will provide a detailed understanding of the sector's size as well as looking into characteristics of innovation and R&D funding to the sector.

Several significant global aerospace companies have operations in the region or contiguous with its boundaries: Rolls-Royce in Birmingham but also Parker Meggitt (Ansty Park), Collins Aerospace (Wolverhampton) and Moog (i54). Key West Midlands specialisms within these (and wider) companies are critical aircraft technologies that:

- control aircraft wings/flight especially during take-off and landing
- control safe landing and stopping (brakes)
- control engine thrust throughout aircraft flight lifecycle
- control heating and cooling between 1,400 degrees and minus 50 degrees

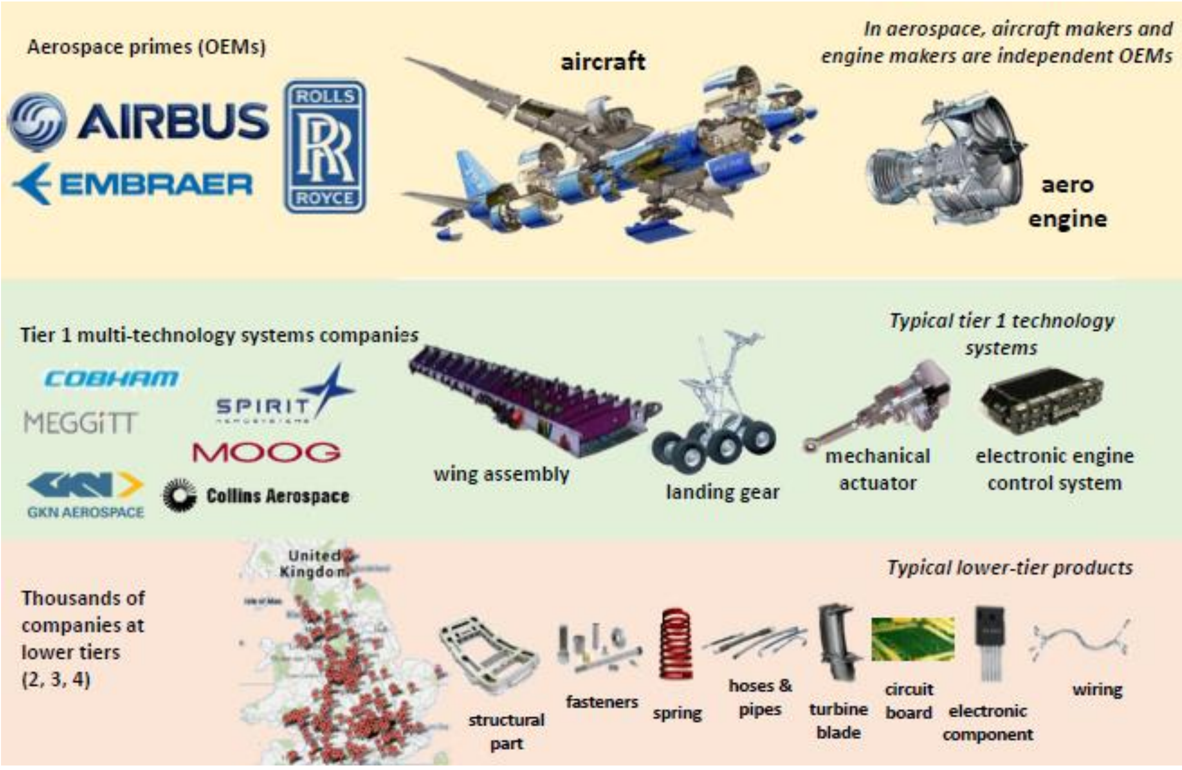
The West Midlands is globally competitive in designing and manufacturing such key aircraft technologies with these companies having only one or two rivals in the world for the big Airbus and Boeing commercial aircraft and also supplying advanced UK, European and US military aircraft. Distinct supply chains are built around these key locations and technologies, reflecting a regionalised and tiered system.

The sector is also a lead in materials innovation and manufacturing processes. These strengths will be crucial in developing the aircraft of the future – integrating baseline lightweighting, circular economy and digital systems – but also for cross-sector applications into other industries. In this way, aerospace can develop and strengthen its role as a champion for cutting-edge innovation that spreads its impact far and wide across the West Midlands economy.

The wider Midlands is home to about 20% of the UK aerospace industry. Measured in terms of members of the five UK regional aerospace cluster bodies, the Midlands Aerospace Alliance is ranked first with just under 300 members and is the largest UK exhibitor at the leading Paris and Farnborough Airshows. Over half these companies are located in the WMCA geography.

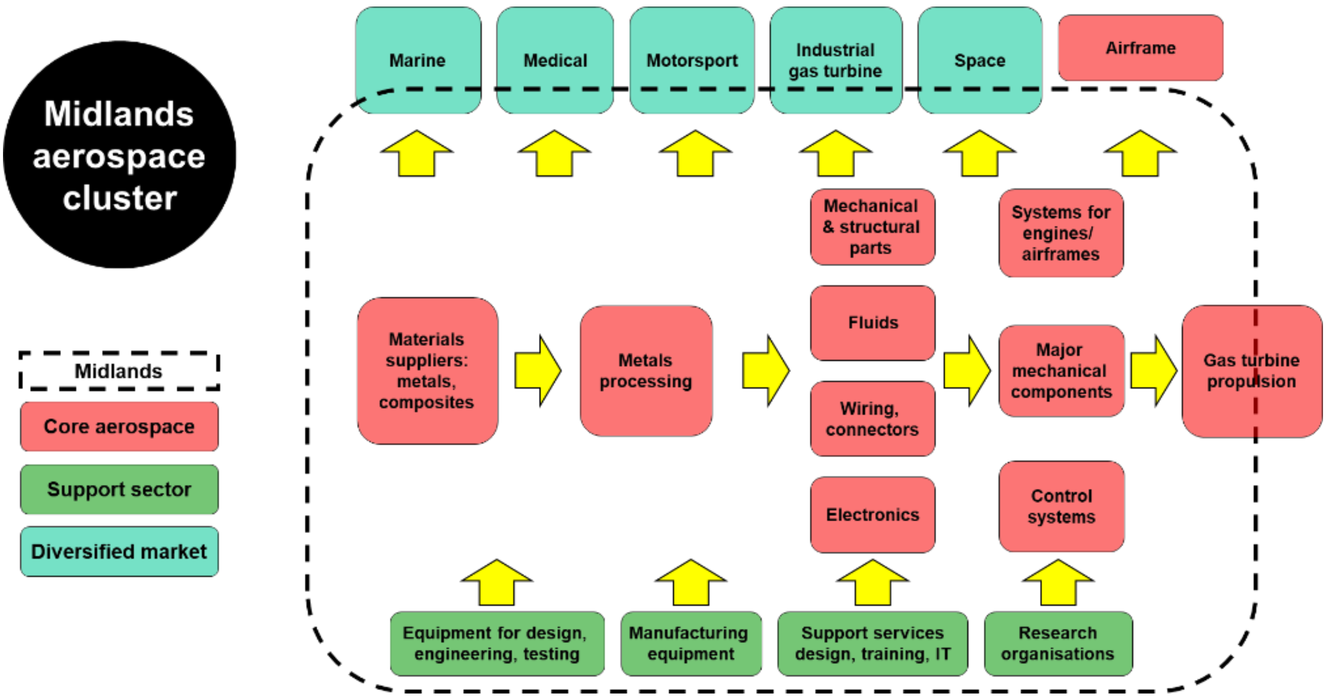
The WM Weekly monitor is funded by the West Midlands Combined Authority, Research England/UKRI

Beyond the presence of aircraft production, aerospace firms in the WMCA manufacture products and provide services across the supply chain. At the base of this, the WMCA hosts a number of specialist aerospace materials producers. The region's historic presence within metals and materials manufacturing is a vital input to today's aerospace sector, providing larger companies with easily accessible a parts manufacturing supply chain that also exports globally independently. The below image demonstrates a typical aerospace supply chain, visualising the type of products contributing to the industry. The core of the WMCA aerospace cluster is characterised by several companies in the green Tier 1 band and a large number of orange band lower tier companies.



Source: Midlands Aerospace Alliance

The diagram below is another way of looking at the overall aerospace cluster including supply chain linkages with other manufacturing sectors, particularly automotive and industrial gas turbine and foundations in the region's deeper engineering supercluster.



Source: Midlands Aerospace Alliance

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

Future research
A separate approach to understanding the aerospace cluster has been taken through the [Midlands Engine Clusters Project], which identifies aerospace as one of 23 regional clusters. The project, and supplementary [aerospace cluster snapshot], pulls together various data sources to profile the size, scale and characteristics of clusters across the Midlands.

The Midlands Engine Observatory and the Midlands Aerospace Alliance are currently completing a more fine-grained research project that will provide additional detailed insight into the size and contribution of aerospace in the region as well as the distribution of UK R&D funding into aerospace supply chains. It is planned to extend this project into a specific WMCA study; (it is already known that with one exception virtually no national R&D funding flows into and supports innovation in the West Midlands aerospace cluster).

Aerospace – a Midlands established cluster
The Midlands Engine

The Midlands is home to the largest Aerospace cluster in the UK with 30% of aerospace businesses based here and more than half of domestic investment going to aerospace companies in the Midlands. This means the Midlands is also home to 7% per cent of Europe's and 3% of the world's aerospace industry.

Consisting of defence and civil elements, the region's aerospace enterprises are 87% domestically owned. Despite this, new and high growth companies benefit from high levels of foreign investment, with 42% of fundraising at seed and venture stages from international sources.

As the Midlands Aerospace Alliance sets out in their report on the Midlands Aerospace Cluster, the principal hub of the cluster is the heart of civil aerospace operations at Rolls-Royce, the world's second largest manufacturer of aircraft engines, in Derby. Rolls-Royce accounts for one in four of the cluster's jobs. Radiating from this hub across the East and West Midlands are the supply chains that define the cluster's nerve system, linking the local nodes where aero-engine parts are made and where electronic and mechanical systems that control how the engine operates are designed and built.

A second cluster hub is organised around the companies Collins Aerospace, Rolls-Royce Control Systems, Meggitt and Moog, in Birmingham, Wolverhampton and Coventry, which supply electro-mechanical systems to control aircraft moving parts — wing flaps and slats, landing gear, wheels and brakes — to aircraft makers like Airbus, BAE Systems and Boeing, and (as above) similar control systems to Rolls-Royce and engine makers across the globe.

At the base of the supply chain, the Midlands hosts the UK's specialist aerospace materials producers including Alcoa (aluminium) and Timet (titanium) in Birmingham, Special Metals Wiggin (specialised alloys) in Hereford as well as Cytec (carbon fibre materials) in Derbyshire.

Major strategic companies such as Rolls-Royce in Derbyshire form part of a thriving innovation network (building on internationally significant research strengths in Warwick, Nottingham, Birmingham, Loughborough, Leicester, and Keele) supported by a pipeline of some 24,000 FE and HE graduates annually. Connectivity within the cluster is facilitated through key organisations such as the Midlands Aerospace Alliance and MakeUK.

With more than half of domestic investment going into Midlands Engine aerospace companies, this pan-regional cluster is nationally significant. The Midlands aerospace cluster overall also has a higher average annual wage than the national average.

Aerospace – Cluster roundtable comments

"Access to the EU export market has been a challenge for the Midlands' aerospace sector post-Brexit. Businesses pointed to aerospace as a slow-moving sector, with the returns on investment often being long-term. As such, one of the key asks from businesses was more coordinated efforts across the region, including proactive support by mayors, to retain and attract investment from Airbus, Rolls Royce, and other North American investors.

Nationally, businesses point to a need for specialist aerospace expertise in the Department for International Trade, and greater support for trade through more events and investor visits. SME support for innovation is a key gap as R&D funding from the Aerospace Tech Institute is focused on large businesses."

Business ecosystem

	Cluster metric	Source	Score	Cluster in context
1.1	**Total Cluster Business Count**	*Data City, 2023*	1,524	• 30% of UK companies in this sector are located in the Midlands Cluster; • 48% growth in Midlands companies in the Cluster since 2013
1.2	**£100m+ Turnover Companies**	*Data City, 2023*	22	• 34% of £100m + UK companies in this sector are based in the Midlands Cluster.
1.3	**High Growth Companies**	*Data City, 2023*	74	• 26% of High Growth companies in this sector based in the Midlands Cluster.
1.4	**Incorporations 2017-22**	*Data City, 2023*	285	• 27% of UK incorporations in this sector between 2017 and 2022 are located in the Midlands Cluster.
1.5	**Relevant Cluster Organisations**	*Midlands Engine Observatory*	• Midlands Aerospace Alliance; MakeUK; Innovation Alliance for the West Midlands; ADS.	

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

Innovation ecosystem

	Cluster metric	Source	Score	Cluster in context
2.1	**Accelerator Engagement**	*Beauhurst 2022: High growth companies utilised accelerators*	2	
2.2	**Relevant Spinouts**	*Beauhurst 2022*		
2.3	**Relevant high performing HEI research**	*Midlands Engine Observatory, REF 2021*	Universities of Keele; Loughborough; Nottingham Trent; Birmingham; Leicester; Nottingham; Warwick	• 7 Midlands universities have a GPA >3.0 in a related research unit (Physics, Engineering)
2.4	**Significant Innovation Hubs**	*Midlands Engine Observatory,*	Manufacturing Technology Centre; Infinity Park Derby; Space Park; Warwick Manufacturing Group	
2.5	**High Growth Company Grants**	*Beauhurst, 2022*	23	
2.6	**Innovate UK funding**	*Data City, 2023*	£894m since 2005	• 81% 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

	Cluster metric	Source	Score	Cluster in context
3.1	**Estimated Employees**	*Data City, 2023*	56,445	• 22% of UK employees in companies in this sector are located in the Midlands Cluster; • Largest region outside of London & SE
3.2	**Earnings**	*ONS ASHE, 2021 - relevant sectors*	£44,617 average salary	• Salary is 2% higher 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*	15,230	• 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*	University of Nottingham; University of Birmingham; University of Warwick; Loughborough University	• 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*	8,560	• 6% of graduates from the Midlands who graduated with a degree in a relevant subject area to Aerospace
3.6	**Graduate Retention: change over 3 years**	*DfE Graduate Outcomes by Industry 2019*	97.3%	• West Midlands has the strongest manufacturing retention outside of London and the East regions. • 2,015/2,070 graduates trained in region remain in 'Manufacturing' 3 years of graduating in 2019. First degree only. (DfE Graduate Outcomes by Industry)

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

Investment ecosystem

- Midlands-based businesses in the manufacturing and engineering sector received just 7.44% of equity investment raised in the UK from 2017 to 2021, despite making up 18.7% of the high-growth companies in this sector.

- However, Midlands-based companies received 22.9% of all grant money received by high-growth companies in manufacturing and engineering, suggesting that the Midlands companies in the sector are being recognised for their innovation. This may reflect the Midlands' historical strengths in manufacturing and engineering.

- The Midlands DDI market share of Capex in this sector in the UK was 99% in 2017, this is however only based on 3 projects. In 2021 the Midlands market share was 31%, this was based on 9 total projects in the UK during that year.

- Top countries for foreign ownership of businesses are the USA, Germany, and China

- Wavteq forecast £414mn FDI capex in the Aerospace sector in the UK in 2025 – the Midlands has an opportunity to secure more than the 7% share of the 2017-21 FDI capex in Aerospace.

	Cluster metric	Source	Score	Cluster in context
4.1	**FDI into High Growth Companies**	*Beauhurst, 2022*	42%	• 15 of 36 (42%) of investments into UK Aerospace High Growth Companies were made into the Midlands Cluster
4.2	**FDI Capex 2017-21**	*Wavteq, 2022*	$99.30m	• 7% of UK total FDI related to this sector was into the Midlands Cluster
4.3	**DDI Capex 2017-21**	*Wavteq, 2022*	$217.09m	• 43% of UK total DDI related to this sector was into the Midlands Cluster
4.4	**Fundraising Volumes**	*Beauhurst, 2022*	• Mean ave. £630,933 fundraising investment • £22.7m in 36 investments (inc. £50k across 15 seed investments) • £360k across 7 venture investments)	
4.5	**FDI Jobs 2017-2021**	*Wavteq, 2022*	218 jobs	• 6% of UK total FDI jobs related to this sector were into the Midlands Cluster
4.6	**DDI Jobs 2017-2021**	*Wavteq, 2022*	1,237 jobs	• 51% of UK total DDI jobs related to this sector were into the Midlands Cluster
4.7	**FDI Projects 2017-2021**	*Wavteq, 2022*	6 projects	• 11% of UK total FDI projects related to this sector were into the Midlands Cluster
4.8	**DDI projects 2017-2021**	*Wavteq, 2022*	9 Projects	• 22% of UK total DDI projects related to this sector were into the Midlands Cluster
4.9	**Foreign-owned enterprises**	*Data City, 2023*	13% (199 companies)	• 1% 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

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

The Economic Intelligence Unit

In Summary:

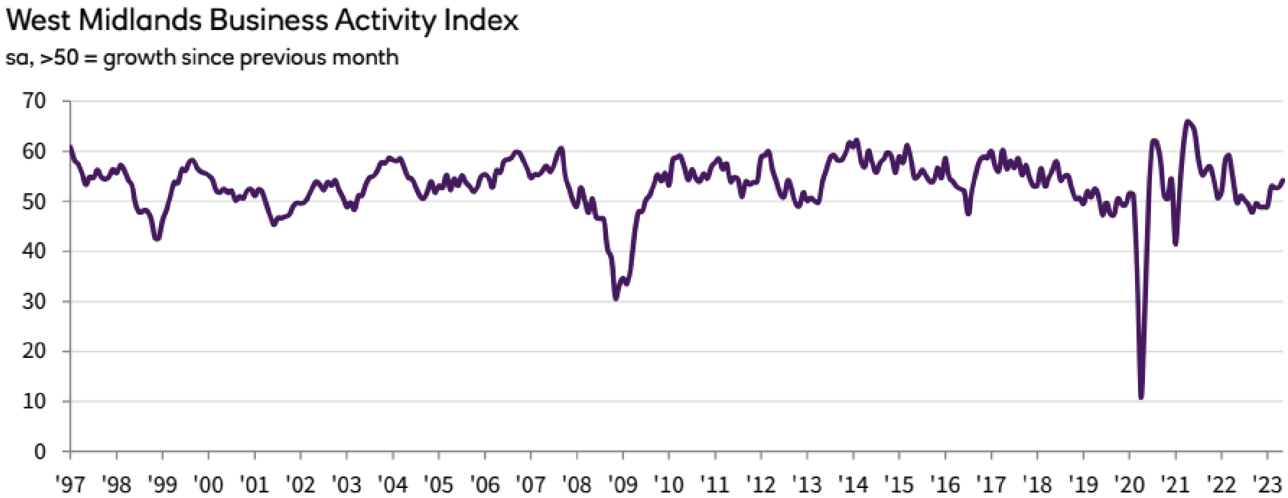
- The West Midlands Business Activity Index increased from 52.8 in April 2023 to 54.2 in May 2023, the strongest increase seen since April 2022. Business activity growth was linked to better sales, capacity growth, favourable demand conditions and publicity.
- The UK Business Activity Index decreased from 54.9 in April 2023 to 54.0 in May 2023.
- Out of the 12 UK regions, the West Midlands was the third highest for business activity in May 2023.
- The West Midlands Future Business Activity Index increased from 76.5 in April 2023 to 78.5 in May 2023. The latest reading is at a 16-month high. Optimism in West Midlands firms for the upcoming 12 months was linked to poor competitor performance, new clients, advertising, expanded capacities and investment in technology.
- Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in May 2023.

In Detail:

Business Activity Index

The West Midlands Business Activity Index increased from 52.8 in April 2023 to 54.2 in May 2023, the strongest increase seen since April 2022. Business activity growth was linked to better sales, capacity growth, favourable demand environment and publicity.

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



Source: NatWest West Midlands PMI, June 2023

Out of the 12 UK regions, the West Midlands was the third highest for business activity in May 2023. London was the highest with 58.5 and Wales was the lowest at 49.4.

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

[1] Source: NatWest UK regional PMI report for May 2023, released June 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, June 2023

Demand

The West Midlands New Business Index decreased from 54.0 in April 2023 to 53.8 in May 2023. Despite the decline this is the fourth consecutive month for rises in new business intakes. The rise in new work was linked to improved demand trends, new clients and better business conditions.

Exports

The West Midlands Export Climate Index decreased from 53.1 in April 2023 to 52.6 in May 2023. Despite the fall, the latest reading signals the second fastest rate of expansion in a year.

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

Top export markets, West Midlands

Rank	Market	Weight	Output Index, May' 23
1	USA	24.3%	54.3
2	Germany	11.9%	53.9
3	China	8.5%	55.6
4	France	7.7%	51.2
5	Ireland	7.2%	51.9

Source: NatWest West Midlands PMI, June 2023

Business Capacity

The West Midlands Employment Index decreased from 52.6 in April 2023 to 52.1 in May 2023. Among reports of acquisitions, client growth and a healthy demand environment, West Midlands firms increased payroll numbers again in May.

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

The West Midlands Outstanding Business Index decreased from 48.3 to April 2023 to 46.8 in May 2023, the sixth consecutive month under the 50-mark threshold and also to the greatest extent since January. West Midlands firms reported efficiency gains and the offering of overtime facilitated the clearing of pending workloads.

Prices

The West Midlands Input Prices Index decreased from 63.9 in April 2023 to 63.5 in May 2023. However, firms still reported substantial increases in input costs in the latest month due to higher prices for key inputs and wage pressures, but also reported lower fees for items such as packaging and plastics. 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 decreased from 60.3 in April 2023 to 58.6 in May 2023. With cost pressures subsiding, there was a softer increase in prices charged for goods and services across the West Midlands. However, the rate of charge inflation is still historically heightened and but has eased to the slowest in over two years.

Outlook

The West Midlands Future Business Activity Index increased from 76.5 in April 2023 to 78.5 in May 2023. The latest reading is at a 16-month high. Optimism in West Midlands firms for the upcoming 12 months was linked to poor competitor performance, new clients, advertising, expanded capacities and investment in technology.

Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in May 2023. East of England was the second highest with 74.8 and Northern Ireland was the lowest at 59.4.

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

Source: NatWest West Midlands PMI, June 2023

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

Department for Business & Trade (DBT): Inward Investment Results 2022-23[2]: West Midlands

The Economic Intelligence Unit

Summary:

- In the WMCA (3 LEP) area there was a total of 160 FDI projects creating 7,605 new jobs in 2022-23. FDI projects increased by 21.2% (+28) and new jobs increased by 82.1% (+3,429) since 2021-22.
- There were 181 FDI projects into the West Midlands region in 2022-23, an increase of 26.6% (+38 projects) compared to 2021-22. The UK overall increased by 4.1%.
- The West Midlands region accounts for 10.9% of the UK total for FDI projects – the second largest share of UK regions in 2022-23.
- FDI projects delivered a total of 8,652 jobs in the West Midlands region in 2022-23. This was an increase of 47.4% (+2,781 jobs) from 2021-22. The UK had a decrease over this period of 6.8%.
- In the West Midlands region, there were 8,252 new jobs created from FDI projects in 2022-23. This is an increase of 48.1% (+2,681 new jobs) from 2021-22. The UK experienced a decrease over the same period, of 6.1%.
- The West Midlands region accounts for 10.4% of the UK total for new jobs in 2022-23, highest region outside of London.
- The number of safeguarded jobs from FDI in the West Midlands increased from 300 in 2021-22 to 400 in 2022-23 (+33.3%). The UK decreased further, by 14.4%.

Full Briefing

West Midlands Combined Authority – 3 LEP Geography

- In the WMCA (3 LEP) area there was a total of 160 FDI projects[3] creating 7,605 new jobs in 2021-22. WMCA FDI projects increased by 21.2% (+28) and new jobs increased by 82.1% (+3,429) since 2021-22.

- Black Country LEP total FDI projects decreased by 32.0% (-8) since 2021-22 to 17 in 2022-23. Coventry & Warwickshire LEP increased by 24.4% (+11) to 56 and Greater Birmingham & Solihull LEP increased by 40.3% (+25) to 87.

- Black Country LEP new jobs from FDI projects increased by 9.5% (+55) since 2021-22 to 634 in 2022-23. Coventry & Warwickshire LEP increased by 108.3% (+1,661) to 3,195 and Greater Birmingham & Solihull LEP increased by 83.0% (+1,713) to 3,776.

WMCA LEP breakdown for all FDI Projects, 2021-22 to 2022-23:

	Single Site FDI Projects 21-22	Single Site FDI Projects 22-23	New Jobs 21-22	New Jobs 22-23	Total FDI Projects 21-22	Total FDI Projects 22-23
Black Country	17	13	579	634	25	17
Coventry & Warwickshire	36	50	1,534	3,195	45	56
Greater Birmingham & Solihull	49	76	2,063	3,776	62	87
WMCA (3 LEP)	**102**	**139**	**4,176**	**7,605**	**132**	**160**

- Safe guarded jobs not included due to data gaps

- In 2022-23, out of 32 LEPs, Greater Birmingham & Solihull was joint highest (with Greater Manchester) for single site FDI projects, Coventry & Warwickshire was 3rd highest.
- Greater Birmingham & Solihull and Coventry & Warwickshire were 2nd and 3rd highest respectively (behind Greater Manchester for new jobs and total FDI projects.

[2] Source: Department for Business & Trade (DBT) inward investment results 2022 to 2023 – released June 2023.
[3] Total Projects include single site and multiple site projects. Multiple site represents those investments which span more than one LEP.

West Midlands Region

All FDI Projects

- There were 181 FDI projects into the West Midlands region in 2022-23, an increase of 26.6% (+38 projects) compared to 2021-22, the largest number percentage increase across all regions and largest number increase outside of London. The UK overall increased by 4.1% (+65), from 1,589 in 2021-22 to 1,654 in 2022-23.

- The West Midlands region accounts for 10.9% of the UK total for FDI projects – the second largest share of UK regions in 2022-23.

All FDI projects by UK regions:

	2020-21	2021-22	2022-23	Latest Percentage Change	Latest Number Change	Percentage of Total 2022-23
Multiple UK sites	49	63	54	-14.3%	-9	3.3%
North East	51	71	61	-14.1%	-10	3.7%
North West	139	145	137	-5.5%	-8	8.3%
Yorkshire and The Humber	86	104	103	-1.0%	-1	6.2%
East Midlands	72	99	84	-15.2%	-15	5.1%
West Midlands	145	143	181	26.6%	38	10.9%
East of England	72	81	75	-7.4%	-6	4.5%
London	492	444	528	18.9%	84	31.9%
South East	163	149	130	-12.8%	-19	7.9%
South West	76	96	91	-5.2%	-5	5.5%
Scotland	92	119	130	9.2%	11	7.9%
Wales	72	43	47	9.3%	4	2.8%
Northern Ireland	29	32	33	3.1%	1	2.0%
Total	1,538	1,589	1,654	4.1%	65	100%

All Total Jobs

- FDI projects delivered a total of 8,652 jobs in the West Midlands region in 2022-23. This was an increase of 47.4% (+2,781 jobs) from 2021-22. The UK had a decrease over this period of 6.8% (from 92,524 in 2021-22 to 86,195 in 2022-23).

All FDI Total Jobs by UK region:

	2020-21	2021-22	2022-23	Latest Percentage Change	Latest Number Change
Multiple UK sites	16,357	21,085	14,070	-33.3%	-7,015
North East	1,732	7,106	3,345	-52.9%	-3,761
North West	4,787	5,978	6,544	9.5%	566
Yorkshire and The Humber	1,694	4,187	-	-	-
East Midlands	-	7,197	3,191	-55.7%	-4,006
West Midlands	**6,304**	**5,871**	**8,652**	**47.4%**	**2,781**
East of England	3,103	-	-	-	-
London	14,550	18,511	-	-	-
South East	6,148	5,109	4,397	-13.9%	-712
South West	2,501	2,671	4,678	75.1%	2,007
Scotland	3,687	5,391	4,668	-13.4%	-723
Wales	8,436	3,856	4,046	4.9%	190
Northern Ireland	-	-	-	-	-
Total	73,506	92,524	86,195	-6.8%	-6,329

- indicates data is not available. Data has been suppressed for certain areas, leading to the UK total being higher than the sum of the regions displayed.

Total jobs are split into *new* jobs created and *safeguarded* jobs:

All New Jobs

- In the West Midlands region, there were 8,252 new jobs created from FDI projects in 2022-23. This is an increase of 48.1% (+2,681 new jobs) from 2021-22. The UK experienced a decrease over the same period, of 6.1% (from 84,759 in 2021-22 to 79,549 in 2022-23).

- The West Midlands region accounts for 10.4% of the UK total for new jobs in 2022-23, highest region outside of London.

All FDI new jobs by UK region:

	2020-21	2021-22	2022-23	Latest Percentage Change	Latest Number Change	Percentage of Total 2022-23
Multiple UK sites	14,855	20,749	13,198	-36.4%	-7,551	16.6%
North East	1,373	5,843	3,047	-47.9%	-2,796	3.8%
North West	4,309	5,480	5,820	6.2%	340	7.3%
Yorkshire and The Humber	1,412	3,738	7,378	97.4%	3,640	9.3%
East Midlands	2,149	6,888	2,839	-58.8%	-4,049	3.6%
West Midlands	**4,443**	**5,571**	**8,252**	**48.1%**	**2,681**	**10.4%**
East of England	2,066	3,421	2,613	-23.6%	-808	3.3%
London	13,832	18,125	20,647	13.9%	2,522	26.0%
South East	2,538	4,098	3,941	-3.8%	-157	5.0%
South West	2,242	2,533	3,908	54.3%	1,375	4.9%
Scotland	3,245	4,408	3,428	-22.2%	-980	4.3%
Wales	1,529	1,793	3,062	70.8%	1,269	3.8%
Northern Ireland	1,326	2,112	1,416	-33.0%	-696	1.8%
Total	55,319	84,759	79,549	-6.1%	-5,210	100%

All Safeguarded Jobs

- The number of safeguarded jobs from FDI in the West Midlands increased from 300 in 2021-22 to 400 in 2022-23 (+33.3%), although levels are still substantially below 2020-21. The UK decreased further, by 14.4% (from 7,765 to 6,646 safeguarded jobs).

All FDI safeguarded jobs by UK region:

	2020-21	2021-22	2022-23	Latest Percentage Change	Latest Number Change
Multiple UK sites	1,502	336	872	159.5%	536
North East	359	1,263	298	-76.4%	-965
North West	478	498	724	45.4%	226
Yorkshire and The Humber	282	449	-	-	-
East Midlands	[c]	309	352	13.9%	43
West Midlands	**1,861**	**300**	**400**	**33.3%**	**100**
East of England	1,037	-	-	-	-
London	718	386	-	-	-
South East	3,610	1,011	456	-54.9%	-555
South West	259	138	770	458.0%	632
Scotland	442	983	1,240	26.1%	257
Wales	6,907	2,063	984	-52.3%	-1,079
Northern Ireland	-	-	-	-	-
Total	18,187	7,765	6,646	-14.4%	-1,119

- indicates data is not available. Data has been suppressed for certain areas, leading to the UK total being higher than the sum of the regions displayed.

All FDI and European Union (EU) Split

- 41.2% (193 of 469 total projects) of West Midlands FDI projects between 2020-21 to 2022-23 were from EU countries. This was higher than the UK-wide figure of 38.4%.

- Between 2020-21 to 2022-23, 38.2% (6,977 of 18,266) of West Midlands new FDI jobs and 54.4% (1,394 of 2,561) of safeguarded jobs were from EU FDI projects. This results in 40.2% (8,371 of 20,827) of West Midlands FDI total jobs coming from EU countries.

Regional breakdown for all FDI projects with EU split 2020-21 to 2022-23:

	FDI Projects			New Jobs			Safeguarded Jobs			Total Jobs		
	Total	EU	% EU	Total	EU	% EU	Total	EU	% EU	Total	EU	% EU
Multiple UK sites	166	88	53.0%	48,802	21,478	44.0%	2,710	2,417	89.2%	51,512	23,895	46.4%
North East	183	76	41.5%	10,263	4,318	42.1%	1,920	692	36.0%	12,183	5,010	41.1%
North West	421	164	39.0%	15,609	5,029	32.2%	1,700	474	27.9%	17,309	5,503	31.8%
Yorkshire & The Humber	293	144	49.1%	12,528	5,110	40.8%	974	481	49.4%	13,502	5,591	41.4%
East Midlands	255	121	47.5%	11,876	6,626	55.8%	713	-	-	12,589	-	-
West Midlands	**469**	**193**	**41.2%**	**18,266**	**6,977**	**38.2%**	**2,561**	**1,394**	**54.4%**	**20,827**	**8,371**	**40.2%**
East of England	228	88	38.6%	8,100	2,920	36.0%	1,219	520	42.7%	9,319	3,440	36.9%
London	1,464	450	30.7%	52,604	13,223	25.1%	1,188	719	60.5%	53,792	13,942	25.9%
South East	442	165	37.3%	10,577	3,206	30.3%	5,077	2,555	50.3%	15,654	5,761	36.8%
South West	263	104	39.5%	8,683	2,884	33.2%	1,167	643	55.1%	9,850	3,527	35.8%
Scotland	341	133	39.0%	11,081	3,800	34.3%	2,665	1,351	50.7%	13,746	5,151	37.5%
Wales	162	66	40.7%	6,384	2,405	37.7%	9,954	4,945	49.7%	16,338	7,350	45.0%
Northern Ireland	94	44	46.8%	4,854	1,412	29.1%	750	-	-	5,604	-	-
Total	4,781	1,836	38.4%	219,627	79,388	36.1%	32,598	16,630	51.0%	252,225	96,018	38.1%

- indicates data is not available. Data has been suppressed for certain areas, leading to the UK total being higher than the sum of the regions displayed.

Net Zero and Research & Development

- By region, the West Midlands accounted for the highest number of projects[4] for Net Zero at 34, these created 3,145 new jobs in 2022-23. For the West Midlands region in 2022-23, 43 projects were linked to Research and Development which created 1,501 new jobs.

Net Zero and Research & Development by UK region, 2023:

UK Region	Net Zero Projects	Net Zero New Jobs	Research & Development Projects	Research & Development New Jobs
Multiple UK sites	12	6,407	12	1,836
North East	13	1,611	14	546
North West	17	901	35	1,319
Yorkshire and The Humber	16	1,671	17	1,865
East Midlands	13	1,133	14	820
West Midlands	**34**	**3,145**	**43**	**1,501**
East of England	13	416	28	998
London	29	3,339	148	4,376
South East	17	237	42	1,425
South West	17	965	25	1,500
Scotland	25	601	28	1,224
Wales	-	-	21	1,060
Northern Ireland	-	-	14	622
Total	211	20,635	441	19,092

[4] Projects include only supported FDI and non-FDI.

UK Regional Trade in Goods Statistics[5]: West Midlands, Year to Q1 2023
The Economic Intelligence Unit

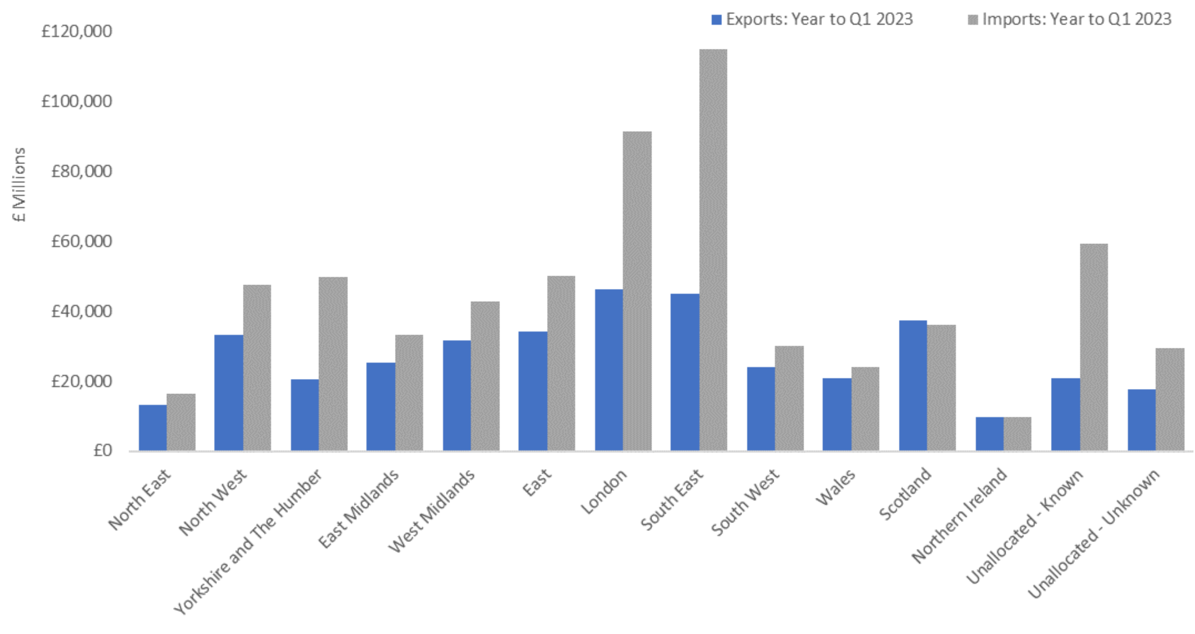
Key Points:

- Since the year ending Q1 2022, the West Midlands region's total value in goods exports increased by £5.7bn (+22.2%) to £31.6bn in the year ending Q1 2023. The overall value of UK trade in goods exports increased at a slower rate, by 17.5% (to £380.6bn in the year ending Q1 2023).
- Since the year ending Q1 2022, the value of West Midlands region' imports increased by £6.1bn (+16.7%) to £42.7bn in the year ending Q1 2023. The UK-wide total imports increased by 23.5% to £634.6bn.
- The West Midlands had a trade in goods deficit of £11.1bn in the year ending Q1 2023.
- In the year ending Q1 2023, the largest value goods exported for a SITC section in the West Midlands was machinery & transport at nearly £21.5bn. This SITC section accounted for 68.1% of the total exports value; of which 61.2% (£13.2bn) were non-EU exports. Compared to the year ending Q1 2022, the total value of these exports has increased by £4.6bn (+27.3%). The value has slightly decreased quarter-on-quarter (-2.5% from £6.2bn in Q4 2022 to £6.0bn in Q1 2023) but has risen (+30.3%) when compared to the same quarter in Q1 2022 (£4.6bn).
- At a Country Group level, the highest value of West Midlands goods exports was to the EU at £14.2bn, accounting for 44.9% of the total in the year ending Q1 2023. Exports to the EU from the West Midlands increased by £1.9bn (+15.4%) since year ending Q1 2022.

In Detail:

- In the year ending Q1 2023, the West Midlands region exported £31.6bn and imported nearly £42.7bn worth of goods, leading to a trade in goods deficit of £11.1bn. This reflects a larger deficit when compared to year ending Q1 2022 when the trade deficit was £10.7bn.

The following chart shows the value of goods exported and imported for year ending Q1 2023:



Goods Exported

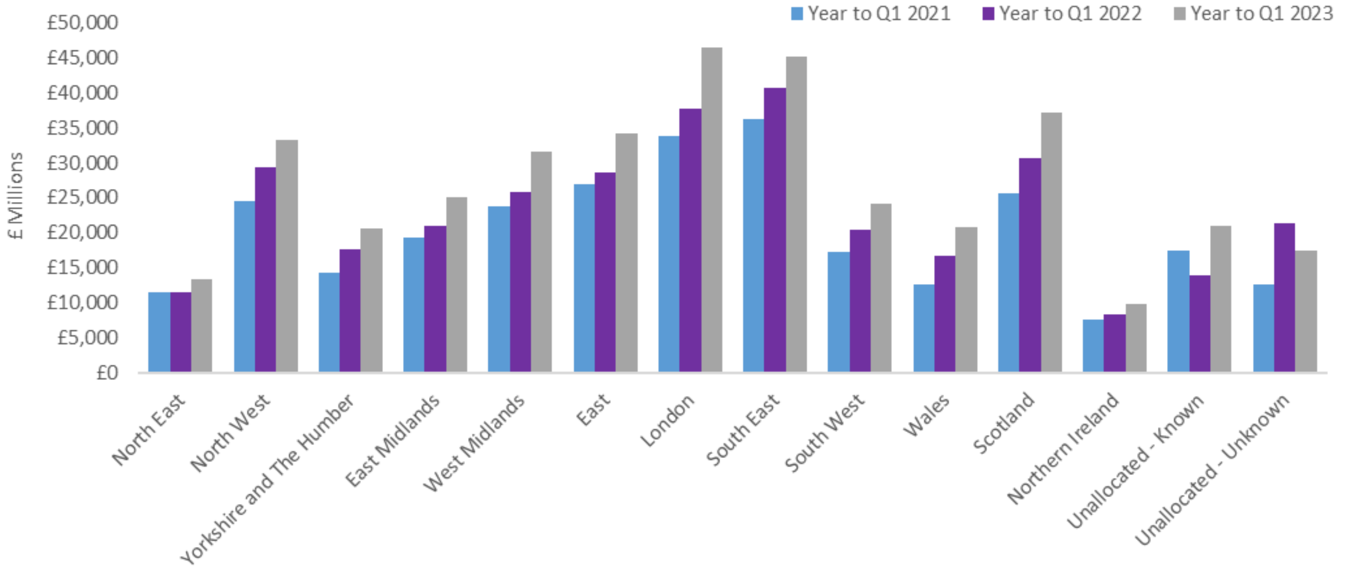
- Since the year ending Q1 2022, the overall value of UK trade in goods exports increased by 17.5% (to £380.6bn in year ending Q1 2023). All regions saw an increase in the annual export value.

[5] Source: HM Revenue & Customs, UK Regional Trade in Goods Statistics Quarter 1 2023 – Released June 2023.

- Since the year ending Q1 2022, the West Midlands total value in goods exports increased by £5.7bn (+22.2%) to £31.6bn in year ending Q1 2023. Within this, the value of exports from the West Midlands to the EU increased by £1.9bn (+15.4%, UK +20.5%) to £14.2bn and the value of exports to Non-EU locations increased by over £3.8bn (+28.5%, UK +14.4%) to £17.4bn.

- The West Midlands region accounted for 8.3% of UK total exports in year ending Q1 2023. The West Midlands region accounted for 7.1% of UK exports to the EU and 9.6% for Non-EU locations.

The following chart shows UK exports by region, for year ending Q1 2021, Q1 2022 and Q1 2023:



- Quarterly exports analysis shows that when comparing Q1 2023 to Q4 2022, total goods exports from the West Midlands decreased by £68m (-0.8%, UK -7.2%) to nearly £8.6bn. The fall in goods exports was due to Non-EU exports, decreasing by £509m (-9.8%, UK -9.6%) to £4.7bn. While EU exports from the West Midlands increased by £441m (+12.7%, UK -4.8%) to £3.9bn.

- When comparing Q1 2023 to Q1 2022, total exports from the West Midlands increased by £1.6bn (+23.7%, UK +10.1%). Non-EU exports from the West Midlands increased by over £1.0bn (+28.5%, UK +10.6%) and EU exports from the West Midlands increased by £610m (+18.5%, UK +9.7%).

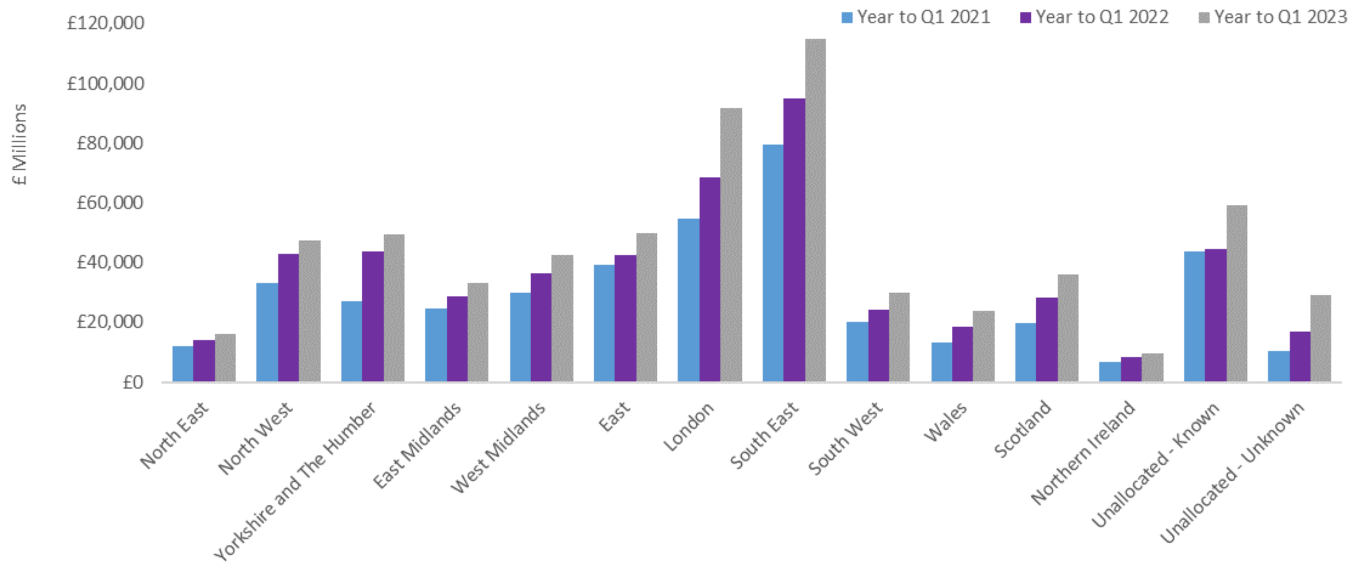
Goods Imported

- Since the year ending Q1 2022, the value of West Midlands region goods imports increased by £6.1bn (+16.7%) to nearly £42.7bn in the year ending Q1 2023. All UK regions increased over this period and the UK-wide total imports increased by 23.5% to £634.6bn.

- Since the year ending Q1 2022, the value of imports to the West Midlands from the EU increased by nearly £5.1bn (+25.8%, UK +31.1%) to £24.8bn in the year ending Q1 2023. Over the same period, the value of imports to the West Midlands from Non-EU locations increased by £1.0bn (+6.0%, UK +16.9%) to just over £17.8bn in the year ending Q1 2023.

- The West Midlands region accounted for 6.7% of UK total imports in the year ending Q1 2023. The West Midlands region accounted for 7.9% of UK imports to the EU and 5.6% for Non-EU locations.

The following chart shows UK imports by region, for the year ending Q1 2021, Q1 2022 and Q1 2023:



- When comparing Q1 2023 to Q4 2022, total imports to the West Midlands increased by £181m (+1.7%, UK -4.7%) to £10.9bn. EU imports to the West Midlands increased by £630m (+10.3%, UK +0.3%) to £6.8bn and Non-EU imports to the West Midlands decreased by £448m (-9.7%, UK -9.5%) to £4.2bn.

- Quarterly imports analysis shows that when comparing Q1 2023 to Q1 2022, total imports to the West Midlands increased by £41m (+0.4%, UK +1.4%). EU imports to the West Midlands increased by £436m (+6.9%, UK +8.4%) and Non-EU imports to the West Midlands decreased by £394m (-8.6%, UK -5.0%).

Standard International Trade Classification (SITC)

- The total value of goods exported increased in seven of the ten SITC sections in the West Midlands when compared to the year ending Q1 2022. The decreases were in 'beverages and tobacco", 'animal and vegetable oils and 'other commodities nes'.

- In the year ending Q1 2023, the largest value goods exported for a SITC section in the West Midlands was machinery & transport at nearly £21.5bn. This SITC section accounted for 68.1% of the total exports value; of which 61.2% (£13.2bn) were non-EU exports. Compared to the year ending Q1 2022, the total value of these exports has increased by £4.6bn (+27.3%). The value has slightly decreased quarter-on-quarter (-2.5% from £6.2bn in Q4 2022 to £6.0bn in Q1 2023) but has risen (+30.3%) when compared to the same quarter in Q1 2022 (£4.6bn).

- West Midlands imports from nine of the ten SITC sections increased from 2021; the only decrease was in 'other commodities nes'.

- The SITC section with the largest total value of imports in the year ending Q1 2023 was machinery & transport at £19.9bn, reflecting 46.6% of total imports; of which 62.6% (£12.5bn) came from the EU. Imports of this SITC section overall have increased since the year ending Q1 2022 by £4.0bn (+25.1%); the value has increased quarter-on-quarter (+10.0% or +£501m to £5.5bn) and when compared to Q1 2021, imports have increased by 9.0% (+£455m).

The following table shows a breakdown of total goods exported and imported by SITC section and the percentage change between year ending Q1 2022 and Q1 2023:

Figures in £m	West Midlands Region			UK		
	Year Ending Q1 2022	Year Ending Q1 2023	% Change	Year Ending Q1 2022	Year Ending Q1 2023	% Change
Total Exports by SITC Section						
0 Food and Live Animals	£775	£792	2.2%	£14,117	£16,000	13.3%
1 Beverages and Tobacco	£75	£67	-10.7%	£7,510	£9,332	24.3%
2 Crude Materials	£1,100	£1,209	9.9%	£9,889	£10,170	2.8%
3 Mineral Fuels	£165	£203	23.0%	£32,239	£49,645	54.0%
4 Animal and Vegetable Oils	£43	£36	-16.3%	£673	£746	10.8%
5 Chemicals	£1,437	£1,512	5.2%	£54,484	£62,617	14.9%
6 Manufactured Goods	£3,187	£3,581	12.4%	£36,540	£40,887	11.9%
7 Machinery and Transport	£16,885	£21,502	27.3%	£112,542	£136,578	21.4%
8 Miscellaneous Manufactures	£2,168	£2,681	23.7%	£38,706	£42,934	10.9%
9 Other commodities nes	£9	£7	-22.2%	£17,110	£11,649	-31.9%
Total Exports	**£25,844**	**£31,591**	**22.2%**	**£323,808**	**£380,558**	**17.5%**
Total Imports by SITC Section						
0 Food and Live Animals	£2,562	£2,764	7.9%	£40,004	£48,786	22.0%
1 Beverages and Tobacco	£287	£328	14.3%	£6,947	£7,956	14.5%
2 Crude Materials	£807	£823	2.0%	£15,185	£15,055	-0.9%
3 Mineral Fuels	£1,060	£1,626	53.4%	£71,650	£107,933	50.6%
4 Animal and Vegetable Oils	£136	£180	32.4%	£1,841	£2,542	38.1%
5 Chemicals	£2,335	£2,732	17.0%	£64,525	£75,896	17.6%
6 Manufactured Goods	£8,264	£8,538	3.3%	£64,438	£65,054	1.0%
7 Machinery and Transport	£15,890	£19,886	25.1%	£165,901	£208,299	25.6%
8 Miscellaneous Manufactures	£5,213	£5,779	10.9%	£73,877	£83,580	13.1%
9 Other commodities nes	£10	£3	-70.0%	£9,243	£19,458	110.5%
Total Imports	**£36,566**	**£42,658**	**16.7%**	**£513,612**	**£634,559**	**23.5%**

Country Group

- There was only one Country Group where goods exports from the West Midlands declined from the year ending Q1 2023. The Country Group that declined was Eastern Europe (excl. EU) by £283m (-40.6%) to £414m.

- The highest value of West Midlands goods exports was to the EU at £14.2bn, accounting for 44.9% of the total in the year ending Q1 2023. Exports to the EU from the West Midlands increased by £1.9bn (+15.4%) since year ending Q1 2022.

- There was one Country Group where goods imports to the West Midlands declined from the year ending Q1 2022. The Country Group that declined was; Eastern Europe (excl. EU) by £154m (-32.7%) to £317m.

- The highest value of goods imports was from the EU at £24.8bn, accounting for 58.2% of total West Midlands imports. This was a £5.1bn (+25.8%) increase in value from the year ending Q1 2022.

- The second highest value of imports was from Asia & Oceania at £11.0bn, accounting for 25.7% of total imports (compared to 17.7% of exports) in the year ending Q1 2023. Imports from Asia & Oceania to the West Midlands increased by £89m (+0.8%) since the year ending Q1 2022, in comparison exports increased by £1.1bn (+24.2%).

The following table shows a breakdown of goods exported and imported by country group and the percentage change between year ending Q1 2022 and Q1 2023:

Figures in £m	West Midlands Region			UK		
	Year Ending Q1 2022	Year Ending Q1 2023	% Change	Year Ending Q1 2022	Year Ending Q1 2023	% Change
Exports by Country Group						
Asia & Oceania	£4,500	£5,589	24.2%	£52,949	£59,445	12.3%
Eastern Europe (excl EU)	£697	£414	-40.6%	£5,788	£4,121	-28.8%
European Union	£12,295	£14,187	15.4%	£164,811	£198,635	20.5%
Latin America and Caribbean	£417	£487	16.8%	£4,786	£6,267	30.9%
Middle East and North Africa (excl EU)	£1,084	£1,968	81.5%	£14,964	£21,855	46.1%
North America	£5,461	£7,477	36.9%	£49,903	£62,288	24.8%
Sub-Saharan Africa	£344	£363	5.5%	£5,536	£6,060	9.5%
Western Europe (excl. EU)	£1,042	£1,102	5.8%	£13,706	£16,317	19.1%
Undefined Country Group	£3	£3	0.0%	£11,364	£5,571	-51.0%
Total Exports	**£25,844**	**£31,591**	**22.2%**	**£323,808**	**£380,558**	**17.5%**
Imports by Country Group						
Asia & Oceania	£10,863	£10,952	0.8%	£120,305	£126,946	5.5%
Eastern Europe (excl EU)	£471	£317	-32.7%	£10,201	£2,876	-71.8%
European Union	£19,735	£24,825	25.8%	£240,606	£315,404	31.1%
Latin America and Caribbean	£592	£676	14.2%	£6,871	£10,223	48.8%
Middle East and North Africa (excl EU)	£757	£905	19.6%	£15,660	£27,042	72.7%
North America	£1,980	£2,649	33.8%	£48,300	£69,650	44.2%
Sub-Saharan Africa	£276	£333	20.7%	£9,366	£11,127	18.8%
Western Europe (excl. EU)	£1,892	£2,000	5.7%	£56,849	£63,924	12.4%
Undefined Country Group	-	-		£5,454	£7,366	35.1%
Total Imports	**£36,566**	**£42,658**	**16.7%**	**£513,612**	**£634,559**	**23.5%**

GVA per Hour Worked and GVA per Filled Job[6]: WMCA Area
The Economic Intelligence Unit

In Summary

- In 2021, GVA per hour in the West Midlands Combined Authority (WMCA) area was £34.05. Since 2020, the WMCA area increased by 1.5% (+£0.50), which matched the UK growth rate. When compared to 2019, GVA per hour in the WMCA area increased by 4.2% (+£1.36) while the UK increased by 4.5% (+£1.64).
- In 2021, UK GVA per hour was £38.33 meaning the WMCA area had a shortfall of £4.28.
- In 2021, GVA per filled job in the WMCA area was £50,970. Since 2020, the WMCA area increased by 0.4% (+£194.41), while the UK increased by 0.7%. When compared to 2019, GVA per job filled in the WMCA area increased by 0.4% (+£210.18) while the UK increased by 1.5%.
- In 2021, UK GVA per job filled was £58,327 meaning the WMCA area had a shortfall of £7,356.

Full Brief

GVA per hour[7]

- In 2021, GVA per hour in the WMCA area was £34.05. Since 2020, the WMCA area increased by 1.5% (+£0.50), which matched the UK growth rate. When compared to 2019, GVA per hour in the WMCA area increased by 4.2% (+£1.36) while the UK increased by 4.5% (+£1.64). In 2021, UK GVA per hour was £38.33 meaning the WMCA area had a shortfall of £4.28.

- Across the 11 Combined Authority areas, the WMCA area was 5th highest for GVA per hour in 2021. Greater London Authority was the highest at £51.08, followed by West of England Combined Authority with £37.28. The lowest GVA per hour was in the South Yorkshire Mayoral Combined Authority with £30.04.

- Within the WMCA, Coventry and Solihull had a higher GVA per hour than nationally with £38.38 and £43.50 respectively in 2021. Despite Solihull decreasing by 0.4% (-£0.16) in 2020 and then when compared to 2019 by 0.9% (-£0.38).

- Within the WMCA, when compared to 2020, Walsall and Wolverhampton had the joint highest percentage increase, both rising by 3.4% (+£0.99 to £30.36 and +£1.05 to £32.14 respectively). When compared to 2019, Walsall had the highest increase by 9.6% (+£2.66). However, Walsall had the largest GVA per hour gap to national in 2021, by £7.97.

Smoothed GVA per hour worked in the WMCA and the UK, 2019, 2020 and 2021:

	2019	2020	2021	% Change Since 2020	Num. Change Since 2020	% Change Since 2019	Num. Change Since 2019
Birmingham	£31.72	£32.34	£32.77	1.3%	£0.43	3.3%	£1.05
Solihull	£43.88	£43.66	£43.50	-0.4%	-£0.16	-0.9%	-£0.38
Coventry	£37.06	£37.79	£38.38	1.6%	£0.59	3.6%	£1.32
Dudley	£28.23	£29.98	£30.78	2.7%	£0.80	9.0%	£2.55
Sandwell	£30.77	£31.55	£31.68	0.4%	£0.13	3.0%	£0.91
Walsall	£27.70	£29.37	£30.36	3.4%	£0.99	9.6%	£2.66
Wolverhampton	£29.69	£31.09	£32.14	3.4%	£1.05	8.3%	£2.45
WM 7 Met.	**£32.69**	**£33.55**	**£34.05**	**1.5%**	**£0.50**	**4.2%**	**£1.36**
UK (less Extra-Regio)	£36.69	£37.77	£38.33	1.5%	£0.56	4.5%	£1.64

[6] Source: Office for National Statistics (ONS), Subregional productivity in the UK: June 2023
Please note, the data is classified as Experimental Statistics.
[7] GVA per hour worked divides GVA by the total hours worked by the workforce in the area.

GVA per Filled Job[8]

- In 2021, GVA per filled job in the WMCA area was £50,970. Since 2020, the WMCA area increased by 0.4% (+£194.41), while the UK increased by 0.7%. When compared to 2019, GVA per job filled in the WMCA area increased by 0.4% (+£210.18) while the UK increased by 1.5%. In 2021, UK GVA per job filled was £58,327 meaning the WMCA area had a shortfall of £7,356.

- Across the 11 Combined Authority areas, the WMCA area was 5th highest for GVA per job filled in 2021. Greater London Authority was the highest at £82,801, followed by West of England Combined Authority with £57,090. The lowest GVA per job filled was in the South Yorkshire Mayoral Combined Authority with £45,722.

- Within the WMCA, Solihull had a higher GVA per job filled when compared to national with £64,913. However, when compared to 2019, Solihull decreased by 2.1% (-£1,364), as did Coventry, by 0.7% (-£413.02).

- Within the WMCA, when compared to 2020, Wolverhampton had the highest increase by 1.0% (+£444.70 to £46,949). When compared to 2019, Wolverhampton also had the highest increase by 1.5% (+£693.37).

Smoothed GVA per Job Filled in the WMCA and the UK, 2019, 2020 and 2021:

	2019	2020	2021	% Change Since 2020	Num. Change Since 2020	% Change Since 2019	Num. Change Since 2019
Birmingham	£49,352	£49,516	£49,807	0.6%	£291.08	0.9%	£455.27
Solihull	£66,277	£64,902	£64,913	0.02%	£11.70	-2.1%	-£1,364
Coventry	£57,456	£57,071	£57,043	-0.05%	-£27.84	-0.7%	-£413.02
Dudley	£42,587	£42,706	£42,748	0.1%	£41.37	0.4%	£160.90
Sandwell	£50,301	£50,810	£50,895	0.2%	£85.74	1.2%	£594.00
Walsall	£42,055	£42,209	£42,497	0.7%	£287.96	1.1%	£441.83
Wolverhampton	£46,255	£46,504	£46,949	1.0%	£444.70	1.5%	£693.37
WMCA	**£50,760**	**£50,776**	**£50,970**	**0.4%**	**£194.41**	**0.4%**	**£210.18**
UK (less Extra-Regio)	£57,450	£57,915	£58,327	0.7%	£411.11	1.5%	£877.09

[8] GVA per filled job allocates GVA to the number of jobs in the area.

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

UK Summary[9]

- For the UK, early estimates for May 2023 indicate that there were 30m payrolled employees, an increase of 1.6% (+460,000 employees) compared with the same period of the previous year. Notably, between May 2022 and May 2023, there was a decrease of 3,000 payrolled employees aged under 25 years; during the same period, payrolled employees aged 35 to 49 years increased by 163,000. The number of payrolled employees was up when compared to February 2020, by 3.5% (+1,016,000). The latest monthly change indicates that payrolled employment increased by 0.1% (+23,000 employees)[10].
- In January to March 2023, reports of UK-wide redundancies in the three months prior to interview[11] 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 76.0% in the three months ending April 2023, this was 0.2 percentage points (pp) higher than the three months ending January 2023. The number of people in employment increased to a record high in the latest quarter with increases in both the number of employees and self-employed workers. However, the UK employment rate is 0.6pp lower than before the pandemic (December 2019 to February 2020).
- The UK unemployment rate was estimated at 3.8% in the three months ending April 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 0.2pp below pre-pandemic levels.
- The UK economic inactivity rate decreased by 0.4pp on the quarter (April 2023), to 21.0%. Looking at economic inactivity by reason, the quarterly decrease was largely driven by those inactive for other reasons and those looking after family or home. Meanwhile, those inactive because of long-term sickness increased to a record high. The UK economic inactivity rate was 0.7 pp higher than before the Coronavirus pandemic.
- In the latest quarter (February to April 2023), total actual weekly hours worked in the UK increased by 15.8m hours to a record high of 1.06bn hours. This is 6.3 million hours above pre-coronavirus pandemic levels (December 2019 to February 2020). The increase in the latest quarter was largely driven by women who are above pre-pandemic levels. Total actual weekly hours worked by men also increased but remain below pre-pandemic levels.
- For the UK, the number of job vacancies in March to May 2023 was 1,051,000; this was a decrease of 7.0% (-79,000) from the previous quarter – the eleventh consecutive quarterly fall as vacancies fell in 13 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 March to May 2023, total vacancies were down by 250,000 from the level of a year ago, although they remained 250,000 above their pre-coronavirus (January to March 2020) levels.
- For the UK, growth in average total pay (including bonuses) was 6.5% and growth in regular pay (excluding bonuses) was 7.2% among employees in February to April 2023. For regular pay, this is the largest growth rate seen outside of the coronavirus pandemic. In real terms (adjusted for inflation), growth in total and regular pay fell on the year in February to April 2023, by 2.0% for total pay and by 1.3% for regular pay.
- Early estimates for May 2023 indicate that UK median monthly pay increased by 7.0% compared with May 2022, and increased by 20.4% when compared with February 2020.
- In March 2023, workforce jobs in the UK rose by a record 395,000 on the quarter to a new record high of 36.8million, with 8 of the 20 industry sectors at record high levels.
- Across the UK, there were 257,000 working days lost because of labour disputes in April 2023.

Regional Labour Market Summary

- For the three months ending April 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 75.6%. Since the three months ending January 2023, the employment rate increased by 1.6 percentage points (pp). When compared to the same period in the previous year, the employment rate was 0.3pp lower. The UK employment rate was 76.0%, an increase of 0.2pp when compared to the previous quarter and an increase of 0.3pp when compared to the previous year.

[9] Source: ONS, Labour Market Overview; UK: June 2023

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

[11] 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.

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

- For the three months ending in April 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 4.8%, which has increased by 0.3pp since the previous quarter and an increase of 0.4pp from the previous year. The UK unemployment rate was 3.8%, an increase of 0.1pp from the previous quarter and was at the same level when compared to the previous year.
- For the three months ending April 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 20.5%, a decrease of 2.0pp from previous quarter and was at the same level when compared to the previous year. The UK economic inactivity rate was 21.0%, a decrease of 0.4pp from the previous quarter and a decrease of 0.3pp from the previous year.
- Provisional figures show that there were 3.1m workforce jobs in the West Midlands region in March 2023. This is an increase of 1.3% (+38,717) since December 2022. When compared to March 2022, workforce jobs were 5.2% (+152,526) higher.

WMCA (7 Met.) Claimant Summary

- There were 126,240 claimants in the WMCA area in May 2023. Since April 2023, there has been a decrease of 0.9% (-1,085) claimants in the WMCA area, while the UK decreased by 2.2%. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 27.1% (+26,940) in the WMCA area, with the UK increasing by 22.1% over the same period.
- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 6.9% compared to 3.7% for the UK in May 2023.
- In May 2023, there were 22,950 youth claimants in the WMCA area. Since April 2023, there was an increase of 0.02% (+5) youth claimants in the WMCA area, while the UK decreased by 1.7%. When compared to March 2020 (pre-Coronavirus pandemic), youth claimants have increased by 19.8% (+3,795) in the WMCA area, with the UK increasing by 11.3% over the same period.
- Overall, for the WMCA area, the number of youth claimants as a percentage of residents aged 18-24 years old was 8.1% compared to 4.8% for the UK in May 2023.

In Depth:

UK Labour Market Stastics – UK Vacancies[12]

- In March to May 2023, the estimated number of vacancies fell by 79,000 to 1,051,000, the 11th consecutive period to show a fall on the quarter since May to July 2022.

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

Source: ONS – Vacancy Survey

[12] Source: ONS, Vacancies and Jobs in the UK: June 2023

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

- The total number of vacancies fell by 7.0% from the previous quarter, with financial and insurance activities and transport and storage contracting the most, falling by 18.7% and 18.3% respectively. There were also strong growths for real estate activities (29.2%) and other service activities (25.9%).

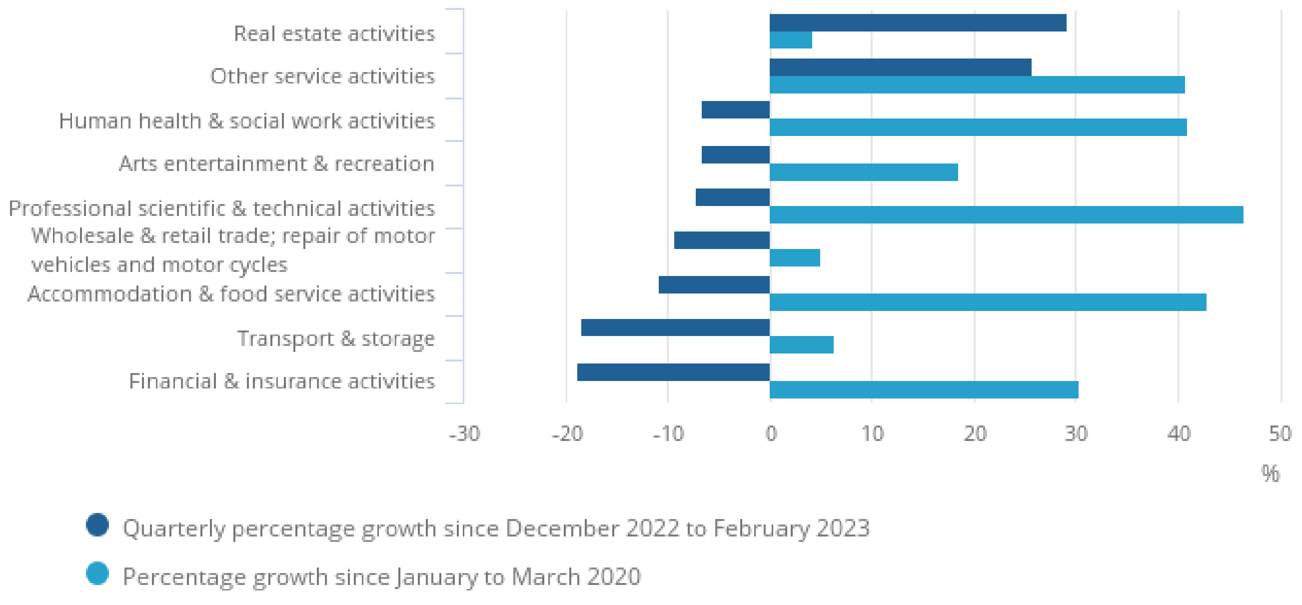
- March to May 2023 was the 11th consecutive period to show a fall on the quarter, decreasing by 79,000. The industry sector showing the largest fall in vacancy numbers was accommodation and food service activities, falling by 15,000. There were similar falls for wholesale and retail trade; repair of motor vehicles and motorcycles and human health and social work activities, which fell by 14,000 and 13,000, 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 March to May 2023 with the same time last year, when the number of vacancies was at a record high, total vacancies decreased by 250,000 (19.2%) with falls in 15 of the 18 industry sectors. The industry with the largest fall was accommodation and food service activities, where the number of vacancies fell by 46,000. However, the total number of vacancies remains 250,000 above January to March 2020 pre-coronavirus (COVID-19) levels, with human health and social work activities showing the largest increase, at 56,000.

- In February to April 2023, the number of unemployed people per vacancy was at 1.2, up slightly from 1.1 in November 2022 to January 2023. Though this ratio has increased, it remains low by historical standards and is indicative of a tight labour market, where demand for workers is outstripping the supply of workers.

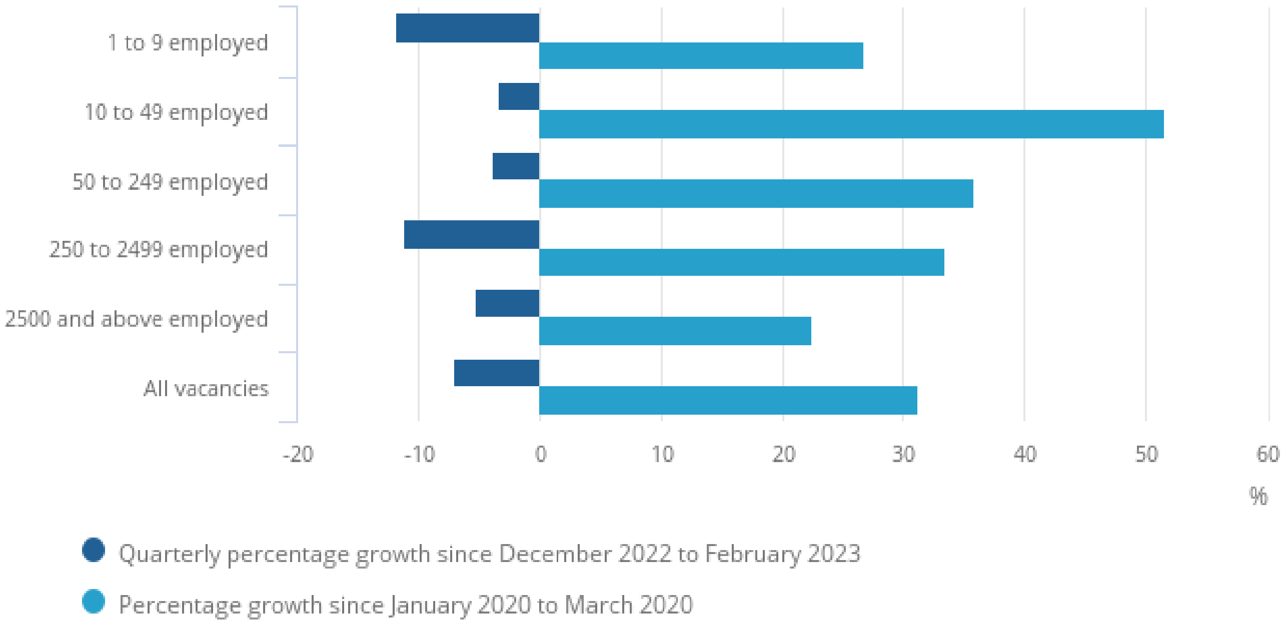
The following chart shows for February to April 2023 three-month average vacancies in the UK, quarterly percentage growth from December 2022 to February 2023 and percentage growth from pre-Coronavirus pandemic (January to March 2020):



Source: ONS – Vacancy Survey

- March to May 2023 saw vacancies fall for all size bands when compared with the previous quarter.

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



Source: ONS – Vacancy Survey

Regional Labour Market[13]

- For the three months ending April 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 75.6%. Since the three months ending January 2023, the employment rate increased by 1.6 percentage points (pp). When compared to the same period in the previous year, the employment rate was 0.3pp lower. The UK employment rate was 76.0%, 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 April 2023 were in the South East with 78.6% and the lowest in Wales with 71.8%.

- For the three months ending in April 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 4.8%, which has increased by 0.3pp since the previous quarter and an increase of 0.4pp from the previous year. The UK unemployment rate was 3.8%, an increase of 0.1pp from the previous quarter and was at the same level when compared to the previous year. The highest unemployment rate in the UK for the three months ending April 2023 was in the West Midlands and Wales with the lowest unemployment rate in Northern Ireland at 2.4%.

- For the three months ending April 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 20.5%, a decrease of 2.0pp from previous quarter and was at the same level when compared to the previous year. The UK economic inactivity rate was 21.0%, a decrease of 0.4pp from the previous quarter and a decrease of 0.3pp from the previous year. The highest economic inactivity rate in the UK for the three months ending April 2023 was in Northern Ireland with 25.8%, with the lowest in the East of England with 18.0%.

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

[13] Source: ONS, Labour Market in the Regions of the UK: June 2023

	Employment Rate – Feb to Apr 23 (aged 16-64 years)	Change on Nov 22 to Jan 23	Unemployment Rate – Jan to Mar 23 (16 years +)	Change on Nov 22 to Jan 23	Inactivity Rate – Jan to Mar 23 (aged 16-64 years)	Change on Nov 22 to Jan 23
UK	76.0%	0.2pp	3.8%	0.1pp	21.0%	-0.4pp
Great Britain	76.1%	0.2pp	3.8%	0.1pp	20.8%	-0.4pp
England	76.5%	0.5pp	3.8%	0.1pp	20.4%	-0.6pp
North East	74.4%	2.5pp	3.6%	-0.5pp	22.7%	-2.3pp
North West	75.2%	1.0pp	3.0%	-0.7pp	22.5%	-0.3pp
Yorkshire and The Humber	74.4%	-0.4pp	3.8%	0.6pp	22.6%	-0.1pp
East Midlands	75.8%	0.9pp	3.4%	0.0pp	21.5%	-0.9pp
West Midlands	**75.6%**	**1.6pp**	**4.8%**	**0.3pp**	**20.5%**	**-2.0pp**
East	78.5%	0.2pp	4.3%	0.5pp	18.0%	-0.5pp
London	75.6%	1.1pp	4.5%	-0.1pp	20.7%	-1.2pp
South East	78.6%	-0.2pp	3.7%	-0.2pp	18.3%	0.3pp
South West	78.4%	-1.5pp	3.1%	0.8pp	19.0%	0.9pp
Wales	71.8%	-0.5pp	4.8%	1.3pp	24.4%	-0.6pp
Scotland	74.6%	-1.8pp	3.1%	0.0pp	22.9%	1.9pp
Northern Ireland	72.4%	0.5pp	2.4%	0.0pp	25.8%	-0.6pp

Source: ONS – Labour Force Survey

- All regions have seen growth in the number of payrolled employees since the end of last year, however the latest May 2023 figures show falls for some regions.

- Between December 2022 and March 2023, workforce jobs increased in 9 out of 12 regions of the UK, with London seeing the largest increase of 176,000, while Wales and Scotland both fell by 11,000 and Yorkshire and The Humber fell by 5,000; London had the highest proportion of service-based jobs (92.6%), while Yorkshire and The Humber had the highest proportion of production sector jobs (12.8%).

- Latest figures show that there were 3.1m workforce jobs in the West Midlands region in March 2023. This is an increase of 1.3% (+38,717) since December 2022. When compared to March 2022, workforce jobs increased by 5.2% (+152,526).

- In March 2023, 82.3% (over 2.55 million) of workforce jobs in the West Midlands were in the services sector.

- Across all industries in March 2023 for the West Midlands region, 14.2% (439,538) of workforce jobs were in human health & social work activities, 13.7% (424,862) were in wholesale & retail trade; repair of motor vehicles and motor cycles. This was followed by 9.9% (308,163) in manufacturing.

- The latest quarterly change shows 6 industries that declined -
    - agriculture, forestry & fishing by 17.9% or 4,550 jobs (to 20,825 workforce jobs)
    - mining & quarrying by 4.0% or 16 jobs (to 386 workforce jobs)
    - manufacturing by 0.7% or 2,066 jobs (to 308,163 workforce jobs)
    - accommodation & food service activities by 8.3% or 20,073 jobs (to 222,732 workforce jobs)
    - professional scientific & technical activities by 3.7% or 8,320 jobs (to 215,455 workforce jobs)
    - administrative & support service activities by 1.7% or 4,625 jobs (to 271,301 workforce jobs)

- Of the 38,717 quarterly increase for workforce jobs in the West Midlands, 24,234 was from human health & social work activities.

Claimant Count

Claimant count for people aged 16 years and over[14]:

- There were 126,240 claimants in the WMCA area in May 2023. Since April 2023, there has been a decrease of 0.9% (-1,085) claimants in the WMCA area, while the UK decreased by 2.2%. When compared to May 2022, claimants have increased by 1.1% (+1,380) in the WMCA area, with the UK decreasing by 2.1% over the same period. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 27.1% (+26,940) in the WMCA area, with the UK increasing by 22.1% over the same period.

- Birmingham had 63,440 claimants aged 16 years and over in May 2023, a decrease of 75 (-0.1%) claimants from the previous month. Compared to the same month in 2022, Birmingham claimants increased by 280 (+0.4%). When compared to March 2020, the number of claimants has increased by 14,070 (+28.5%).

- Coventry had 13,115 claimants aged 16 years and over in May 2023, remaining the same level from the previous month. Compared to the same month in 2022, Coventry claimants increased by 1,285 (+10.9%). When compared to March 2020, the number of claimants has increased by 5,115 (+63.9%).

- Dudley had 9,205 claimants aged 16 years and over in May 2023, a decrease of 335 (-3.5%) claimants from the previous month. Compared to the same month in 2022, Dudley claimants decreased by 510 (-5.2%). When compared to March 2020, the number of claimants has increased by 690 (+8.1%).

- Sandwell had 13,640 claimants aged 16 years and over in May 2023, a decrease of 265 (-1.9%) claimants from the previous month. Compared to the same month in 2022, Sandwell claimants increased by 40 (+0.3%). When compared to March 2020, the number of claimants has increased by 2,860 (+26.5%).

- Solihull had 4,180 claimants aged 16 years and over in May 2023, a decrease of 95 (-2.2%) claimants from the previous month. Compared to the same month in 2022, Solihull claimants decreased by 325 (-7.2%). When compared to March 2020, the number of claimants has increased by 530 (+14.5%).

- Walsall had 9,925 claimants aged 16 years and over in May 2023, a decrease of 175 (-1.7%) claimants from the previous month. Compared to the same month in 2022, Walsall claimants increased by 40 (+0.4%). When compared to March 2020, the number of claimants has increased by 1,320 (+15.3%).

- Wolverhampton had 12,735 claimants aged 16 years and over in May 2023, a decrease of 135 (-1.0%) claimants from the previous month. Compared to the same month in 2022, Wolverhampton claimants increased by 570 (+4.7%). When compared to March 2020, the number of claimants has increased by 2,355 (+22.7%).

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

	Mar 2020	May 2022	Apr 2023	May 2023	May 2023 (Claimants as proportion aged 16-64) Rates	% Change Since Mar 20	% Change Since May 22	% Change Since Apr 23
Birmingham	49,370	63,160	63,515	63,440	8.6%	28.5%	0.4%	-0.1%
Coventry	8,000	11,830	13,115	13,115	5.8%	63.9%	10.9%	0.0%
Dudley	8,515	9,715	9,540	9,205	4.7%	8.1%	-5.2%	-3.5%
Sandwell	10,780	13,600	13,905	13,640	6.3%	26.5%	0.3%	-1.9%
Solihull	3,650	4,505	4,275	4,180	3.2%	14.5%	-7.2%	-2.2%
Walsall	8,605	9,885	10,100	9,925	5.7%	15.3%	0.4%	-1.7%
Wolverhampton	10,380	12,165	12,870	12,735	7.7%	22.7%	4.7%	-1.0%
WMCA	**99,300**	**124,860**	**127,325**	**126,240**	**6.9%**	**27.1%**	**1.1%**	**-0.9%**
UK	1,268,620	1,582,215	1,584,450	1,549,600	3.7%	22.1%	-2.1%	-2.2%

- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 6.9% compared to 3.7% for the UK in May 2023.

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

Youth Claimants (Aged 18-24)

- In May 2023, there were 22,950 youth claimants in the WMCA area. Since April 2023, there was an increase of 0.02% (+5) youth claimants in the WMCA area, while the UK decreased by 1.7%. When compared to May 2022, youth claimants have increased by 9.5% (+1,990) in the WMCA area, with the UK increasing by 8.1%. When compared to March 2020 (pre-Coronavirus pandemic), youth claimants have increased by 19.8% (+3,795) in the WMCA area, with the UK increasing by 11.3% over the same period.

- Birmingham had 11,385 youth claimants in May 2023, an increase of 95 (+0.8%) youth claimants from the previous month. Compared to the same month in 2022, Birmingham's youth claimants increased by 965 (+9.3%). When compared to March 2020, the number of youth claimants has increased by 2,280 (+25.0%).

- Coventry had 2,225 youth claimants in May 2023, an increase of 45 (+2.1%) youth claimants from the previous month. Compared to the same month in 2022, Coventry's youth claimants increased by 305 (+15.9%). When compared to March 2020, the number of claimants has increased by 690 (+45.0%).

- Dudley had 1,760 youth claimants in May 2023, a decrease of 25 (-1.4%) youth claimants from the previous month. Compared to the same month in 2022, Dudley's youth claimants increased by 75 (+4.5%). When compared to March 2020, the number of youth claimants has increased by 10 (+0.6%).

- Sandwell had 2,540 youth claimants in May 2023, a decrease of 35 (-1.4%) youth claimants from the previous month. Compared to the same month in 2022, Sandwell's youth claimants increased by 210 (+9.0%). When compared to March 2020, the number of youth claimants has increased by 425 (+20.1%).

- Solihull had 775 youth claimants in May 2023, a decrease of 15 (-1.9%) claimants from the previous month. Compared to the same month in 2022, Solihull's youth claimants decreased by 30 (-3.7%). When compared to March 2020, the number of youth claimants has decreased by 50 (-6.1%).

- Walsall had 1,990 youth claimants in May 2023, a decrease of 45 (-2.2%) claimants from the previous month. Compared to the same month in 2022, Walsall's youth claimants increased by 150 (+8.2%). When compared to March 2020, the number of youth claimants has increased by 75 (+3.9%).

- Wolverhampton had 2,270 youth claimants in May 2023, a decrease of 20 (-0.9%) youth claimants from the previous month. Compared to the same month in 2022, Wolverhampton's youth claimants increased by 305 (+15.5%). When compared to March 2020, the number of youth claimants has increased by 360 (+18.8%).

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	May 2022	Apr 2023	May 2023	May 2023 (Claimants as proportion aged 18-24) Rates	% Change Since Mar 20	% Change Since May 22	% Change Since Apr 23
Birmingham	9,105	10,420	11,290	11,385	8.8%	25.0%	9.3%	0.8%
Coventry	1,535	1,920	2,180	2,225	5.2%	45.0%	15.9%	2.1%
Dudley	1,750	1,685	1,785	1,760	7.4%	0.6%	4.5%	-1.4%
Sandwell	2,115	2,330	2,575	2,540	8.9%	20.1%	9.0%	-1.4%
Solihull	825	805	790	775	5.2%	-6.1%	-3.7%	-1.9%
Walsall	1,915	1,840	2,035	1,990	8.8%	3.9%	8.2%	-2.2%
Wolverhampton	1,910	1,965	2,290	2,270	10.6%	18.8%	15.5%	-0.9%
WMCA	**19,155**	**20,960**	**22,945**	**22,950**	**8.1%**	**19.8%**	**9.5%**	**0.02%**
UK	238,085	245,245	269,705	265,100	4.8%	11.3%	8.1%	-1.7%

- Overall, for the WMCA area, the number of youth claimants as a percentage of residents aged 18-24 years old was 8.1% compared to 4.8% for the UK in May 2023.

Claimant Count by Age and Gender (WMCA 7 Met.)[15]

- For those aged 16-24 in the WMCA (7 Met.) area, when comparing May 2023 to the previous month, there was an overall decrease of 5 claimants. This can be split by an increase of 10 males but a decrease of 15 females.
- For those aged 25-49 in the WMCA area, when comparing May 2023 to the previous month, there was an overall decrease of 715 claimants. This can be split by a decrease of 55 males and a decrease of 655 females.
- For those aged 50 years and over in the WMCA area, when comparing May 2023 to the previous month, there was an overall decrease of 365 claimants. This can be split by a decrease of 90 males and a decrease of 275 females.

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

		Mar 2020	May 2022	Apr 2023	May 2023	No. Change Since Mar 20	No. Change Since May 22	No. Change Since Apr 23
Total	**Age 16+**	**99,300**	**124,860**	**127,325**	**126,240**	**26,940**	**1,380**	**-1,085**
	Aged 16-24	**19,345**	**21,140**	**23,115**	**23,110**	**3,765**	**1,970**	**-5**
	Aged 16-17	190	180	170	160	-30	-20	-10
	Aged 18-24	19,155	20,960	22,945	22,950	3,795	1,990	5
	Aged 25-49	**56,930**	**73,965**	**76,235**	**75,520**	**18,590**	**1,555**	**-715**
	Aged 25-29	13,505	16,020	16,390	16,220	2,715	200	-170
	Aged 30-34	13,315	17,395	17,380	17,170	3,855	-225	-210
	Aged 35-39	11,650	15,965	16,945	16,755	5,105	790	-190
	Aged 40-44	9,535	13,515	14,455	14,415	4,880	900	-40
	Aged 45-49	8,925	11,065	11,060	10,960	2,035	-105	-100
	Aged 50+	**23,020**	**29,755**	**27,975**	**27,610**	**4,590**	**-2,145**	**-365**
	Aged 50-54	8,360	10,555	10,165	10,070	1,710	-485	-95
	Aged 55-59	7,490	9,410	8,670	8,515	1,025	-895	-155
	Aged 60-64	6,340	8,045	7,360	7,230	890	-815	-130
	Aged 65+	830	1,745	1,775	1,795	965	50	20
Male	**Age 16+**	**58,885**	**74,250**	**73,130**	**72,990**	**14,105**	**-1,260**	**-140**
	Aged 16-24	**11,970**	**13,290**	**14,415**	**14,425**	**2,455**	**1,135**	**10**
	Aged 16-17	85	75	80	75	-10	0	-5
	Aged 18-24	11,885	13,220	14,335	14,345	2,460	1,125	10
	Aged 25-49	**33,260**	**43,340**	**42,470**	**42,415**	**9,155**	**-925**	**-55**
	Aged 25-29	8,180	9,835	9,785	9,785	1,605	-50	0
	Aged 30-34	7,825	10,310	9,870	9,775	1,950	-535	-95
	Aged 35-39	6,605	9,095	9,150	9,085	2,480	-10	-65
	Aged 40-44	5,525	7,740	7,675	7,705	2,180	-35	30
	Aged 45-49	5,125	6,360	5,995	6,060	935	-300	65
	Aged 50+	**13,655**	**17,620**	**16,240**	**16,150**	**2,495**	**-1,470**	**-90**
	Aged 50-54	4,880	6,195	5,765	5,705	825	-490	-60
	Aged 55-59	4,420	5,605	5,055	5,035	615	-570	-20
	Aged 60-64	3,815	4,745	4,270	4,255	440	-490	-15
	Aged 65+	535	1,070	1,145	1,155	620	85	10
Female	**Age 16+**	**40,415**	**50,610**	**54,195**	**53,250**	**12,835**	**2,640**	**-945**
	Aged 16-24	**7,375**	**7,850**	**8,700**	**8,685**	**1,310**	**835**	**-15**
	Aged 16-17	105	105	90	85	-20	-20	-5
	Aged 18-24	7,270	7,745	8,610	8,600	1,330	855	-10
	Aged 25-49	**23,670**	**30,625**	**33,760**	**33,105**	**9,435**	**2,480**	**-655**
	Aged 25-29	5,325	6,180	6,605	6,435	1,110	255	-170
	Aged 30-34	5,490	7,090	7,510	7,395	1,905	305	-115
	Aged 35-39	5,045	6,875	7,800	7,670	2,625	795	-130
	Aged 40-44	4,010	5,775	6,780	6,710	2,700	935	-70
	Aged 45-49	3,800	4,705	5,065	4,900	1,100	195	-165
	Aged 50+	**9,365**	**12,135**	**11,735**	**11,460**	**2,095**	**-675**	**-275**
	Aged 50-54	3,475	4,365	4,405	4,365	890	0	-40
	Aged 55-59	3,070	3,800	3,615	3,480	410	-320	-135
	Aged 60-64	2,525	3,295	3,085	2,975	450	-320	-110
	Aged 65+	295	675	630	645	350	-30	15

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

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

Lightcast Job Postings WMCA Geography for May 2023[16]

- ***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 decrease in postings, in May unique job postings rebounded sharply, increasing by almost a quarter (24.3%) from 115,763 to 140,178.

- Job posting activity was heightened across the WMCA 7 Met. area, with all seven local authority areas logging a positive change in unique postings. This ranged from 34% in Sandwell to 19% in Solihull.

- Posting intensity, i.e., the effort towards hiring was highest in Sandwell and Dudley.

The following table reports the number of unique job postings across the WMCA 7 Met. local authorities in May 2023 and the percentage change from the previous month:

	May 2023 Unique Postings	% Change (Apr - May 2023)
Birmingham	78,246	24%
Coventry	17,526	22%
Dudley	9,135	26%
Sandwell	9,315	34%
Solihull	8,595	19%
Walsall	7,177	27%
Wolverhampton	10,184	24%

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

Department for Energy Security and Net Zero: Greenhouse Gas Emissions[17]: WMCA Briefing

The Economic Intelligence Unit

Summary:

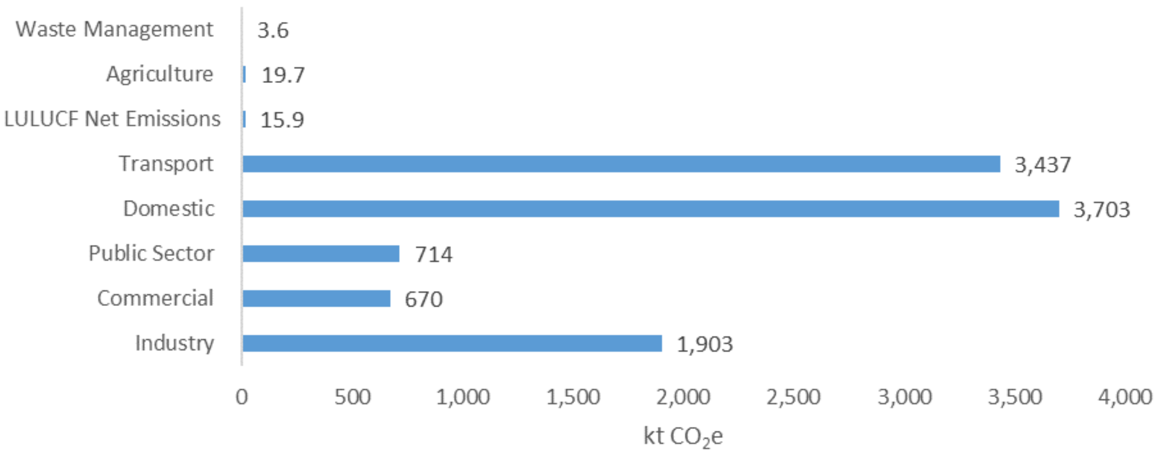
- In 2021, the West Midlands Combined Authority (WMCA[18]) area produced a total of 10,467 Kt carbon dioxide (CO_2e) emissions. This has increased by 755 Kt CO_2e (+7.8%) since last year, compared to an increase of 7.4% across the UK.
- This was split by 1,903 Kt CO_2e (18.2% of total vs 25.1% in UK) in the industrial sector, 670 Kt CO_2e (6.4% of total vs 5.2% in UK) in the commercial sector, 714 Kt CO_2e (6.8% of total vs 4.8% in UK) in the public sector, 3,703 Kt CO_2e (35.4% of total vs 29.0% in UK) from domestic sources, 3,437 Kt CO_2e (32.8% of total vs 34.7% in UK) in the transport sector, 19.7 Kt CO_2e (0.2% of total vs 2.8% in UK) in the agricultural sector and 3.6 Kt CO_2e (0.0% of total vs 0.1% in UK) in the waste management sector.
- Emissions in the WMCA area are equivalent to 3.6 tonnes CO_2e per capita, vs 4.8 tonnes CO_2e per capita in the UK. This has increased from 3.3 in 2020 (UK also increased from 4.5).
- Emissions are equivalent to 11.6 KtCO_2e per km^2 in the WMCA area, compared to 1.3 in the UK.

Full Briefing:

CO2e

- In 2021, the WMCA area produced a total of 10,467 Kt CO_2e emissions. This has increased by 755 Kt CO_2e (+7.8%) since last year, compared to an increase of 7.4% across the UK.
- Emissions can be split by
  - 1,903 Kt CO_2e (18.2% of total vs 25.1% in UK) in the industrial sector
  - 670 Kt CO_2e (6.4% of total vs 5.2% in UK) in the commercial sector
  - 714 Kt CO_2e (6.8% of total vs 4.8% in UK) in the public sector
  - 3,703 Kt CO_2e (35.4% of total vs 29.0% in UK) from domestic sources
  - 3,437 Kt CO_2e (32.8% of total vs 34.7% in UK) in the transport sector
  - 19.7 Kt CO_2e (0.2% of total vs 2.8% in UK) in the agricultural sector
  - 3.6 Kt CO_2e (0.0% of total vs 0.1% in UK) in the waste management sector
  - the land use, land use change and forestry sector (LULUCF) contributes to carbon emissions, at 15.9 Kt CO_2e (0.2%) of the total carbon emissions in the WMCA area, whereas across the UK this sector is net negative.

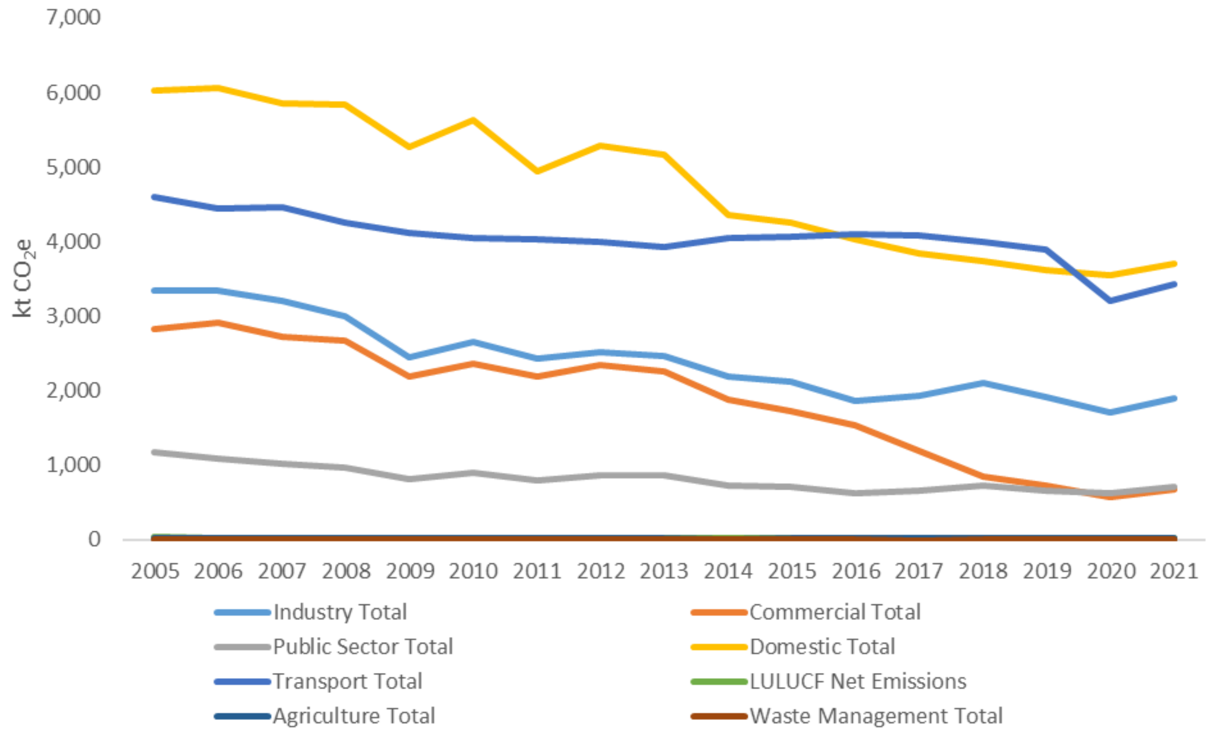
Sectoral Breakdown of CO_2e Emissions in the WMCA, 2021



[17] Source: Department for Energy Security and Net Zero – released June 2023.
[18] WMCA Area refers to the West Midlands 7 Metropolitan area.

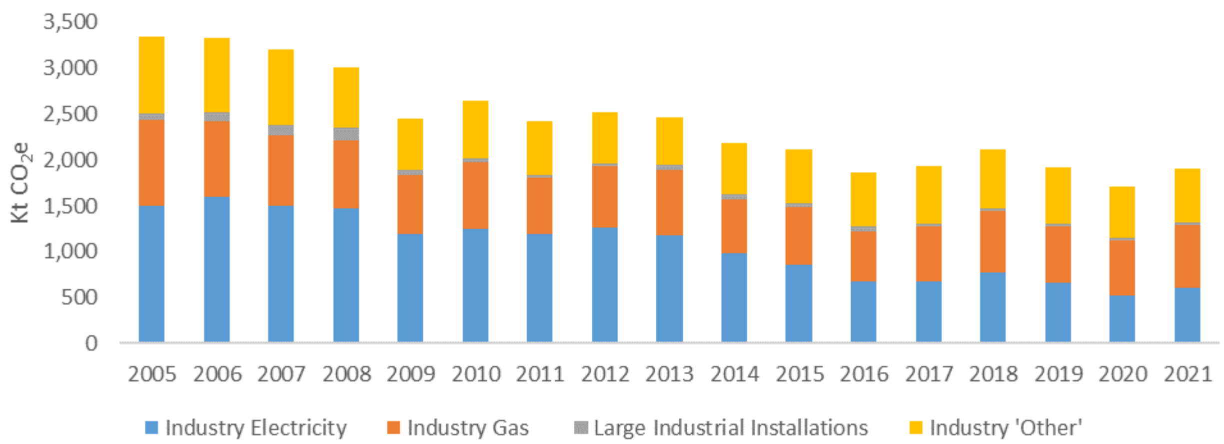
- Since 2005, total CO_2e emissions have decreased by 7,559 (-41.9%) across the WMCA area, the UK decreased by 39.4% during this time period.
- The industry sector reduced its emissions by 43.1%, (UK -42.6%)
- The commercial sector has decreased by 76.2%, (UK -76.4%)
- The public sector has decreased by 39.0%, (UK -37.2%)
- There was a 38.6% reduction for domestic sources, (UK -38.6%)
- The transport emissions reduced by 25.3% during this period, (UK -17.9%)
- The LULUCF sector reduced by 50.1%, (UK +59.7%)
- Agricultural emissions reduced by 2.5%, (UK -4.8%)
- Waste management emissions reduced by 46.6%, (UK -38.6%)

Change in CO_2e emissions in the WMCA area, 2005 – 2021



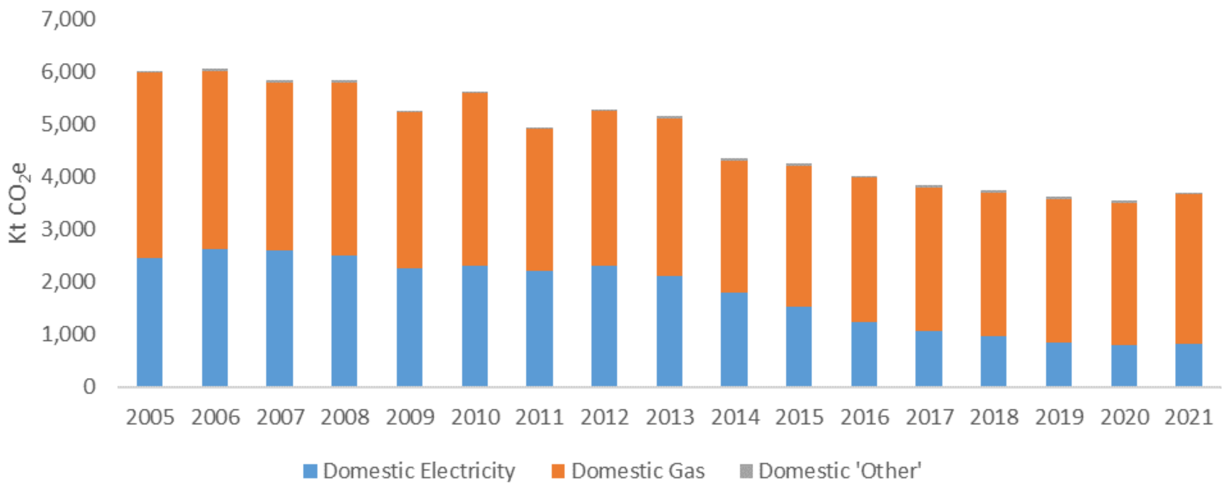
- In 2021, the WMCA produced a total of 1,903 Kt CO_2e emissions in the industrial sector, with 681 Kt CO_2e (35.8%) of industrial emissions from gas, 606 Kt CO_2e (31.9%) from electricity, 581 Kt CO_2e (30.5%) from other, and 35 Kt CO_2e (1.8%) from large industrial installations.
- The largest decrease in industry emissions since 2005 was in electricity at -901 Kt CO_2e (-59.8%).

Industry sub sector emissions, 2005-2021



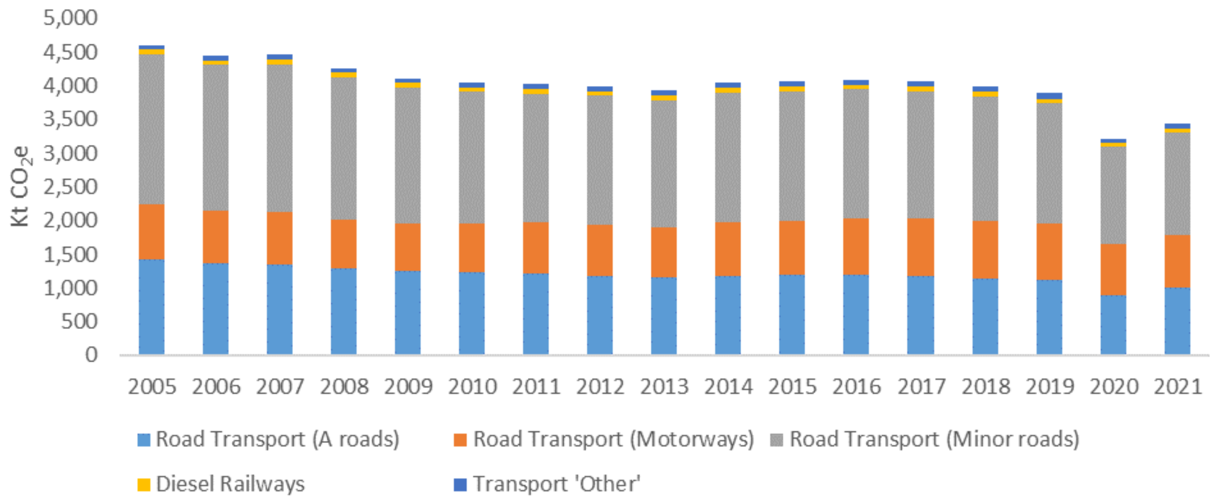
- In 2021, the WMCA produced a total of 3,703 Kt CO_2e emissions in the domestic sector, with 2,850 Kt CO_2e (77.0%) of domestic emissions from gas, 819 Kt CO_2e (22.1%) from electricity, 34 Kt CO_2e (0.9%) from other.
- The largest decrease in domestic emissions since 2005 was in electricity at -1,638 Kt CO_2e (-66.7%).

Domestic sub sector emissions, 2005-2021



- In 2021, the WMCA area produced a total of 3,437 Kt CO_2e emissions in the transport sector, with 1,520 Kt CO_2e (44.2%) of transport emissions from Road Transport (Minor roads), 1,004 Kt CO_2e (29.2%) from Road Transport (A roads), 789 Kt CO_2e (23.0%) from Road Transport (Motorways), 69 Kt CO_2e (2.0%) from other, and 56 Kt CO_2e (1.6%) from diesel railways.
- The largest decrease in transport emissions since 2005 was seen in Road Transport (Minor roads) at -716 Kt CO_2e (-32.0%).

Transport sub sector emissions, 2005-2021



Methane

- In 2021, the WMCA produced a total of 1,063 kt CO2e of methane emissions. This has increased by 5 kt CO2e (+0.4%) since last year, compared to a decrease of 0.8% across the UK.

Nitrous Oxide

- In 2021, the WMCA area produced a total of 155 kt CO2e of nitrous oxide emissions. This has increased by 3 kt CO2e (+2.1%) since last year, compared to an increase of 2.4% across the UK.

WMREDI Policy Briefing: Pride in Place

Rebecca Riley, WMREDI

Pride in place is one of four overarching objectives in the Levelling Up White Paper as well as the least detailed of its twelve missions. This policy briefing by Rebecca Riley and Des McNulty explores this objective from the perspective of the role universities could play.

The underlying argument of the pride in place mission is that a combination of community demoralisation and the lack of effective leadership is the root cause of places being 'left behind'. Yet despite the importance of harnessing community involvement and consent if places are to move forward, accessing the way people feel in and about place has been neglected in the formulation of place-based policies and decision-making.

Policy

Policy on place has treated it almost exclusively as a geographic location where boundaries can be mapped, data can be collected, economic trajectories can be explored, and policies enacted. In the academic literature, there has been extensive work on gaps between deprived neighbourhoods and other parts of large cities and on the trajectory of cities and regions but much less emphasis on peripheral or remote towns, reflecting a lack of policy focus on the fate of these places now labelled 'left behind'.

Pride and Place

Linking pride with place requires taking into consideration the importance of social fabric, lived experiences and how people feel in and about places (Madgin 2022). The richness of people's relationships with their places has been explored through literature, film, and television programmes such as Sherwood and Happy Valley, depicting the complexity of emotions, experiences, meanings and memories. These and other narratives are important in understanding places, not least because identities are bound up in our stories about ourselves and about those places we feel we belong to. Focusing on narratives allows us to add qualitative insights to quantitative data in such a way as to gain a holistic view of the place that joins up across different domains of policy and our lives.

Pride in place as a thematic policy area described in our recommendations in this paper is essential to developing local places. Decisions about the future of places should be taken in consultation with and involve the people the place serves.

Austerity has impacted detrimentally on services and assets at a place level. To develop greater resilience and create growing, thriving communities, local people need a greater say and more control. We also need partners to come together to improve the social fabric of places and to collaborate on building trust as well as taking forward projects. In left behind places, there is a need for consistent, long-term investment in regeneration and renewal programmes which should include the protection of, and investment in, local cultural, heritage, and sports assets. Where investment is based on a strategic approach to placemaking with the active involvement of local communities it is more likely to be both successful and sustainable.

Universities and Region Forum

The analysis and recommendations in this briefing – which come from a discussion at a workshop held in February 2023 by the Universities and Regions Forum at the University of Birmingham – are intended to clarify what is needed to take forward the delivery of levelling up commitments. They build on previous City-REDI / WMREDI research, as well as participants' insights from working for and providing advice to local and central government in England and the national governments in Wales and Scotland. The authors are very grateful to the speakers and the participants for their input to the workshop and accept full responsibility for any errors of interpretation or fact.

Download the Policy Briefing

Find out more about the work of the University and Regions forum

Skills and Regional Economic Development

Anne Green and Abigail Taylor, WMREDI

Anne Green and Abigail Taylor discuss skills policy in the UK. How can we improve skill provision to reduce regional economic disparities?

This blog post was produced for inclusion in the Birmingham Economic Review for 2022.

The annual Birmingham Economic Review is produced by the University of Birmingham's City-REDI and the Greater Birmingham Chambers of Commerce. It is an in-depth exploration of the economy of England's second city and a high-quality resource for informing research, policy and investment decisions.

This post is featured in Chapter 3 of the Birmingham Economic Review for 2022, on people and challenging times.

Read the Birmingham Economic Review.

Visit the WMREDI Data Lab to find out more about Birmingham.

Skills are a key driver of economic disparities between people and places. In the Levelling Up White Paper, one of the 12 Levelling Up Missions focuses on Skills:

By 2030, the number of people successfully completing high-quality skills training will have significantly increased in every area of the UK. In England, this will lead to 200,000 more people successfully completing high-quality skills training annually, driven by 80,000 more people completing courses in the lowest skilled areas.

This ambition chimes with the policy direction set out in 2021 in Skills for Jobs: Lifelong Learning for Opportunities and Growth. This White Paper emphasised the need to raise educational standards, increase the level of high-quality skills training available to learners and put employers at the heart of the further education and training system in order to align education and skills provision with the needs of the economy.

Policy

As noted by the Institute for Government, levelling up and skills policy needs to have a three-fold focus. First, there is the need to improve skills for those entering the labour force. Secondly, given the length of working lives and changes in skills requirements, improving lifetime learning and retraining provision is essential. Thirdly, there needs to be an emphasis on skills utilisation, through improving the match between skills and jobs. The latter emphasises the importance of labour demand and the importance of breaking out of low-skills traps. This requires looking beyond skills policy to broader economic development policy concerns with making Birmingham attractive to businesses and skilled workers.

WMREDI Research

Research conducted by WMREDI indicates that within Birmingham and the wider West Midlands universities and colleges already contribute considerably to up-skilling and reskilling through developing future sectoral skills, piloting new ways of learning, supporting graduate employability, addressing access to higher education (HE) barriers, developing pathways between further education (FE) and HE, introducing applied higher-level skills development initiatives and working with regional governance stakeholders. Nonetheless, the research suggests that to effectively address the skills challenges that the West Midlands is facing and support levelling up, there is a need to prioritise expanding partnerships and integration between HE institutes and FE institutes and other regional stakeholders. To maximise the effectiveness of partnerships, the broader role of universities in relation to skills and economic development should be recognised across regional stakeholders. Partnerships need to build on the strengths of FE and HE.

In terms of equipping residents and workers with the skills that businesses need, now and in the future, one important focus of policy attention is digital skills. There is a predicted national digital skills shortfall. This is concerning for Birmingham (and the West Midlands) given the recent rapid growth experienced by the tech sector and the potential for future growth. Given the importance of digital skills in many roles and businesses, there is a need to ensure that all people acquire basic digital skills (i.e. are sufficiently digitally literate to participate in society and the economy). But digital skills for levelling up also require digital skills for the general workforce, which vary by sector and occupation. To drive productivity and growth digital skills for ICT professionals – that are essential to the development of new digital technologies and to new products and services – are required too. Birmingham is active in promoting digital skills at all of these levels and has also led in investment in no-code provision to provide people with skills which can help launch new services and products and underpin the creation of new enterprises.

Indeed, growing skills in the digital sector is one of the priorities in the West Midlands Combined Authority Regional Skills Plan. The West Midlands Plan for Growth also stresses the importance of developing future skills pathways across the West Midlands primary clusters (which include Healthtech and Med-tech, aerospace and modern and low carbon utilities) to support levelling up.

Skills and Productivity

More broadly, the Skills and Productivity Board has emphasised that to fully realise the benefits of individual, firm or government investments in skills, there is a need for complementary investments in other types of capital (namely physical, intangible, financial, social and institutional) – as set out in the Levelling Up White Paper. Longer-term, for levelling up of skills to be fully effective there is a need for broader investment across health, education, social services and public transport. Obtaining such investment will require strategically coordinated lobbying of the national government by the West Midlands Combined Authority, the Chamber of Commerce and Birmingham City Council.

Bridging the Gap: Addressing Ethnic Disparities in Higher Education Dropout Rates

Kostas Kollydas, WMREDI

Dr Kostas Kollydas discusses the multifaceted reasons behind higher education dropouts, emphasising the need to confront ethnic discrepancies in academic achievement that result in involuntary withdrawal from studies.

Theoretical background

The concept of dropout rates refers to the fraction of students who, for whatever reasons, abandon their course before completion. The issue of student dropouts from the United Kingdom's higher education institutions has gained political and societal attention, spurring policy adjustments over recent times. The financial and other implications of students discontinuing their studies cause significant concern in many countries, not just for the students and universities, but also for the broader society. This concern persists in the UK despite it maintaining satisfactory degree completion rates in comparison to other countries.

In the economics of education literature there are two traditional competing theories regarding the effect of (higher) education on labour market outcomes, namely the "human capital theory" and the "screening hypothesis". The human capital theory, on the one hand, puts forth the idea that increased education uplifts an individual's productivity and ability to socially integrate. This, in turn, amplifies the market value of their work. On the other hand, the filtering function of education presents a contrasting viewpoint, postulating that earnings variations in the job market do not merely reflect the productivity boost resulting from education. Instead, because of asymmetric information, employers see education as a signal of an applicant's inherent talents and capabilities. This leads prospective employees to choose their level of education as a means to signal their potential to future employers.

Despite these differing viewpoints, research indicates a noticeable trend: individuals who secure a degree generally enjoy a wage premium post-university when compared to those who do not complete their studies. This holds true even when both groups have spent an equal number of years in education. This theory is known as the "sheepskin effect" in economic literature. Consequently, individuals who discontinue university education often find themselves in a less favourable position in the job market as compared to their counterparts who successfully graduate.

Measuring dropout rates

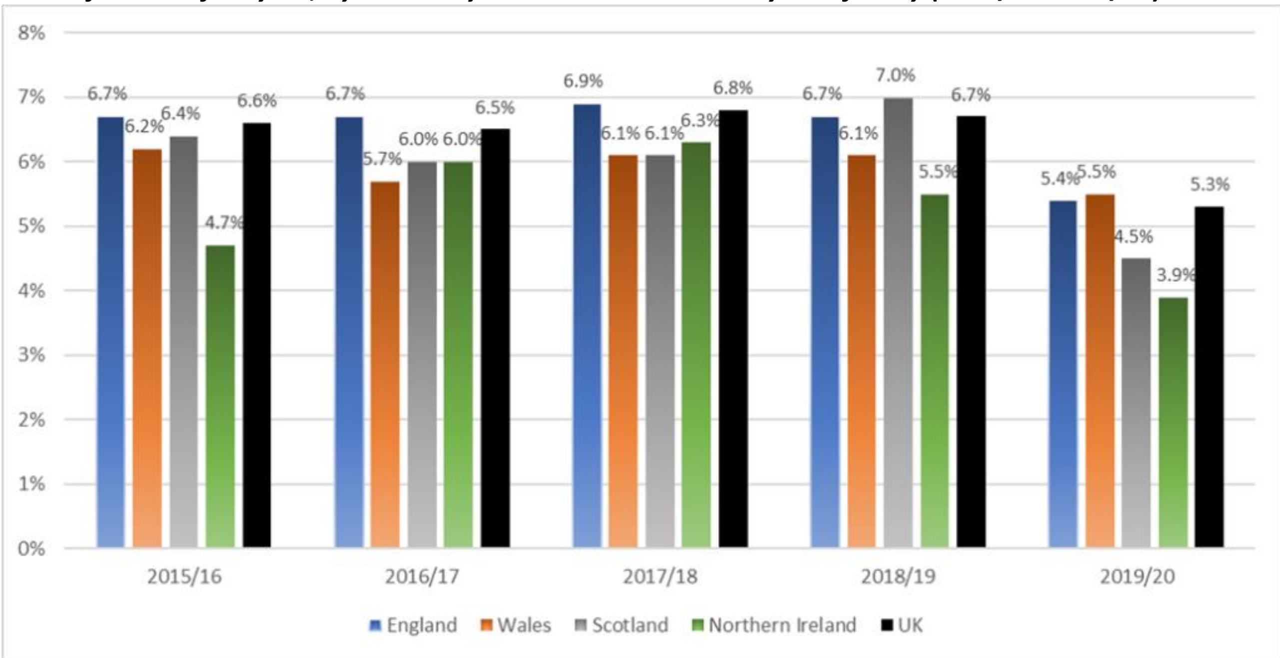
Reported dropout rates demonstrate significant fluctuations due to the varying definitions and datasets employed. Various entities such as central bodies, universities, and the academic literature frequently employ different methods to calculate student retention and withdrawal. For example, the official measure of non-continuation, as defined by the Higher Education Statistics Agency (HESA), is derived by monitoring the activity of UK-domiciled undergraduates during the academic year following their admission. This indicator does not take into account students who exit university shortly after beginning their studies (within 50 days). For part-time students, this observation period extends to two years post-enrolment.

Based on HESA's indicator, the dropout rate of full-time young undergraduate students in the UK varied from 6.6% for those beginning their studies in the 2015/16 academic year to 5.3% for those starting in the 2019/20 academic year (see Figure A below). Some variations exist across the UK nations, with Northern Irish universities witnessing the lowest dropout rates during this timeframe. The dip in dropout rates for the 2019/20 academic year enrolments could be linked to the outbreak of the COVID-19 pandemic and the resulting economic downturn. These factors likely lowered the opportunity costs of higher education, thereby reducing the number of students exiting university for employment prospects. This trend might also be influenced by the "no detriment" policies implemented by numerous universities when confirming grades and results, leading to enhanced student learning and assessment experience in comparison to the pre-pandemic years.

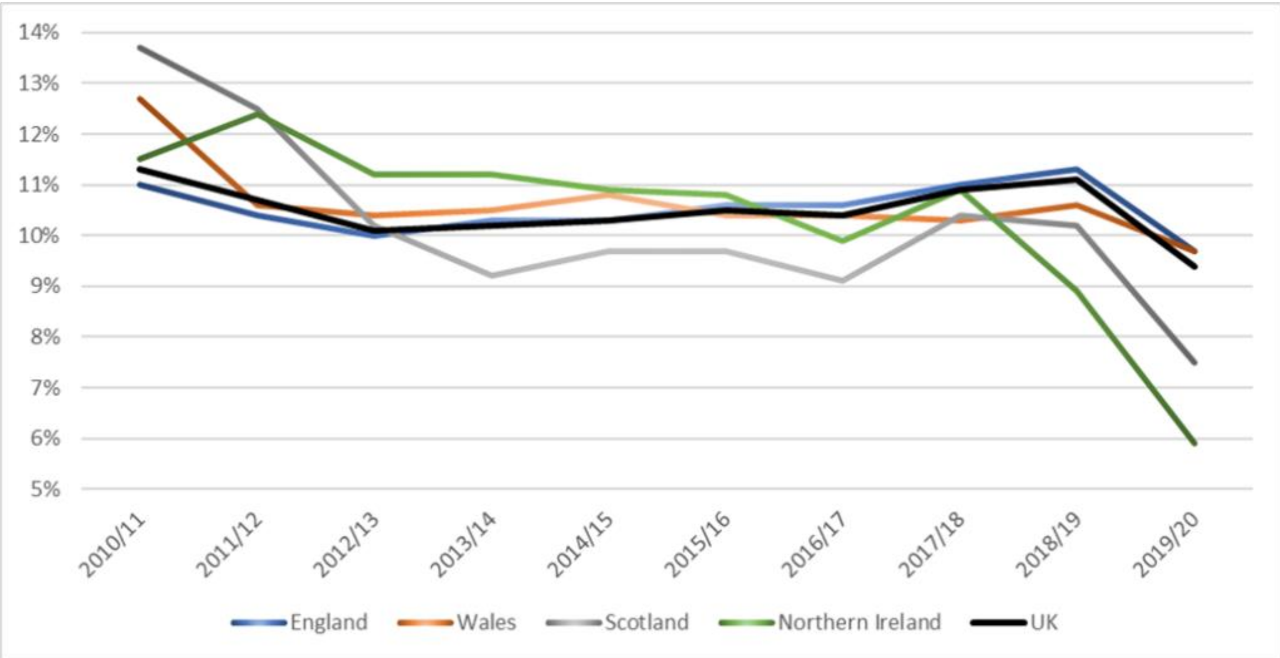
In a similar vein, HESA projects the percentage of UK-based, full-time, first-degree students in the UK who neither earn a degree nor switch to a different institution. This decreased from 11.3% in the 2010/11 academic year to

10.1% in 2012/13. Subsequently, it demonstrated an upward trend, peaking at 11.1% in the 2018/19 academic year, before experiencing a decline to 9.4% in the subsequent year (see Figure B). The percentage of UK-domiciled, ***part-time***, first-degree students who left higher education two years after enrolment was significantly higher, standing at approximately 29.5% in 2018/19. This represents a decrease of 1.5 percentage points compared to the previous year.

A. Proportion of UK-domiciled, full-time, first-degree students (aged 20 or less at entry) not continuing in higher education after their first year, by university location and academic year of entry (2015/16-2019/20)



B. Projected non-completion rates for UK-domiciled, full-time, first-degree starters, by university location and academic year of entry (2010/11-2019/20)



Source: HESA Note: The estimated non-completion rates in Figure B reflect the expected percentage of students who neither earn a degree nor switch to a different institution. These projections are based on the assumption that the observed progression patterns at higher education providers will persist in the coming years.

Determinants for student dropout

Tinto's groundbreaking work in 1975 in the US proposed that non-completion likelihood hinges on a multidimensional process shaping the extent of a student's integration into the university environment. His path

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

analysis model, which incorporates a range of personal, social, academic, and organisational factors that affect student retention in higher education, has served as the theoretical foundation for subsequent empirical studies. A closer look at the factors affecting student dropout reveals that student withdrawal is typically the outcome of a lengthy decision-making process and a complex interplay of numerous determinants. These include individual characteristics (such as gender, age, geographic origin, parental and migration background, prior educational performance, study organisation, and psychological characteristics), institutional-level factors (e.g., type of university, field of study, study conditions and environment, teaching quality), and national system-level factors (such as a country's education system and financing policy).

Extensive research has attempted to quantify the impact of key characteristics on the probability of non-completion in UK higher education. Yorke and Longden's 2008 study, for instance, utilised principal component analysis to pinpoint the primary reasons driving student departure. Their analysis identified seven major influences: an unsatisfactory learning experience, inappropriate subject choice, the university's location and environment, difficulties in fulfilling academic requirements, dissatisfaction with provided resources, financial/employment hardships, and challenges with social integration. In other studies, family background has emerged as a potent predictor of enrolment loss, as it is closely linked with students' financial capabilities, readiness for higher education success, and career aspirations post-university. Specifically, university students who come from highly deprived backgrounds show a considerably higher tendency to drop out when compared to their counterparts from the highest socio-economic group, even when factors such as demographic traits, educational achievement, the type of university, and the subject of study are taken into account.

The role of ethnicity in students' dropout behaviour

Recent data indicate that the dropout rates for certain ethnic minorities surpass those of their White peers. For example, in the 2019/20 academic year in England, the proportion of Black full-time undergraduate students who did not continue their courses after 12 months was 12.6% – a figure 4.6 percentage points greater than their White counterparts.

Yet, the factors contributing to these ethnic differences in dropout probabilities have largely been overlooked in academic and grey literature. The existing body of research has fallen short in differentiating between the types of dropouts – whether they are forced due to academic failure or voluntary due to personal, financial or other circumstances – especially in relation to the disparities linked to ethnicity. This gap in understanding, which was a major driver for my PhD research at the University of Bath, could have serious implications on policy formation, making it challenging to identify and address the unique needs of different ethnic student groups.

In my study, I utilised individual-level data from HESA spanning five academic years (2010/11-2014/15) and concentrated on students who resided in the UK prior to embarking on a first-degree course. The aim was to mitigate the potentially distorting effects of English proficiency and other unobserved (unmeasured) traits that vary between international and UK-based students, which could disproportionately affect the likelihood of degree completion.

The regression analysis results showed that ethnic minority groups, in general, have a higher propensity than White students to leave university due to academic underperformance, termed as "involuntary" dropout. Alarmingly, Black African students face almost double the risk of academic failure (7.1%) compared to their White peers (3.8%). When taking into account interaction effects, the gap in academic failure between ethnicities is more noticeable among men than women across most ethnic minority groups, although these disparities are less pronounced at Russell Group universities. The socio-economic background does not considerably influence the ethnic differences in involuntary dropout rates. On the other hand, White undergraduates tend to voluntarily leave university at a higher rate (for personal reasons or to enter the job market, for example) than all ethnic minority groups.

Possible policy interventions to reduce ethnic inequalities in academic failure

In my PhD thesis, I also discussed potential measures to mitigate the aforementioned ethnic disparities. Universities should aim to cultivate ethnically inclusive environments by enhancing support services, such as mentoring programs. Instead of merely addressing perceived issues with ethnic minority students, the focus should be on fostering a transformation in “campus culture”, thus strengthening students’ sense of belonging at their institution. Introducing learning analytics, while mindful of ethical considerations, could help track students’ academic journey, potentially elevating student retention and enhancing teaching and learning processes. In addition, making university attainment-gap data accessible to academic staff and adjusting curriculum content might also contribute to reducing ethnic disparities in achievement and pinpointing students who may benefit from extra academic aid. Crucially, students with considerably lower entry profiles should be provided with tailored study skills training sessions specific to their course requirements. This recommendation is particularly applicable to Black, Pakistani, and Bangladeshi undergraduates, who, on average, have a lower level of prior educational attainment than other ethnic groups.

Incentive-driven funding models, where institutions’ funding is tied to student retention, have been successfully employed in other countries, encouraging universities to facilitate academic success. Such funding models could be expanded to target the eradication of ethnic inequalities in dropout rates. Given the higher likelihood of certain ethnic minorities (particularly Black students) encountering financial hardship and subsequently dropping out of higher education, a commitment to financial support as an additional retention strategy is also important. This support could be implemented as funding associated with academic progress and additional university bursaries for undergraduates from low-income families.

Finally, devising effective information campaigns in schools about university and course options could help align prospective students’ academic abilities with the demands of each university or study subject. Consequently, such policy measures could reduce dropout rates arising from unsuitable subject choices.

Some of the interventions mentioned above become even more significant and timely in view of the current cost-of-living crisis. This crisis has introduced extra financial burdens to the university experiences of students (particularly those from lower socio-economic backgrounds, including certain ethnic minority groups), thereby prompting them to work while studying or to contemplate withdrawing from higher education.

Reconceptualising University Contribution to Knowledge Exchange: Broadening our Understanding of Motivations, Channels and Stakeholders

Fumi Kitagawa, WMREDI

Fumi Kitagawa and colleagues discuss the importance of knowledge exchange for Universities, but how there remains a bias towards the commercialisation of STEM fields.

This was originally published on the Centre for Innovation Management Research website.

In recent years, fostering knowledge exchange (KE) between academics and external stakeholders has become increasingly important within the policy agenda. Universities have recognised the significance of KE as a "third mission" alongside research and teaching, leading to the institutionalisation of KE as a major branch of their activity.

While this development acknowledges the diversity of KE in terms of activities and actors, there remains a bias towards the commercialisation of research and a dominant focus on science, technology, engineering and mathematics (STEM) fields. Such a narrow perspective obscures KE's diverse impacts and values that KE holds for society. As a guest editorial team with shared interests in the role of higher education in KE processes, we came together and called for papers addressing these concerns.

The result of these collective efforts is a special issue in ***Studies in Higher Education*** aiming to overcome the prevailing narrow notion of KE and address broader questions related to engagement and incentives towards KE.

The special issue comprises seven papers that seek to broaden our understanding of KE, by considering more diverse audiences and impacts, and deepen the understanding of tensions and trade-offs between university missions – Teaching, Research and Third Mission. The volume altogether sheds light on several themes that have received comparatively less attention in the literature.

Exploring neglected themes in KE

The papers in this special issue explore these three interrelated themes across various levels of analysis, including individual and organizational (HEIs), considering a variety of geographical scopes.

The participation of a diverse set of academic actors in KE activities: The special issue delves into the diversity of mechanisms and actors involved in KE activities while examining individual and organizational aspects affecting these processes (i.e. motivations, incentives, metrics). Studies of KE have focused mainly on advanced industrial economies, neglecting developing and emerging economies with weaker innovation ecosystems and institutions. Athreye, Sengupta and Odetunde investigate in their paper the motivations, intentions, and perceptions of academics towards KE in Nigeria, finding that academics' perception of organizational support is an important factor influencing entrepreneurial outcomes, particularly in situations where entrepreneurial ecosystems and institutions are weak and unsupportive. Lawson and Salter investigate gender differences in KE, finding a reversed gender gap can be found for KE with the third sector, as women are more likely to engage with charities regardless of their career stage and research field. Ramos-Vielba and D'Este also find that women tend to show higher participation than men in informal KE activities, while the reverse is true for commercialization activities. Significantly, women's participation in commercialization activities has a positive peer effect, which increases the likelihood of other women scientists engaging in commercialisation.

Academics' engagement with under-explored KE stakeholders such as policymakers and the public sector: The special issue discusses the diversity of users and targets of academic knowledge, with a focus on the relationships between HEIs and users in the public and third sectors. Bozeman, Bretschneider, Lindsay, Nelson and Didier find that communication approaches such as public media and journal impact factors are good predictors of both policy and management use. Thune, Reymert, Gulbrandsen and Simensen also highlight that policy and research interact through multiple and complex channels and relationships, which they refer to as 'co-production spaces' between universities and government organizations involving small groups of individuals embedded in specific expert networks.

Tensions and trade-offs between traditional teaching and research activities and KE as a third institutional mission: The special issue discusses tensions and trade-offs between different university missions. Two papers in this special issue explore the role of incentives on academics' KE engagement. Rentocchini and Rizzo examine the relationship between different university missions and find that pressures on academics to prioritise teaching has had a negative effect on individual attitudes and incentives to participate in KE. Focussing on the academic actors, Atta-Owusu and Dahl Fitjar find that direct rewards tend to diminish engagement in KE activities, while perceived indirect benefits have an enhancing effect.

Implications for policy and research

As noted in the Editorial, the papers in the special issue point to the importance of broadening the engagement agenda and identifying some implications for policy and future research. We need to be more aware of the socially embedded nature of the KE and of the biases and power relations at play. For instance, since female academics engage more with the Third Sector at every level of their career, having KE activities disproportionately represented by commercialization is not only partial but also carries a significant gender bias.

Highlights from the contributions in this volume carry both policy and management implications. ***KE policy should not be designed in isolation***. KE activities intersect with other university missions and activities, so policymakers must consider trade-offs between different missions and resource implications between them. Complex factors influence individual academics' choices, including university incentives, which moderate the link between intention and actual engagement. ***It is important to understand not only the motivations of academics towards KE, but also, their social and cultural preferences***, and economic factors that may hinder their contributions to KE engagement. In order ***to better understand the impact of KE, we need to unpack the relationship with the broader innovation ecosystem where KE takes place***, through the linkages and interdependencies between different actors and intermediaries. This includes capturing the effects on partner organizations and individuals over time, including their learning processes. Finally, **indicators for KE need to include softer metrics on the quality of relationships and the social value** they generate to fully accounts for the multiple impacts of KE.

The Special Issue is available via the website.

It’s the Pandemic, Stupid. Understanding Rising Economic Inactivity in the UK.

Donald Houston, WMREDI

Donald Houston discusses research undertaken with colleagues at the ONS on economic inactivity in the UK.

This blog is part of a series looking at the UK Labour Market.
See also:
- **Why are the Over-50s Leaving the Workforce?- Labour Market Flows and Future Participation Flows**
- **What Are the Current Challenges in the UK Labour Market and How Can They Be Addressed?**
- **Over 50s in the labour market**
- **International Migration and the UK Labour Market: Changes and Challenges**
- **How do Fertility Rates and Childcare Costs Play out in the UK Labour Market?**
- **Changing Labour Market Participation of People Ages 50 years and over**

There has been some debate about why the UK’s economic inactivity rate fell further and started to recover later than in other developed nations since the Coronavirus pandemic. Economic inactivity refers to people not in employment who are not seeking work and/or are unavailable to start work. The economically inactive are outside the workforce and therefore cannot fill vacancies or contribute to spare capacity or potential supply growth in the economy, crucial factors considered by the Bank of England’s Monetary Policy Committee in setting interest rates.

Shortages and Policy

As labour shortages are thought to be constraining economic growth and contributing to wage rises and the cost of living crisis, recent government policy announcements have sought to encourage more people to remain in or return to the workforce. Most notably, the Spring Budget in March 2023 announced the extension of free childcare places to children between the ages of 9 months and 3 years, and extensions to tax relief for pension savings to discourage retirement.

Although these policies may indeed help increase labour supply in the long run and have wider social benefits (albeit in socially unequal ways), it is really a case of the right policies for the wrong reasons. The Chancellor designed a raft of measures aimed to combat the relatively recent increase in economic inactivity since the pandemic.

‘Looking after family and home’

‘Looking after family and home’ is one of the categories of economic inactivity that actually fell, rather than rose, throughout the pandemic, standing some 166,000 lower in the first quarter of 2023 (at 1.66 million) than in the first quarter of 2020 (when it was 1.83 million) according to figures from the Office for National Statistics. At the same time, retirement among the population of working age (16-64 years) had already fallen back to below pre-pandemic levels by the end of 2022.

Parents of young children and the retired are thus precisely the two groups not driving the increase, yet feature most strongly in the policy changes announced in the 2023 Spring Budget. A cynical interpretation might be that policy changes are backing almost inevitable ‘success’ by going with the grain of existing trends.

Furthermore, the prospects of enticing those who have already started drawing a pension to return to work seem limited, given that only 2.1% of retired people aged 16 to 64 years say they want a job (22,000 out of just over one million – ONS). In contrast, 23.0% of the long-term sick and 23.4% of those looking after family and home say they want a job.

What accounts for the large increase in economic inactivity since the pandemic?

Although retirement and students played important roles in driving up economic inactivity in the early part of the pandemic, the emerging longer-term picture is of a marked deterioration in the health of the working-age population driving up economic inactivity. The number of people who are economically inactive due to long-term sickness or disability rose by 423,000 between the first quarter of 2020 and the first quarter of 2023 to stand at 2.56 million (ONS). But that's not the half of it (okay, technically speaking it's two-thirds of it, as explained below).

It's the pandemic, stupid

We've just been through a pandemic that has killed over 225,000 in the UK, putting a huge strain on an already stretched National Health Service (NHS) with waiting times for elective treatment rising further. As of 5th March 2023, an estimated 1.9 million (2.9% of the population) were reporting Long COVID lasting four weeks or more (ONS). Using longitudinal data that tracks people over time, as of March 2022, an estimated 80,000 people had left employment in the UK due to Long COVID (Reuschke and Houston, 2022). As such, it would be surprising if an increase in health problems didn't bring or keep people out of the workforce.

Office for National Statistics

Analysis I led while on secondment to the Office for National Statistics earlier in 2023 indicates that the percentage of people aged 16 to 64 years who report a long-lasting health condition that limits either the kind or amount of work they can do rose from 16.4% to 18.1% between 2019 and 2022 (ONS).

Only around two out of every three economically inactive persons aged 16 to 64 years with a work-limiting health condition say that long-term sickness or disability is the main reason for their inactivity (although they may say it is a contributory reason). Many respondents state other factors as the main reason for their economic inactivity. For example, 13.1% say they are looking after family or home, and 6.8% describe themselves as retired. Therefore, the analysis used data on self-reported health conditions, rather than the reason for inactivity, in order to capture the full impact of health on economic inactivity.

Only around half of people with a lasting health condition (that is, the condition has or is expected to last over 12 months) say their health limits either the kind or amount of work they can or could do. Therefore, the analysis I undertook while at ONS only included work-limiting health conditions, which allowed a focus specifically on the impact of health conditions on the labour market.

Between 2019 and 2022, the economic inactivity rate among the population aged 16 to 64 years rose by just under half (0.45) a percentage point, from 21.23% to 21.68% (these figures are based on the Annual Population Survey, which smooths quarterly trends and therefore differs from headline labour market data).

Analysis

The ONS analysis went on the decompose this 0.45 percentage point increase in inactivity into the effects of changes to health, the age structure of the population and structural and behavioural changes in the labour market. The decomposition analysis reveals that the sharp rise in the prevalence of work-limiting health conditions was the largest contributing factor to the rise in the economic inactivity rate over the period 2019 to 2022.

The decomposition analysis reveals that the rise in work-limiting health conditions overall would have raised economic inactivity by an estimated 0.63 percentage points (138% of the actual rise) if the probability of being economically inactive by age and health status had remained at 2019 values. The rise in the prevalence of "other health problems or disabilities" is estimated to produce a rise in economic inactivity of 0.49 percentage points (107% of the total rise in inactivity).

This "other health problems or disabilities" category includes post-viral syndromes and is likely to capture many Long COVID cases. Smaller portions of the rise in inactivity were attributed to mental health problems (0.14 percentage points, representing 31% of the total rise in inactivity) and cardiovascular and digestive problems (0.06 percentage points, representing 13% of the total rise in inactivity). Changes in the prevalence of musculoskeletal problems were estimated to have brought inactivity down slightly (by 0.06 percentage points, or negative 13% of the total rise in inactivity).

Economic inactivity is around three times higher among people with a work-limiting health condition than among those without: 48.2% compared with 15.9% in 2019, and 48.4% compared with 15.8% in 2022. Although the economic inactivity rate has not increased by much for either group, the sharp increase in the prevalence of work-limiting health conditions in the population, coupled with this group's substantially higher inactivity rate, has served to increase the overall inactivity rate among the population as a whole.

Age Structure

Changes in age structure are estimated to have contributed 0.29 percentage points (63% of the actual rise) to the rise in economic inactivity. The tail of the baby boomer cohort moving into their early 60s, an age group with a high level of economic inactivity, and exiting the labour market due to retirement is expected to continue to bring down the size of the workforce until 2026, other things being equal (ONS).

Structural and behavioural changes in the labour market are estimated to have brought inactivity down by 0.46 percentage points (negative 101% of the actual rise), leading to a lower rise than expected from changes in health and age alone. The downward effect of structural and behavioural changes is consistent with the pre-coronavirus (COVID-19) pandemic downward trend in inactivity continuing, which may have been enhanced since the pandemic by labour shortages and cost of living pressures acting to keep people in the workforce. This underlying downward trend, however, has been more than offset by the larger effects of rising work-limiting health conditions and changes to the age structure of the population.

Tackle the root cause – put more money into the NHS

There is a strong link between the observed deterioration in health among the population aged 16 to 64 years and a rise in economic inactivity since the coronavirus pandemic between 2019 and 2022. The impact of health on economic inactivity has not been driven by a marked increase in the inactivity rate of people with work-limiting health problems. Rather, there are simply many more people with work-limiting health problems, a group that already had a much higher economic inactivity rate than those without a work-limiting health problem.

There are fewer people out of the workforce looking after family and home or retired now than before the pandemic. Therefore, at least from a labour supply point of view, the Chancellor in designing his 2023 Spring Budget may have been better advised to put money into the National Health Service (NHS) to bring waiting list downs and develop effective therapies for Long COVID before tinkering with retirement tax incentives and boosting childcare places, however laudable and long overdue the latter may be.

Changes in age structure between 2019 and 2022 have also increased the economic inactivity rate, even after taking into account the effect of worsening health among older people. Finally, structural and behavioural changes in the labour market have brought inactivity down (for example, the rising cost of living and plentiful job vacancies), leading to a lower rise than expected from changes in health and age alone. We thus do also need policies to support economic activity in order to avoid current labour shortages getting hard-baked into the labour market – but a fundamental pre-requisite is a healthy population.

What Makes a Cluster and Who (and Where) Benefits?

James Davis and Simon Collinson, WMREDI

Policymakers are once again focused on the potential of clusters to boost regional growth. However, as James Davies and Simon Collinson demonstrate, a cluster's contribution to growth can cross regional, national or even continental boundaries.

Policymakers, consultants and academics have focused on the potential of clusters to contribute to regional economic growth for a long time. Interest is cyclical, however, and currently, there is renewed interest from the UK government.

The aim is to stimulate agglomerations of similar, co-dependent or complementary firms which build a critical mass of economic activity in one place, attracting further investment and skills and creating positive multiplier effects for regional economies. It is an obvious target given both the UK's current level of low growth and the disparities between regions.

Innovation Accelerators

Three innovation accelerators (Birmingham, Glasgow, Manchester) and various strengths in places-type funding emphasising local growth outcomes have been part of developing priority sectors in key regions away from London and the South-East. Some of these initiatives are sector-specific, focused on manufacturing, energy technologies, space, life sciences and healthcare, or the creative industries (as examined in the City-REDI Creative Clusters Project).

Are these efforts likely to be effective?

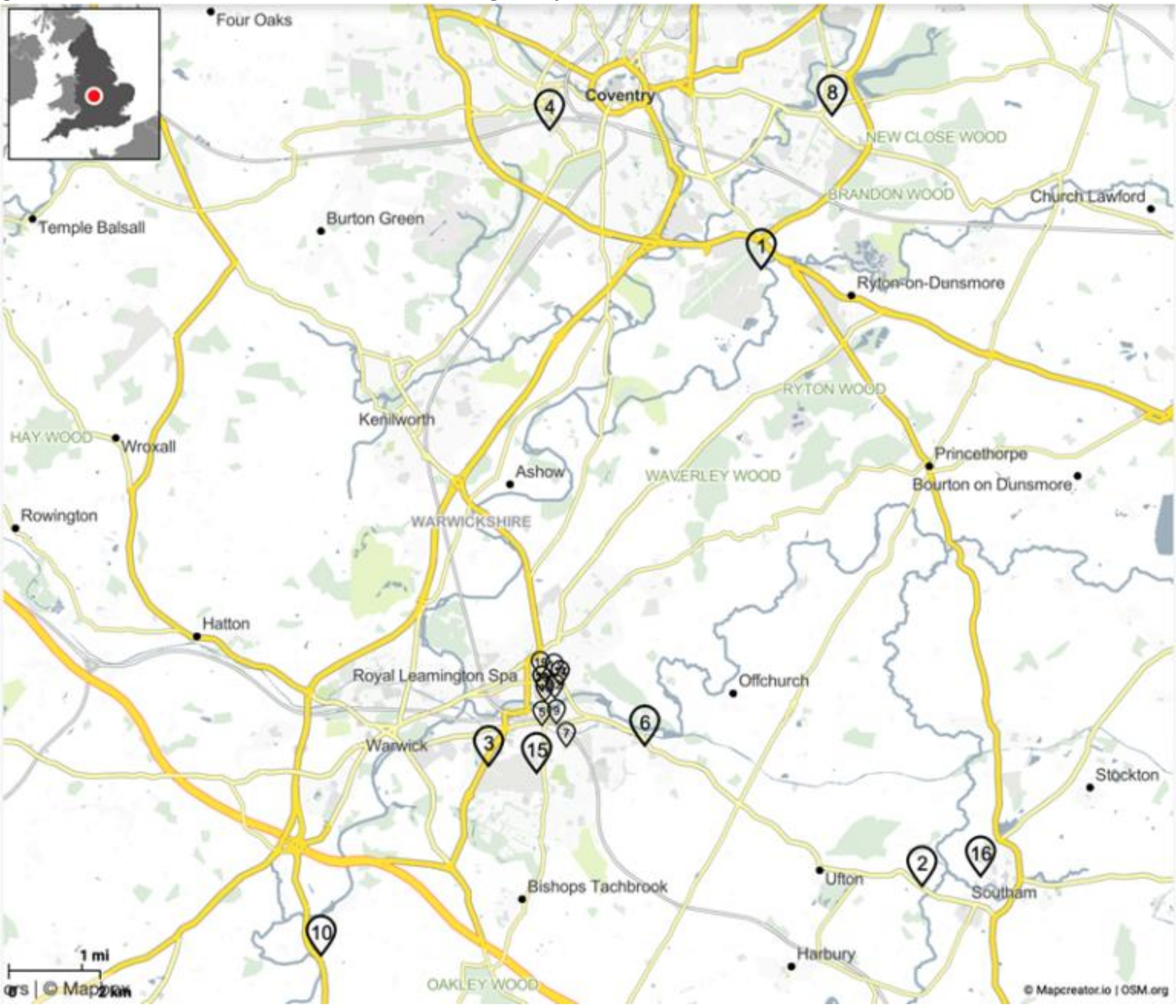
Traditionally, clusters were seen to emerge from a complex (often temporary) combination of 'factor endowments', which attract cumulative investments to create an agglomeration. These can include particular kinds of skills (or low-cost labour), capital assets, technologies and/or organisations like universities or government research labs, transport infrastructure, or local government subsidies and tax breaks. Together these provide a competitive advantage prompting firms to invest in a specific place. Other endowments, such as low-cost housing, good schools or local amenities have the same effect by enabling firms to attract high-level skills or scarce talent to that place. However, for some industry sectors, many of these drivers are increasingly irrelevant, as described below.

An established creative sector in the West Midlands, the videogame development cluster around the Warwickshire town of Leamington Spa, provides an example of some of these complexities. A key lesson for the government is the need to clearly define the parameters on which they are basing a cluster investment policy and to clearly map the contribution that the resulting clusters might offer to their host regions.

Silicon Spa, and Videogames in the West Midlands

The West Midlands videogame cluster, known as ***Silicon Spa,*** comprises as many as 50 game development studios, based in and around the towns of Leamington Spa, Southam and Warwick. These studios include 'Triple AAA' PC and console developers like Playground Games, Codemasters and Ubisoft Leamington, mobile game development arms of large organisations such as SEGA Hardlight, as well as a slew of micro-business 'indie developers', often composed of just teams of a few people, or one developer working entirely solo. Impressive figures are thrown around in terms of the contribution of the cluster, with reports claiming that Silicon Spa comprises anything between 10% to 15% of the UK games industry in terms of employees, Leamington was identified by UKIE in 2020 as one of eight UK games hubs contributing more than £60m in GVA to their local economies, and ranking the town 3rd in Travel-to-work-area (TTWA), the highest contributor outside London and the South-East. Figure 1, below shows the locations of twenty of those companies, presenting a traditional image of what an industrial cluster looks like.

__Figure 1: Studio Locations in and around Leamington Spa, Warwickshire__



1. ***2p Games, Coventry***
2. ***Codemasters, Southam***
3. ***Fish in a Bottle, Leamington Spa***
4. ***Full Fat Games, Coventry***
5. ***SEGA Hardlight, Leamington Spa***
6. ***Kwalee, Leamington Spa***
7. ***Mad Fellows, Leamington Spa***
8. ***Midoki, Coventry***
9. ***Modern Dream, Leamington Spa***
10. ***Monster & Monster, Warwick***
11. ***Pixel Toys, Leamington Spa***
12. ***Playground Games, Leamington Spa***
13. ***Red Phantom Games, Leamington Spa***
14. ***UBISOFT Leamington, Leamington Spa***
15. ***Unit 2 Games, Leamington Spa***
16. ***Viewpoint Games, Southam***
17. ***Third Kind Games, Leamington Spa***
18. ***Super Spline Studios, Leamington Spa***
19. ***Well Played Games, Leamington Spa***
20. ***Soul Assembly, Leamington Spa***

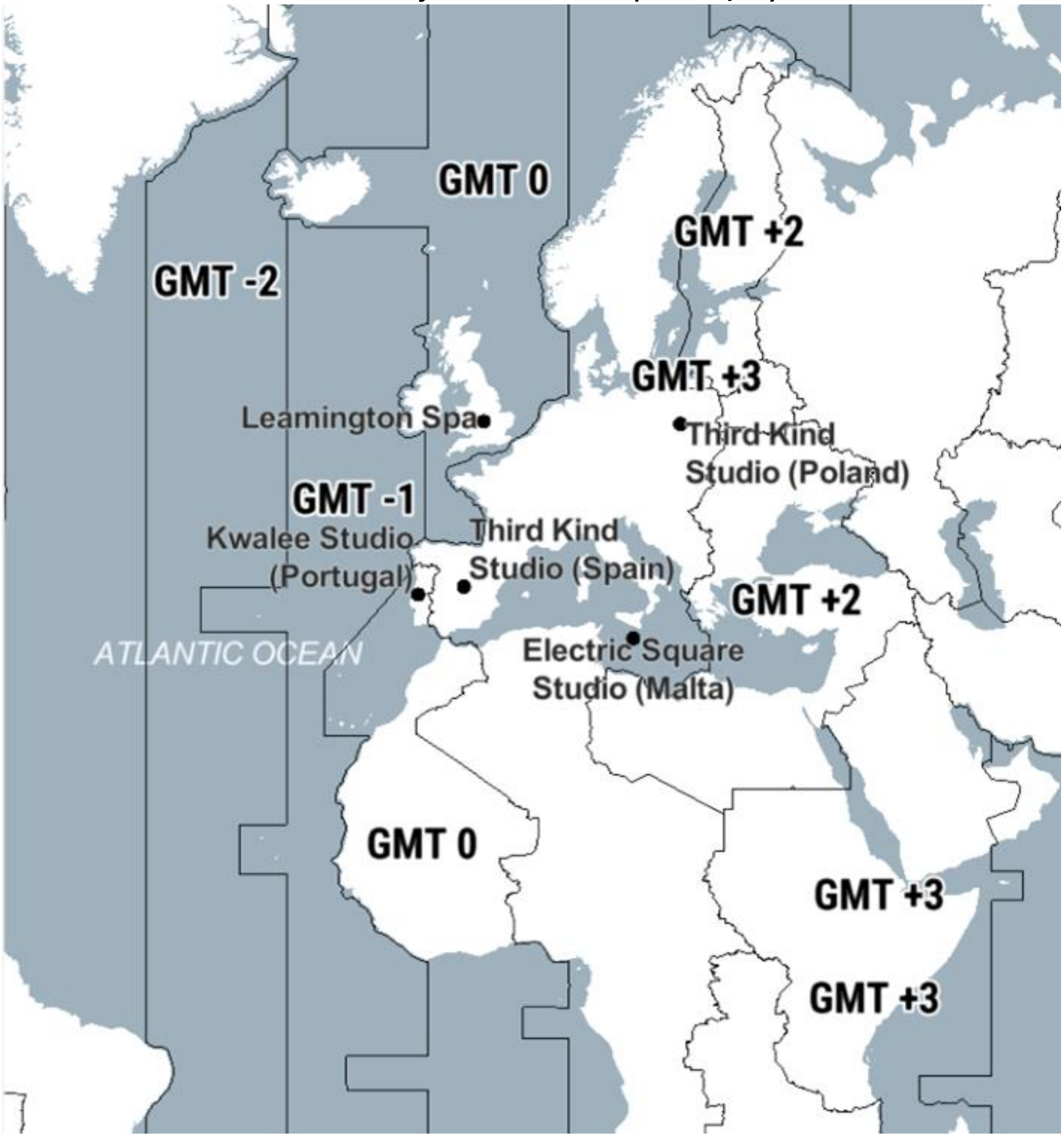
Patterns of Recruitment and Employment

The regional economic benefits of clusters depend largely on the generation of employment and therefore household income and local consumer spending. This comes directly from jobs in the firms that are part of the cluster, and indirectly from local companies (from cleaners to consultants) contracted by firms in the core cluster. In both cases, direct and indirect employment, across these tiered supply chains, needs to be local to create positive multiplier effects.

In the past, video game development was undertaken by teams based in the same physical studio environment. This has changed entirely. Remote working via online platforms had already changed the industry's structure. This trend was accelerated by the double shocks of Britain's exit from the EU and the Covid pandemic. Advances in digital infrastructure have facilitated entirely remote working for a variety of development roles, including coding and programmers as well as animators and artists. The extra challenges posed by hiring from within the EU post-Brexit have also encouraged studios to hire staff to work remotely.

Job postings on gamesjobsdirect.com illustrate this, with independent animation studios such as Super Spline Studios advertising posts for employees based on any location within -3/+3 Hours of GMT, i.e. anywhere from Brazil to Saudi Arabia, with all of Europe and Africa, included. Other Leamington companies, such as mobile developer Kwalee list positions based in Portugal and Bangalore, and Third Kind Games boast a presence in Poland, as well as Spain. Electric Square, list its main UK office in Brighton, in addition to Leamington, as well as in Malta and Singapore. The potential reach of employment for the Leamington cluster is illustrated in Figure 2.

Figure 2: Overseas Studio Locations & Locations for Remote Work (GMT -3/+3)



In an industry made up of 99% SMEs (which contribute an estimated £1.6bn + in GVA), there is also a huge amount of collaboration across projects too, with smaller studios offering a specific, segmented contribution to a much larger project. For example, Electric Square list their contribution to the development of the Triple AAA arcade racing game, ***Need for Speed: Unbound,*** developed by Guildford developer Criterion Games and published by American giant Electronic Arts. This also makes tracking the real economic impact of a cluster far more difficult to measure.

The Buck Stops There

So, employment patterns are not clustered, and neither is the consumer spending from employees in this sector. Many of the local multipliers associated traditionally with clusters do not therefore exist. There is also the question of ownership, and ultimately where 'value appropriation' takes place. Who (and where) benefits from the resulting revenues and profits? Large, Triple AAA releases are huge, complex projects, developed by multiple studios, with production budgets in the tens and even hundreds of millions, and estimated to be worth more than £800m in Gross Value Added (GVA) to the UK on their own. Two of the biggest studios in the Leamington area, Codemasters, and Playground Games, operate in this space.

Codemasters, a foundational pillar of the Leamington cluster, has existed in the area since the 1980s and cultivated a reputation in recent years as developers of top-quality racing console and PC titles, including the ***DiRT*** series and the official game of the Formula 1 World Championship. Similarly, Playground Games have built its reputation over the last decade on the phenomenally successful ***Forza Horizon*** racing series for Xbox consoles and PC. However, since June 2018, Playground Games has been owned by Microsoft, whose company HQ is based in Redmond in Washington, US. Despite operating independently for more than 30 years, in February of 2021, Californian publisher Electronic Arts paid more than $1bn to acquire Codemasters. Ubisoft Leamington, formerly known as Freestyle Games, are one of four UK studios owned by the Canadian publishing giant, whose founding offices are in Montréal, Quebec, and its current global HQ is based in Paris.

Figure 3: Locations of Parent Companies

1. ***Leamington Spa, UK***
2. ***Sumo Digital (Parent Company of Lab42, Electric Square, Secret Mode, Super Spline Studios), Sheffield UK***
3. ***Tencent Holdings (Parent Company of Sumo Digital), Shenzhen, China***

4. ***Electronic Arts (Parent Company of Codemasters) & Meta Global HQ (Parent Company of Unit 2 Games) Silicon Valley, CA, USA***
5. ***Microsoft Global HQ (Parent Company of Playground Games) Redmond, WA, USA***
6. ***UBISOFT Montréal (Original Offices), Montréal, Quebec, Canada***
7. ***UBISOFT Global HQ (Parent Company of Ubisoft Leamington), Paris, France***
8. ***SEGA Global HQ (Parent Company of SEGA Hardlight), Tokyo, Japan.***

This pattern is not confined to the Triple AAA console market either. SEGA Hardlight, a Leamington-based studio, develops for the mobile market, is subject to governance by SEGA Europe's Brentford office, and is owned by the company headquartered in Tokyo, Japan. Unit 2 Games, a studio of just over fifty people based in Leamington, has been owned by Meta, the parent company of Facebook, since 2021. Finally, there is the case of Sumo. Since 2003, Sumo Digital has grown from a team of 13 people in Sheffield to 16 international studios. As well as its own branded UK operations in Leamington, Sheffield, Newcastle, Warrington and Nottingham, Sumo also sports its own studios in Pune and Bangalore in India, Czech Republic (Czechia), Poland and Canada. Other Silicon Spa studios, Atomhawk Advance and Lab42 are also under the Sumo Digital Umbrella. But it doesn't stop there. Sumo Digital is ultimately owned by Chinese tech giant and multi-national Tencent Holdings.

What makes a Cluster a Cluster?

Is it a critical mass or agglomeration of similar companies, a certain level of contribution to employment and jobs to a cluster's host region, or an economic impact that is difficult to unpack?

Is it a combination of all of the above?

The examples given here with reference to the Silicon Spa gaming cluster in the West Midlands are designed to illustrate the various ways in which clusters can be defined, and the vastly different geographic boundaries that emerge as a result. Based on the addresses of the studios themselves, the Leamington cluster appears localised within Coventry and Warwickshire. Considering the increasing utilisation of entirely remote working positions opens the cluster up to employing (without relocating) any talented individuals from across Europe, Africa and the Middle East. Factoring in collaborations and work smaller studios do on larger projects has a similar effect. Even independent studios now boast sister studios in Singapore, India and Malta. The ultimate owners of these studios make the picture truly global, whether they reside in North America (Meta, Microsoft, Ubisoft, Electronic Arts), China (Tencent) or Japan (SEGA).

Similar patterns are found elsewhere in the creative sector, and across other industries. High-End TV and Film shows clustering of production activity around London, Manchester, Glasgow and Cardiff, with an emerging cluster in Birmingham. For inward investment, however, large Streaming Video-on-Demand services like Netflix, Amazon and Disney, are viewing the whole of the UK as a 'cluster', based primarily on proximity to London as a hub for international travel. Netflix invests in South Wales because it is close to London relative to L.A. and there are strong tax incentives, relatively cheap skills and a pleasant work environment. Other territories, such as the Czech Republic (Czechia) are capable of offering many of the same benefits and attractions.

Lessons for Policy

Which places and people benefit more or less from different kinds of clusters? This is not simply a conceptual or methodological question. It relates closely to how an effective cluster policy can be delivered. As with any publicly funded investment designed to support local economic growth, we cannot assume that any region receiving £1 of public or private investment benefits by £1. The local value appropriation can be lower or higher, depending on the geographic scope of the related value chains and multiplier effects.

Depending on the criteria used to define a cluster, the value chains, spatial boundaries and apparent beneficiaries can vary significantly, crossing regional, national or even continental boundaries. This is particularly important for the current policy agenda because the geographic scope of their economic impacts can vary from substantial to irrelevant.

Any clusters policy should attempt to identify the likely employment multipliers, direct and indirect, that would result from new inward investments and a growing cluster of firms in a specific sub-sector and location. Alongside this, it is essential to trace the related value chains to identify who and where benefits.

The Creative Sector Vision: What Does It Say and What Might It Mean for the West Midlands?

Matt Lyons, WMREDI

On Wednesday the UK Government released the Creative Sector Vision a highly anticipated update to creative policy. Dr Matt Lyons provides a summary of the document and some initial reflections on what it could mean for the region.

The Creative Sector Vision is the much-anticipated latest iteration of the UK Government's policy for supporting the growth of the creative industries. The policy represents the first significant update to creative policy since 2018 replacing the Creative Industries: Sector Deal.

Culture Secretary Lucy Fraser had this to say:

"The government is backing our creatives to maximise the potential of the creative industries. This Sector Vision is about driving innovation, attracting investment and building on the clusters of creativity across the country. And from first days at school to last days of work, we will nurture the skills needed to build a larger creative workforce to harness the talent needed for continued success."

The key goals of the Creative Sector Vision are outlined as:

- **Promote Growth:** The Government has set specific targets for Gross Value Added (GVA) and employment growth by 2030 supported by £77 million of new investment.
- **Creative Research and Development (R&D):** Four new advanced screen and performance technology research labs are to be established across the UK.
- **Skills Pipeline:** Plans to build a pipeline of skills and talent through a new creative career promise.

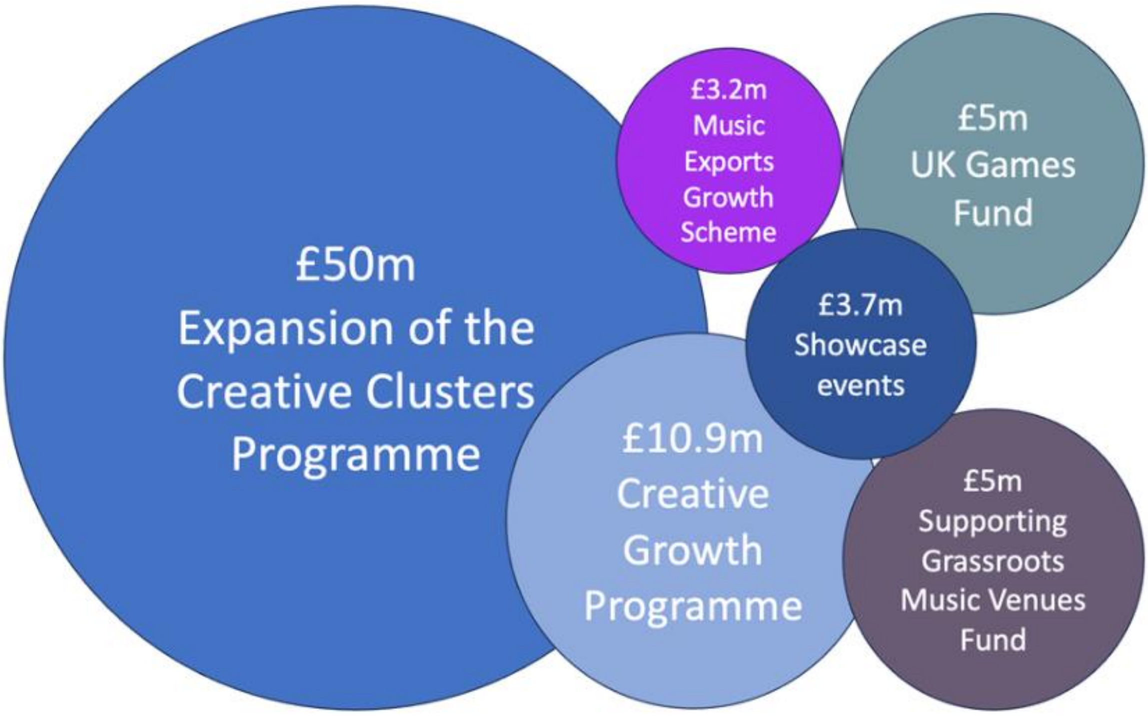
At the top level, there doesn't appear to be a major shift in the goals of The Vision compared to its predecessor in 2018 which listed three major areas of focus:

- **Places of the future**– by funding leading creative clusters to compete globally
- **Technologies and content of the future** – via research into augmented reality and virtual reality
- **Creative skills of the future** – via a careers programme that will open up creative jobs to people of every background

However, there does appear to be a significant difference in the funding made available. The Creative Industries: Sector Deal touted a £150 million investment into the sector compared to the £77 million listed in the latest version.

Where is the £77 million in new money for the creative industries going?

The vision announcement sets out a breakdown of where the new public expenditure will go (see below). The vast majority, some £50m will be going on an expansion of the Creative Industries Cluster Programme.



The programme was originally set up in 2018 and included an £80m investment across 9 creative clusters with different sub-sectors of focus, listed here:

1. Bristol + Bath Creative R&D
2. Business of Fashion, Textiles and Technology (London & South East)
3. Clwstwr (Cardiff)
4. Creative Informatics (Edinburgh)
5. Future Fashion Factory (Leeds)
6. Future Screens NI (Northern Ireland)
7. InGAME (Dundee)
8. StoryFutures (London & South East)
9. XR Stories (Yorkshire & Humber).

It is not yet clear whether the next stage will include these same clusters, new clusters or a mix of the two.

An additional £75.6m for national and regional creative R&D labs

UKRI's Convergent Screen Technologies and performance in Realtime (CoSTAR) programme is another significant announcement for the sector. The initial announcement is for four labs with the preferred bidders named as:

- **National Lab – led by Royal Holloway**, University of London with a series of partners in industry, Government and HE

And three regional labs

- **West Yorkshire – Led by York University**. Located at Production Park Studios, West Yorkshire. Core partners: Production Park, Screen Yorkshire, Vodafone, Wakefield Council, North Yorkshire LEP.
- **Dundee – Led by Abertay University**. Located at Waters Edge Studios. Core partners: Codebase, Edinburgh University, Interface, Scottish Enterprise, 4J Studios
- **Belfast – Led by Ulster University.** Located at Studio Ulster. Core partners: BBC Northern Ireland, Belfast Harbour, Humain Ltd, Northern Ireland Screen, Studio Ulster

The labs aim to provide insight into what skills and infrastructure will be required to remain globally competitive in the film & TV sector. This includes a particular focus on computer-generated imagery (CGI), post-production alongside other physical high-tech infrastructure for live performances.

Creative Skills and Education

One of the key goals of The Vision is to address skills supply issues in the creative industries. Three of the main skills headlines are:

Recognition of the Good Work Review – The review evidenced the challenging conditions in the sector with issues of diversity, working conditions and representation in need of improvement. The Vision sets out that the Creative Industries Council (CIC) will launch a Charting Progress Tool to monitor the effectiveness of interventions to support equality, diversity and inclusion.

Creative Careers Pipeline – The Vision recognises that skills shortages are a feature of the creative industries that need to be addressed to unlock growth in the sector. The government states that it will "develop new datasets to provide consistent and comprehensive evidence" on skills shortages to inform interventions through to 2030. This is hugely welcome and has been a recommendation of recent City-REDI research.

The Creative Careers Pipeline also makes reference to the need to better collaborate with industry on:

i. developing creative apprenticeships
ii. Better utilizing skills bootcamps (national and regional) benefiting from the newly established Local Skills Improvement Plans (LSIPs).

These initiatives are also likely to be welcomed by industry which has been calling for greater agility in education to provide the latest skills required.

Education – A key theme of the skills provision is the emphasis on lifelong learning and building in creativity at the curriculum level aiming to publish the Cultural Education Plan later this year. It is important to note that this is for England only, the Welsh curriculum, for example, has important differences with the inclusion of Expressive Arts as an area of learning and experience. The document also includes support for the rollout of T-Levels and employer-led Level 3 qualifications in the sector.

How Might the Midlands Benefit?

The creative industry is an important and fast-growing sector in the West Midlands. There is a growing video game cluster in the so-called 'Silicon Spa' area which has produced internationally successful games such as Forza Motorsport. There is a significant Film & TV cluster best known recently for the success of the TV series Peaky Blinders.

While Birmingham* and the West Midlands are not specifically mentioned in the Creative Sector Vision there are two main ways in which the policy initiatives might benefit the region.

Reframe, a groundbreaking partnership to support Black creatives in the UK, which is based in the West Midlands, is mentioned as a case study.

More funding for the creative sector

The East Midlands has been named alongside 13 other clusters as a beneficiary of the Creative Growth Programme. The UK Games fund could benefit the growing Silicon Spa sector through direct investment. There is potential that the West Midlands or wider region could be a future part of the next stage of the Creative Clusters Programme.

Greater alignment of skills needs and vision for growth

A central issue facing the growth of the creative cluster in the West Midlands (and the creative industries more broadly throughout UK clusters) is the issue of skills gaps and mismatches, a phenomenon reported on in a previous blog.

The ambitions stated for greater collaboration between industry, government and education is welcome and align with a key recommendation of our recent research. The emphasis on bootcamps and creative apprenticeships is likely to help address some of the key challenges facing the talent pipeline in the sector.

Concluding Remarks

This blog is an initial take on what the Creative Sector Vision says and what it could mean for the sector in our region.

In short, there is a lot to be supportive of even if the scale of the funding is less than expected. In the coming weeks, we will dig deeper into the policy document and stay tuned for any further announcements on the future of The Creative Industries Cluster Programme.

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

The Economic Intelligence Unit

On 29th 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 (last updated on 30th June 2023) 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

Bank of England CHAPS data reported with the aggregate CHAPS-based indicator of credit and debit card purchases decreasing by 1 point. Springboard data shows that overall retail footfall fell to 98% of the previous week along with Pret A Manger reporting stores falling or remaining the same at 6 of 10 location categories.

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 16th and 23rd June 2023, total online job adverts decreased by 0.8%. On the 23rd June 2023, total online job adverts were at 117.0% of their average level in February 2020. Out of the 28 categories (excluding unknown) 18 decreased; the largest weekly decrease was in "marketing/advertising/PR", which fell by 6.7% (to 90.4% of the average level in February 2020). Admin/clerical/secretarial remained at 133.3%, While, of the 9 categories that increased, the highest increase was in "transport/logistics/warehouse" which rose by 3.6% (to 163.2% 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 78.1%.

Online job adverts decreased for 8 of the UK regions between the 16th and 23rd June 2023. The 4 regions that increased were East of England, Wales, West Midlands and Yorkshire and The Humber, with the highest increase in East of England, by 0.4%. The West Midlands online job postings rose by 0.1% and on the 23rd June 2023, it was at 115.9% of the average level in February 2020. On the 23rd June 2023, there were 3 regions below their February 2020 levels (London 95.5%, East of England 96.7%, and the South East 97.9%). In contrast, Northern Ireland was the highest at 169.3% 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 18th June 2023, across the UK, there were 42 employers proposing 2,617 potential redundancies. The potential redundancies 4-week rolling average was 4,395 and the employers proposing redundancies 4-week rolling average was 59.

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 89 and the employers proposing redundancies 4-week rolling average was 106.

System Average Price of Gas and System Price of Electricity

National Gas Transmission, Elexon report that both the System Average Price (SAP) of gas and System Price of electricity in the week to 25th June 2023 were around half the level of the equivalent period of 2022; however, both prices were substantially higher than the average level in February 2020 (266% and 198% respectively).

Business Insights and Conditions Survey

The final results from Wave 85 of the Business Insights and Conditions Survey (BICS) based off the 5,252 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 30.2% (1,585) and 3,235 businesses that are head quartered in the West Midlands, with a response rate of 28.9% (936). Please note, the survey reference period was 1st to 31st May 2023 with a survey live period of 12th to 25th June 2023. Also, the data used is unweighted for regions and response levels can be low so the following results should be treated with caution when evaluating impacts. Due to weighted data being available for the UK a comparison has not been included.

International Trade

32.4% of responding West Midlands businesses reported to exporting within the last 12 months, 3.6% reported to exporting over 12 months ago. While 48.0% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 8.2% reported to never exporting previously but have goods or services that could be developed for exporting.

42.7% of West Midlands businesses reported that exporting stayed the same in May 2023 when compared to May 2022. 25.2% of West Midlands businesses reported to exporting less and 15.7% reported to exporting more.

49.9% of West Midlands businesses reported that importing stayed the same in May 2023 when compared to same month in the previous year. 15.6% of West Midlands businesses reported to importing less and 12.7% reported to importing more.

Supply Chains

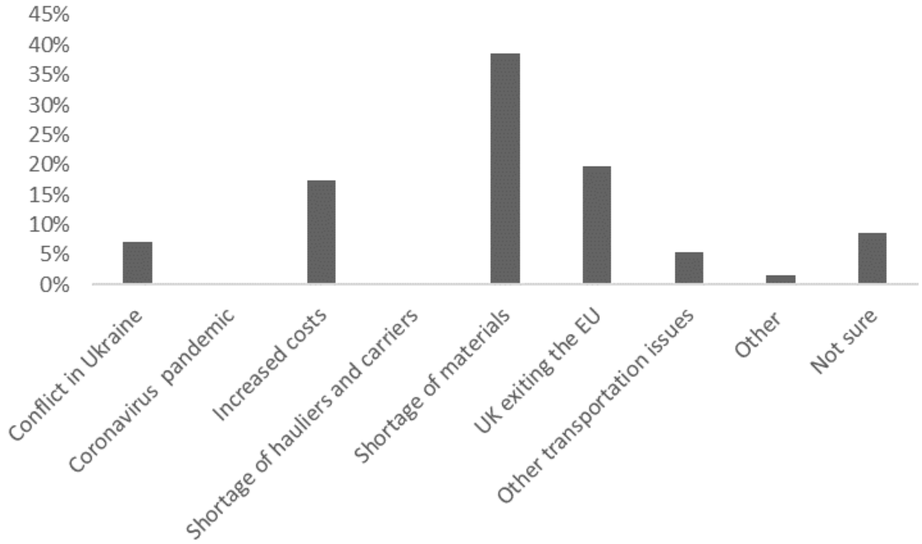
84.3% of responding West Midlands businesses were able to get the materials, goods or services it needed from within the UK in May 2023. Of this, 7.9% of West Midlands businesses were only able to get the materials, goods or services it needed by changing suppliers or finding alternative solutions. While 3.9% were not able to get materials, goods or services needed.

Global Supply Disruption

8.1% of responding West Midlands businesses reported experiencing global supply chain disruption in May 2023. In contrast, 62.5% reported none.

38.6% of West Midlands businesses reported the main reason for global supply chain disruption was due to shortage of materials.

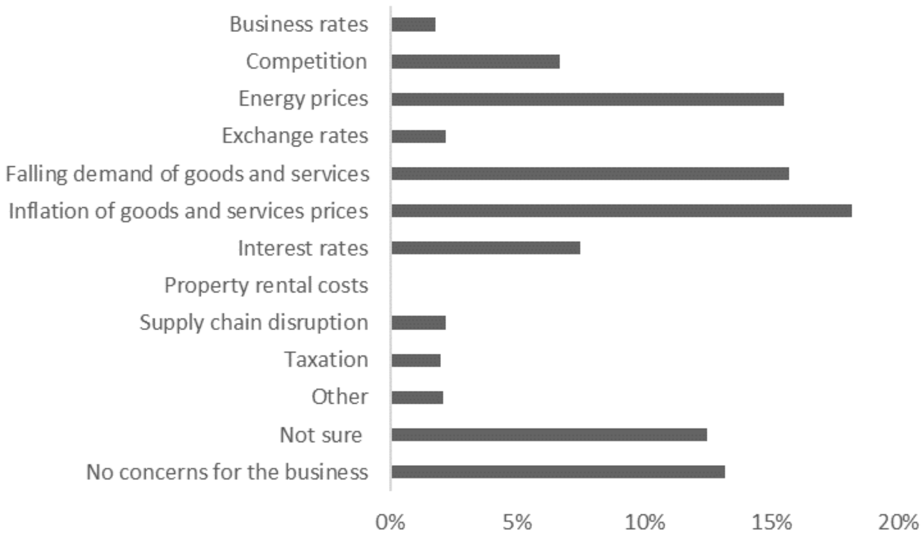
Main reason for West Midlands businesses global supply chain disruption:



Main Concerns for Business

18.2% of responding West Midlands businesses expect the main concern for business in July 2023 will be inflation of goods and services.

The main concern (if any) raised by businesses in the West Midlands for July 2023:

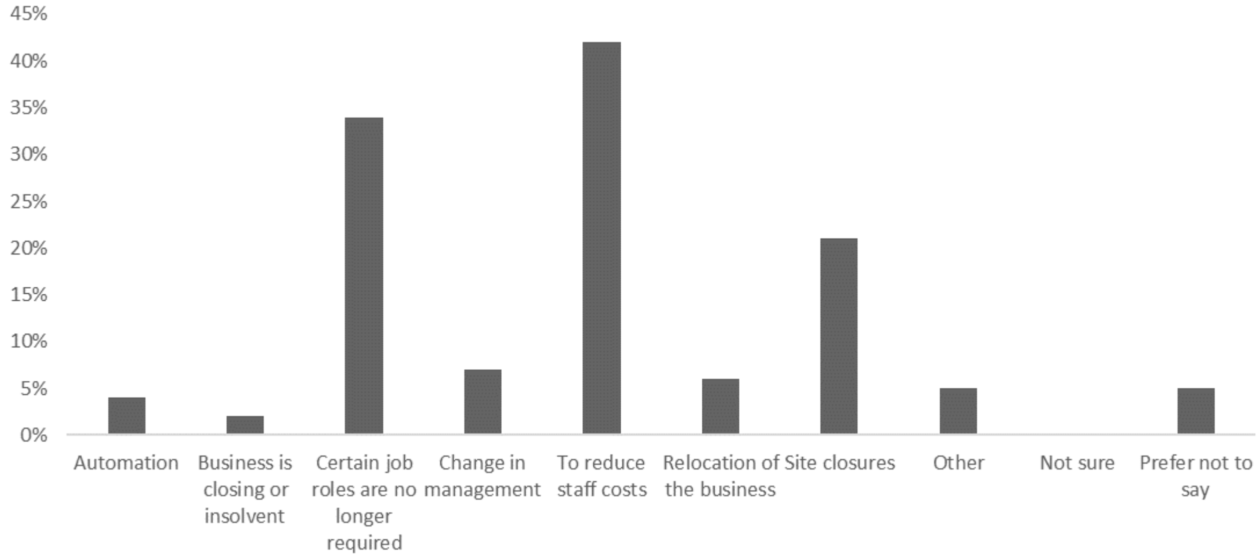


Redundancies

6.4% of responding West Midlands businesses expect to make redundancies over the next three months. However, 77.5% reported to not having any intentions to make redundancies.

42.0% of West Midlands businesses are making redundancies to reduce staff costs.

Reasons West Midlands businesses are making redundancies:

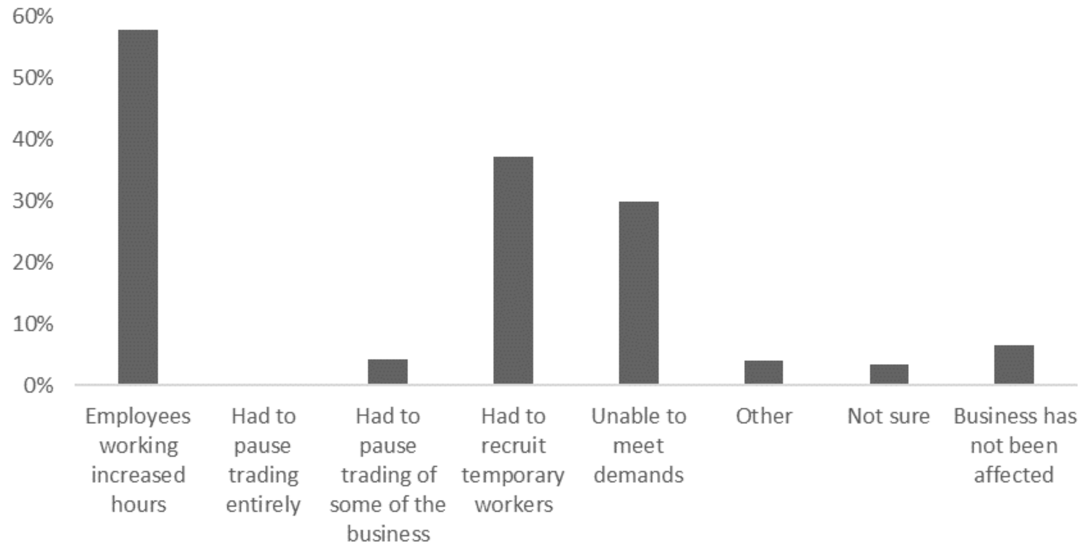


Worker Shortages

26.4% of responding West Midlands businesses reported to currently experiencing a shortage of workers. However, 59.5% reported to not experiencing a shortage of workers.

57.8% of West Midlands businesses reported employees were working increased hours due to the shortage of workers.

How the shortage of workers affected West Midlands businesses:



Hourly Wages

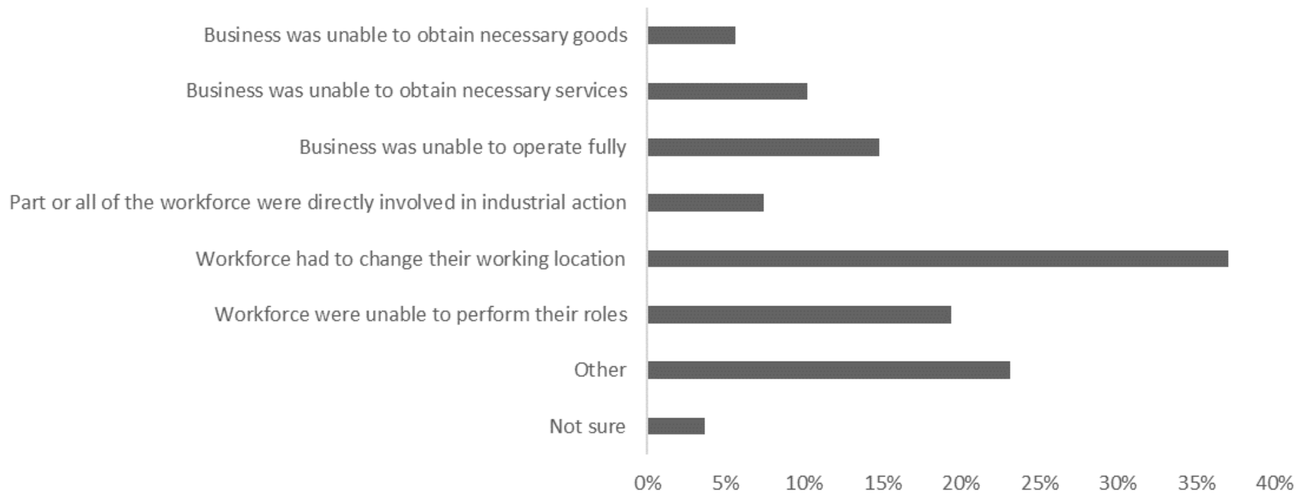
76.3% of responding West Midlands businesses reported on average employees' hourly wages in May 2023 when compared to the previous calendar month had stayed the same. While 15.9% reported wages had increased.

Industrial Action

6.9% of responding West Midlands businesses reported to being affected by industrial action in May 2023. Although, 66.8% of West Midlands businesses reported not being affected by industrial action.

37.0% of responding West Midlands businesses reported that the workforce had to change their working location from the reasons listed to how the business was affected from industrial action in March 2023.

How West Midlands businesses were affected by industrial action in May 2023:



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 14th to 25th June 2023.

Important Issues Facing the UK

Respondents felt the four main issues facing the UK were; the cost of living (91%), NHS (82%), economy (77%) and climate change & the environment (60%).

Rent/Mortgage Payments

47% of adults reported that their rent or mortgage payments have gone up in the last 6 months, which has increased since June 2022 when it was 30%.

When asked how easy or difficult it was to afford rent or mortgage payments, 43% reported it was very or somewhat difficult, an increase from 25% in June 2022, and in the latest period, 2% reported that they are behind on rent or mortgage payments.

Cost of Living

62% of adults reported that their cost of living had increased, compared with a month ago; this proportion appears to have gradually decreased since early April 2023, when it was at 76%.

Commonly reported reasons why adults said their cost of living had increased compared with a month ago were an increase in the price of food shopping (96%), an increase in gas or electricity bills (62%), an increase in the price of fuel (34%), or an increase in their rent or mortgage costs (26%).

Energy Bills

47% of adults reported they found it very or somewhat difficult to afford their energy bills, an increase from 37% in June 2022, and in the latest period, 6% reported that they were behind on their gas or electricity bills.

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

Headlines

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

Some business activity measures continue to suggest an economic recovery in the first half of 2023. The FSB's West Midlands Small Business Index (WMSBI) shows that confidence levels amongst regional small business owners is at its highest level for a year and ahead of the UK average.
The latest survey (covering Q1 2023) shows that 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. This complements relatively strong PMI performance as reported in the wider monitor this month.
While the June version of the Lloyds Bank Business Barometer showed that, compared to the previous month, business confidence rose by 6 points to 36 in the West Midlands.
Unsurprisingly, the greatest perceived barriers to growth over the next year (as per the FSB survey) remain the general economic conditions in the UK (73%), followed by rising utility costs (38%) and increasing labour costs (27%).
These barriers reflect high inflation – still a major concern for businesses – and high interest rates, described by FSB as a "straitjacket on business investment." According to BDO LLP's bi-monthly Rethinking the Economy survey of 500 mid-market businesses, over a quarter (27 per cent) of Midlands companies are struggling to finance expansion plans, with nearly a quarter (23 per cent) finding it difficult to invest in the technology or software they need to improve the business.
More worryingly, over than a fifth (22 per cent) admit that a shortage of funding means they're facing the prospect of having to make redundancies or scale back the business.
Regional businesses therefore seek certainty and direction on these macroeconomic metrics, as the current situation is limiting growth and investment while forcing some businesses to scale down or closing completely.
But some research is more positive about experience of business in recent months: according to research from the Midlands branch of R3, the UK's insolvency and restructuring trade body, West Midlands start-ups rose by 23.7% last month, from 5,221 in April to 6,460 in May.

<h3>Trading Environment</h3>

Continuance of higher and increasing costs, with various examples all affecting operational costs and cashflow, reducing margins and stunting growth:

Energy: Examples of businesses with fixed contracts ending, with one seeing annual electricity bills set to rise from £8k to £31k and another being quoted 87p kwh, up from 12p kwh. However, solar PV and LED fixtures are resulting in significant reductions in bills for some.
Staff: Salaries increased by some employers sooner than they had planned in order to retain and attract staff. An ongoing issue.
Materials: Various reports of increases in materials costs. Wood/Timber up 25% since the pandemic and glass prices increasing by 50%. Steel prices still 40% higher than before the pandemic although are decreasing.

In response, some businesses are seeking extensions to payment terms.
Planning Delays – Delays with the planning process putting a number of expansion plans at risk. Businesses calling for a review of out-of-date planning processes that are not fit to compliment the current economic situation.

</td></tr>
</table>

SECTOR	KEY INSIGHTS
	• **Employment Land** - A major new report says economic growth in Coventry and Warwickshire is being put in jeopardy by a **shortage of employment land**. The Coventry and Warwickshire Chamber of Commerce has launched a report into the lack of provision for companies of all sizes and sectors and is writing to each council and MP across the patch to highlight the issue. The report says that **companies in the region are struggling to find adequate and affordable space which is holding them back from expansion.** This is causing a lag in the local economy and also preventing jobs being created. • **Trade and Investment** - **Import delays continue** with some European imports since our exit from the EU with lead time still at 6-8 weeks when before it was 1 week. - Despite a more positive trade outlook recently, a report by the Centre for Business Prosperity highlights the **disproportionate impact of external shocks Midlands trade performance.** - Its recommendations largely complement national policy reports also published in recent weeks, from both the **Resolution Foundation (Trading Up)** and the **UK Trade & Business Commission (Trading Our Way).** - While the FSB focus on the **need to reduce the burden of simple customs declarations on small trading firms.** - EY's latest UK Attractiveness Survey (for 2023) shows that the number of Foreign Direct Investment (FDI) projects in the West Midlands dipped in 2022, **although the region still maintained its title as the second-best performing region in England.** This analysis is separate to official Department for Business and Trade data (reported in the wider monitor) - The survey found that the **West Midlands attracted 74 FDI projects in the year, which was a decline of 5.1 per cent from 2021.** However, the drop was a much smaller contraction than the 6.4 per cent decline in overall UK projects. The regions share of UK projects increased to 8 per cent during the period, which is the **highest value recorded for the region since 2017.** **Labour Market** • **Permanent staff appointments declined at their softest rate for six months during May**, according to a report from KPMG and REC. The KPMG and REC, UK Report on Jobs: Midlands showed that the **number of people placed into permanent roles across the Midlands fell for the sixth successive month in May, though the rate of contraction eased from that seen in April to the softest in the current sequence**. Temp billings meanwhile, fell at a strong pace than that experienced in April. Recruiters signalled an improvement in candidate supply for both permanent and temporary roles during May, with the latter rising for the first time since February 2021. • **Lack of Suitable Courses** – Increase in reports that businesses are looking to recruit apprentices, even when they have found suitable candidates, are **not able to match these candidates to suitable courses to cover what they do.** Automotive, including EV tech, suffering as a result. • Current skills shortages reported locally include: - **Production Staff** – Manufacturers reporting difficulties recruiting and retaining production staff as salary demands increase due to the cost-of-living crisis. A result is the drop in quality of candidates and increasing the need to upskill existing team members. - **Care Workers** – Recruitment at care homes on hold due to legacy contracts not allowing increased salaries leading to staff leaving and not being replaced. The quality of care dropping as a result. Others leaving this profession without a job to go to as they feel they will easily find work elsewhere. Some care homes looking to recruit foreign workers, with an increase of workers from Africa. - **Other** - Accountancy, IT, Logistics, Sales, Engineering and Social Care

SECTOR	KEY INSIGHTS
	Access to Finance • **Equity investment declined by more than 20 per cent in the West Midlands during 2022,** according to new research from the British Business Bank. • The British Business Bank's annual Small Business Equity Tracker has revealed that there were **76 deals completed in the region raising £276m. However, this was down 22 per cent on the prior year.** • The West Midlands is the **eighth strongest region (of 12) in the UK in terms of total equity finance in 2022.** • Between 2020 and 2022, the bank also **allocated a larger proportion of deals (4.2 per cent) to the West Midlands compared to the overall equity market** (2.8 per cent).

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
Adastra Access	Walsall	Construction	A Walsall-based supplier of specialist access equipment to the construction industry has filed for administration with the loss of nearly 40 jobs. Blair Nimmo and Alistair McAlinden from Interpath Advisory were appointed joint administrators of Adastra Access, one of the UK's largest and well-known suppliers of specialist access equipment to the construction industry.
Capital Green Recycling	Birmingham	Recycling	Capital Green Recycling (CGR) has given notice of its intention to appoint administrators after a turbulent year for the firm. The Birmingham-based company had been in the High Court in April after it alleged it had wrongly paid more for its purchase of One Stop Recycling than the company was worth.
Unite / Birmingham Airport	Birmingham Airport	Aviation	Unite the Union has warned that strike action at Birmingham Airport would cause a "summer shutdown" as 100 staff are being balloted to take action over pay. Security officers and terminal technicians employed by the airport, as well as aircraft refuellers employed by Menzies could begin strikes as early as July and would severely impact Birmingham Airport's operations, leading to significant delays and cancelled flights.
Amazon	Coventry	Warehousing / Distribution	Amazon workers have voted to continue their campaign of industrial action for another six months in a dispute over pay. The GMB said its members based at the company's site in Coventry backed more strikes by 99% on a turnout of 54%.
Steel Industry	Region-wide	Steel	Workers from across the country, including steel plants in the Black Country and wider West Midlands, marched from Trafalgar Square to Parliament Square calling for a "proper industrial strategy" and relief from the energy costs unions say are crippling the steel sector.
Jukeboxers	Birmingham	Entertainment / Hospitality	A live music venue that launched in Birmingham two years ago has closed due to rising bills and running costs. Jukeboxers, a cocktail and piano bar, said the expenses of rent, business rates and quiet week nights alongside a utility bill of around £80,000 has forced the business to cease trading.
Cross Transport	Coleshill	Transport / Logistics	There are 117 jobs at risk after a Birmingham-based haulage firm has entered administration. Family-run Cross Transport, founded in 2010, has its man trading base at Hams Hall, Coleshill. It has appointed SFP Restructuring to handle the process. The company has a fleet of 200 vehicles operating across the UK.

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
3P Innovation	Warwick	Engineering	An employee-owned hi-tech engineering firm based in Warwick is set to potentially double its workforce after the fit-out of its newly-constructed second building is now officially finished.
Wetherspoons	Wolverhampton	Hospitality	Wetherspoon has lodged revised plans for the £15m transformation of Wolverhampton's The Moon Under Water pub, which could support the creation of 70 jobs.
Mitie	Birmingham	Contracting Services	Mitie's Midlands Hub has been officially opened. As well as acting as the base for Mitie's Central Government & Defence business, the site in Bickenhill, Birmingham, is also home to its Cleaning and Hygiene Centre of Excellence (CHCE), which showcases the latest science, technology, and innovation in the cleaning industry.
Mercia Real Estate	Dudley	Industrial Development	A former Black Country rolling mill site which is more than 100 years old has been snapped up with a new future lined up for the historic site. Mercia Real Estate (MRE), a Midlands focused real estate investor and asset manager, has agreed the unconditional purchase of the site on Peartree Lane (3 miles from Dudley town centre) after it went into administration earlier this year. The property sits on approximately ten acres with buildings extending to 110,000 sq ft and forms part of the former Aartree Bright Bar site.
Wintech Group	Wolverhampton	Engineering Design	Wintech Group is set to broaden its capabilities within the built environment marketplace after acquiring a Midlands-based mechanical and electrical design consultancy. Corporate lawyers from Browne Jacobson advised on the deal. The Wolverhampton-based business has snapped up AVUS Consulting, which was formed in 2003 and is headquartered in Northamptonshire.
British Business Bank	Region-wide	Business Funding	A £400m investment fund to support the growth of SMEs across the Midlands is on course to be launched early next year. The British Business Bank is now inviting proposals from potential fund managers to operate the Midlands Engine Investment Fund II (MEIF II).
LCP Group	Dudley	Development	LCP Group, part of M Core, is on track to complete more than £1m on refurbishing a number of industrial units at its flagship estate in the Black Country. The national commercial property and investment company's Multipark Pensnett – which used to be known as The Pensnett Industrial Estate – has already completed the refurbishment of four buildings, totalling 68,000 sq ft, at a cost of £750,000.
Salts Healthcare	Birmingham	Life Sciences / Healthcare	A historic Birmingham-based healthcare company has completed an international acquisition. Salts Healthcare has acquired ostomy product supplier MCare AB of Sweden. The deal forms part of Salts Healthcare's strategy to increase its global reach.
Fortune Brands Innovations	Wolverhampton (i54)	Industrial	The first occupier on the new i54 South Staffordshire 60-acre western extension has been unveiled as international company Fortune Brands Innovations. The multi-brand company, based in Chicago, is building a 270,000 sq ft facility at the business park to support the group's luxury ceramics and brassware brands within the kitchen and bathroom industry.
F74 M Chateau	Birmingham	Industrial Development	An industrial estate earmarked for a site in Birmingham, which has the potential to create more than 100 jobs, has been approved. F74 M Chateau has brought forward proposals for land at Tyseley Park, Wharfdale Road.
FireAngel	Coventry	Technology	Coventry-based FireAngel has completed a £6.1m fundraise to underpin its growth plans and reduce the company's debt. The technology business makes safety devices, such as smoke, carbon monoxide and heat alarms, which it sells to homeowners and commercial customers.

COMPANY	LOCATION	SECTOR	DETAIL
University of Warwick	Coventry	Education	The University of Warwick is opening a new site in Venice as part of a £100m investment in arts and humanities. Overlooking the Grand Canal, the space within the Palazzo Giustinian Lolin building will be used for teaching course modules, seminars and summer schools.
Regal Property Group	Birmingham	Residential Development	Regal Property Group is seeking a funding investor for its £200m Broad Street scheme. BNP Paribas Real Estate have been instructed to secure a BTR funding deal for the 47-storey tower close to Brindley Place.
Burley Browne	Walsall	Development	Commercial property consultancy Burley Browne has been instructed to market three vacant food and leisure units at a leisure park in Walsall. Two of the units, at Waterfront Leisure Park, are fitted out and ready for food operators to begin trading alongside existing tenants including a six screen Light Cinema, TGI Friday's, Bella Italia, Subway Creams Café, and Premier Inn.
University of Wolverhampton / Mercia Group	Wolverhampton / Willenhall	Research	The University of Wolverhampton has officially signed a £320,000 research agreement with Mercia Group to explore innovative technology that could help mitigate emissions from diesel generators in the future. Mercia Group, based in Willenhall, specialises in a range of services including cranes and lifting equipment, industrial doors, the supply of solar panels, battery storage and electrical wholesale and inspections.
Graftongate / Cilldara Group	Walsall	Industrial Development	A 90,000 sq ft industrial development proposed for the site of a former Holiday Inn complex in Walsall has been green lit. Graftongate and Cilldara Group have gained planning permission from Walsall Council for a vacant 5.4-acre site off Wolverhampton Road West in Bentley.
Watling Real Estate	Birmingham	Development	An industrial building in Bordesley Green has been placed on the market following the administration of Connect Distribution Services. The 211,000 sq ft Medco House is up for sale with Watling Real Estate looking for offers in excess of £5m.
Vengrove	Birmingham	Development	Erdington Industrial Park has been acquired by Vengrove, in a £27.2m deal. The asset, which comprises 216,874 sq ft of multi-let industrial across 13 units, as well as 6.1 acres of development land, was purchased from Federated Hermes.
Aroma Global / MitonOptimal Portfolio Management	Wolverhampton	Financial Services	A Dubai-headquartered multinational group of companies has made its first move into the UK financial services sector with the acquisition of a West Midlands investment advisory business. Aroma Global has purchased Wolverhampton-headquartered MitonOptimal Portfolio Management (UK) for an undisclosed sum as part of the group's continuing diversification into new markets and sectors.

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
For any queries please contact the lead Authors:

Rebecca Riley R.Riley@Bham.ac.uk
Alice Pugh A.Pugh@Bham.ac.uk
Delma Dwight Delma.Dwight@theeiu.org
Anne Green A.E.Green.1@bham.ac.uk

This programme of briefings is funded by the West Midlands Combined Authority, Research England and UKRI (Research England Development Fund)

The West Midlands Regional Economic Development Institute
and the
City-Region Economic Development Institute
Funded by UKRI