West Midlands
Economic Impact Monitor

WM REDI CITY REDI

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

In a week marked by escalating unrest in the Middle East, global leaders face critical decisions, raising concerns about the world economy. Amid rising international tensions, the global economy has shown unexpected resilience in early 2023, but growth prospects remain low. Although headline inflation is decreasing, core inflation persists due to the services sector and tight labour markets. Risks, particularly with increased tensions, continue to lean towards negative outcomes.

- Global growth expected at 3.0% in 2023, slowing to 2.7% in 2024, driven by Asia despite China's weak recovery.
- Tightening monetary policy led to rapid increases in policy rates, corporate, and mortgage loan interest rates.
- Expected responses: continued restrictive monetary policy, fiscal preparation, and reducing trade restrictions for productivity and growth.
- Conservative Party Conference announced HS2 cancellation, new infrastructure projects in West Midlands, Advanced British Standard, and smoking ban.
- Midlands to receive £9.6bn in transport projects (some of which have already been announced), but HS2 cancellation, especially Birmingham to Manchester leg, deemed significant loss as had highest impact.
- Halifax House Price Index shows 4.7% drop since Sep 2022, averaging £278,601, with sixth consecutive monthly fall. Nationwide reports 5.3% YoY drop, average house price £257,808.
- Cost of living (90%), NHS (86%), economy (72%), climate change (62%), and housing (58%) are top concerns. 54% adults reported increased living costs; and SAP of electricity rose by 39% weekly in 2023.

Business Activity and Optimism:

- WM Business Activity Index dropped from 51.3 to 50.0 in August 2023, ending six months of growth.
- UK Business Activity Index fell from 50.8 to 48.6 in the same period.
- WM ranked fourth highest for business activity among UK regions in August 2023.
- WM Future Business Activity Index rose to 78.5, the highest since January 2022, driven by new business expectations and internal efficiency.

Trade and Exports:

- WM goods exports rose by £6.9bn (+26.1%) to £33.4bn in year ending Q2 2023, the highest growth among UK regions. Imports increased by £3.2bn (+8.1%) to £42.5bn in the same period.
- WM faced a trade deficit of £9.1bn in year ending Q2 2023.
- Machinery & transport exports accounted for 69.4% (£23.2bn) of total exports; 62.9% (£14.6bn) were non-EU exports.
- WM exports to the EU were £14.5bn, a 13.0% increase since year ending Q2 2022.
- Largest concerns: 72% of businesses sourced goods without disruption, 63% had concerns for October 2023, 5% were affected by industrial action, and 10% faced worker shortages.
- 84% of businesses weren't using AI technologies, and 81% had no plans for AI adoption in the next three months.

Business Enterprises and Sectors:

- In March 2023, WMCA had 92,335 enterprises, a 1.2% decrease from March 2022.
- Business, professional & financial services sector constituted 25.8% (26,310) of businesses.
- WMCA had sectors above or matching UK proportions in advanced manufacturing, life sciences & healthcare, logistics & transport technologies, retail, and public sector including education.

Business support

- Limited quality evaluations and funding instability in business support hinder impact assessments; fragmented investments result in inadequate assessments.
- Business support is demand-driven, making randomised controlled trials (RCT) challenging; alternative '6 steps approach' recommended for evaluations.
- Shift from European Regional Development Fund (ERDF) to UK Shared Prosperity Fund (UKSPF) offer opportunities for realignment and improved evaluation strategies.
- MetroDynamics' recommendations include stable account management infrastructure, core diagnostic tool, shared knowledge hub, central CRM, standardized core products, thematic premium products, business guides, and awareness campaigns.

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- While strategic investment in high-tech sectors is popular, research shows growth varies across sectors. Government focus on large-scale tech negatively impacts UK SMEs, especially micro-enterprises, despite their significant contribution to urban economic growth.

WMIP Evaluation:

- City-REDI assesses West Midlands Innovation Partnership (WMIP) positively, stating it achieved objectives through demand-led innovation support.
- WMIP's objectives included integrating innovation support for businesses, enhancing regional expertise, facilitating national innovation funding access, and communicating innovation opportunities.
- WMIP followed five pillars: Networks and linkages, Investment programs, Talent, Intelligence, and Culture.
- WMIP demonstrated excellent value for money, generating £29,109,177 in cumulative net additional GVA effects over three years.

Innovation Accelerators:

- Existing Innovation Accelerators (IAs) face challenges in balancing GVA growth and inclusive growth, necessitating alignment of funding and initiatives. Current IA model targets high-tech innovation, lacking a demand-side approach for SME scaling and upskilling.
- £33 million per IA and the short 3-year allocation period hinder significant growth impacts.
- IAPs can enhance collaboration, prioritize investments, and build place leadership and soft infrastructure.
- Developed city regions with mature governance would benefit immediately from IA designation and funding.

Alternative Approaches to Economic Development:

- Interest in alternative approaches are often driven by crises but hindered by patchwork funding and conflicting pressures.
- Despite challenges, local action is crucial; integration across scales and data sources is vital to measure local initiatives' impact and align them with broader goals.
- Collaboration with community groups, exemplified by Birmingham's Neighbourhood Doughnut Portrait, can guide practical implementation of alternative development strategies.

Role of Cities:

- Cities play a pivotal environmental role, impacting sustainability and offering essential infrastructure for diverse urban living.
- Urban areas foster innovation, research, and development through proximity to universities, research institutions, and industry clusters.
- Cities can have unique governance structures and tailored policies, although UK cities lack consistent devolution and fiscal accountability.

Future Hosting of Mega Events – Lessons:

- Planning for displacement and regional absorption of event-related activities is essential.
- Encouraging local supply chains benefits regional businesses, and investing in employability and skills programs enables local job opportunities.
- Developing the host city's brand sustains long-term income streams and future opportunities.

Long-Term Effects of COVID on Young People:

- EU and UK policies targeting young people's employment and skills should prioritise mental well-being.
- Pandemic's negative impact on mental health, especially in adolescents, students, and unemployed youth, might hinder their future employment and training opportunities if unaddressed.

Impacts of E-scooters:

- Cities need to incentivise e-scooter use by focusing on substituting car journeys to avoid a decline in walking, ensuring public health. Legal ambiguity regarding e-scooters requires clear legislation, and research on interventions like protective gear is crucial to reduce healthcare costs.

Employment and Claimant Counts (Three Months Ending July 2023):

- WM employment rate: 75.1%, a 0.4pp decrease from April 2023 and 0.2pp lower than the previous year. UK rate: 75.5%, a 0.5pp decrease from the previous quarter but a 0.1pp increase from the previous year.
- WM unemployment rate: 5.0%, a 0.1pp increase and 0.4pp higher than the previous year. UK rate: 4.3%, a 0.5pp and 0.7pp higher (than the previous year).
- WM economic inactivity rate: 20.8%, a 0.3pp (on last qtr) but a 0.1pp decrease (previous year). UK rate: 21.1%, a 0.1pp increase from the previous quarter but a 0.6pp decrease from the previous year.
- WMCA area had 124,780 claimants in August 2023, a 0.2% increase (275 claimants) from July 2023, matching the UK growth rate. Since March 2020, claimants increased by 25.7% (+25,480) in WMCA, compared to the UK's 22.0% rise.
- In August 2023, there were 23,590 youth claimants in WMCA, a 1.9% increase (+440) from July 2023, aligning with the UK growth rate. Since March 2020, youth claimants rose by 23.2% (+4,435) in WMCA, while the UK saw a 14.1% increase.

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Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

OECD Economic Outlook, Interim Report September 2023
The OECD economic outlook interim report for 2023 was released last month the key findings were:

The global economy proved more resilient than expected in the first half of 2023, but the growth outlook remains weak. With monetary policy becoming increasingly visible and a weaker-than-expected recovery in China, global growth in 2024 is projected to be lower than in 2023. While headline inflation has been declining, core inflation remains persistent, driven by the services sector and relatively tight labour markets. Risks continue to be tilted to the downside. Inflation could continue to prove more persistent than anticipated, with further disruptions to energy and food markets still possible. A sharper slowdown in China would drag on growth around the world even further. Public debt remains elevated in many countries.

2.7%	2.6%	2.8%
Projected global GDP growth for 2024	Projected headline inflation across G20 advanced economies in 2024	Projected core inflation across G20 advanced economies in 2024

Global growth is expected to remain weak. The world economy is expected to grow by 3.0% in 2023, before slowing down to 2.7% in 2024. A disproportionate share of global growth in 2023-24 is expected to continue to come from Asia, despite the weaker-than-expected recovery in China.

Headline inflation has continued to come down in many countries, driven by the decline of food and energy prices in the first half of 2023. However, core inflation – inflation excluding the most volatile components, energy and food – hasn't significantly slowed. It remains well above central banks' targets. A key risk is that inflation could continue to prove more persistent than expected, which would mean interest rates need to tighten further or remain higher for longer.

The tightening of monetary policy is working its way through economies. Alongside the rapid increase of policy rates, interest rates for new corporate loans and new mortgage loans have increased. While the rising borrowing costs are painful for households and firms, dampening households' and firms' demand through higher borrowing costs is a standard channel through which monetary policy normally takes effect.

What can governments do?

1. **Monetary policy needs to remain restrictive**- To confront inflation, monetary policy should remain restrictive until there are clear signs that underlying inflationary pressures are durably abating.
2. **Fiscal policy needs to prepare for future spending pressures**- Governments need to design and implement credible medium-term fiscal plans that recognise and respond to mounting future spending needs related to addressing ageing populations, defence, the climate transition and growing debt burdens.
3. **Lowering trade restrictions would boost productivity and growth**- Trade integration needs to continue. It is an important source of long-term prosperity for both advanced and emerging-market economies. Concerns about economic security should not prevent governments from taking advantage of opportunities to lower trade barriers, especially in service sectors.

National

Conservative Party Conference Announcements

Last week was the Conservative party conference. Policies announced include:

- **Scrapping the Northern leg of HS2 from Birmingham to Manchester**- Rather than continuing with the northern line to Manchester, the money promised for this line will now be invested in other transport projects around the country. The new transport projects are largely around improved rail infrastructure in the North and Midlands, though some of the money will extend the £2 single bus fare cap and go to fix pot holes around the country, alongside upgrades to road infrastructure around the UK.
- **Advanced British Standard** – A levels and T levels will be replaced by the Advanced British standard, which will compass both A-levels and T-levels into one qualification. Whilst most A-level students currently study three A-levels, the Advanced British standard will also include studying maths and English to age 18. The subjects studied will also be tiered with 3 being majors and 2 being minors.
- **Smoking ban**- The government is set to introduce a historic new law to stop children who turn 14 this year or younger from ever legally being sold cigarettes in England, in a bid to create the first 'smokefree generation'. There has been some debate of the prohibition of smoking. Whilst smoking poses health risks, will this create a more dangerous black market in the future?

House Prices

The Halifax House Price Index for September 2023 revealed that house prices have dropped 4.7% since September 2022, with the average house price now £278,601. Month on Month there has been a 0.4% fall in house prices, this is the sixth consecutive monthly fall in house prices, though the pace of decline slowed compared to previous months. Nonetheless, Halifax noted that house prices still remain £39,400 higher than in March 2020, following the extraordinary growth seen during the pandemic.

Nationwide found in their quarterly house price index update that house prices had fallen 5.3% year-on-year, with the average house price now £257,808. Additionally, the number of approved mortgages in August was 30% below the 2019 pre-covid monthly average. It was noted that it was unsurprising that house prices were falling and mortgage approvals falling, given the current affordability issues in the housing market. Nationwide stated for example, that someone earning the average income and purchasing a typical first-time buyer home with a 20% deposit would spend 38% of their take home pay on their monthly mortgage payment, well above the long-run 29% average.

Public opinion and social trends

The ONS releases data on social insights on daily life and events relating to the biggest issues facing society. The key findings in the 6th of October 2023 update were:

- When asked about the important issues facing the UK today, the most commonly reported issues continued to be the cost of living (90%), the NHS (86%), the economy (72%), climate change and the environment (62%) and housing (58%).
- More than half (54%) of adults reported that their cost of living had increased compared with a month ago, while 44% reported it had stayed the same and 2% said it had decreased.
- More than 9 in 10 (94%) adults who reported their cost of living had increased compared to one month ago reported the price of their food shop had increased, 65% reported the price of their fuel had increased and 58% reported their gas or electricity bills had increased.
- When asked about what people are doing because of the increases in the cost of living, 65% said they were spending less on non-essentials, around half of all adults (48%) were shopping around more, 47% of adults were using less fuel such as gas or electricity in their homes, and more than 4 in 10 (44%) were spending less on food shopping and essentials.
- Among those currently paying rent or a mortgage, almost a half (47%) of adults reported that their rent or mortgage payments had gone up in the past 6 months; this has increased from 33% during a similar period one year ago (29 September to 9 October 2022).
- Among those who are currently paying rent or a mortgage, 40% reported finding it very or somewhat difficult affording these payments; this is up from 30% during a similar period one year ago (29 September to 9 October 2022).

- Of those who pay energy bills, around 4 in 10 (43%) adults reported it being very or somewhat difficult to afford energy bills; this is the same as in a similar period last year (29 September to 9 October 2022).

Business insights and impact on the UK economy
The ONS releases data on the impact of challenges facing the economy and events on businesses. There latest update on the 5th October 2023 include:

- Nearly three-quarters (72%) of trading businesses with 10 or more employees reported that they were able to get the goods they needed from within the UK in August 2023 without any form of disruption, up 5 percentage points from July 2023.
- In August 2023, 7% of businesses with 10 or more employees experienced global supply chain disruption, broadly stable with July 2023.
- Nearly two-thirds (63%) of businesses reported some form of concern for their business for October 2023; this is down from the 66% reported for September 2023 and the lowest percentage reported since the question was introduced in February 2022.
- Fewer than 1 in 10 (5%) businesses were affected by industrial action in August 2023, the lowest proportion reported since this question was introduced in June 2022.
- More than four in five (84%) businesses are not currently using artificial intelligence (AI) technologies. 81% of businesses are not planning to adopt AI technologies in the next three months.
- In late September 2023, 1 in 10 (10%) businesses reported they were experiencing worker shortages, with more than half (54%) of those businesses reporting they were unable to meet demands as a consequence.

Economic activity and social change in the UK
In the ONS's most recent release (5th October 2023) on economic activity and social change the key findings were:

- Estimated demand for fuel per transaction continues to be higher than the equivalent period of last year; meanwhile, both the aggregate CHAPS-based indicator of credit and debit card purchases and overall UK retail footfall were higher than the previous week (Automotive fuel spending, Bank of England CHAPS data, Springboard).
- Nearly three quarters (72%) of trading businesses with 10 or more employees reported that they were able to get the goods they needed from within the UK in August 2023 without any form of disruption, up five percentage points from July 2023 (final results from Wave 92 of the Business Insights and Conditions Survey).
- The total number of online job adverts was unchanged on 29 September 2023 compared with the previous week, this was a 1% fall when compared to the equivalent period last year (Adzuna).
- The System Price of electricity saw the largest week-on-week increase in 2023, rising by 39% in the week to 1 October 2023, following a large decrease in the previous week; this was, however, 59% below the value of the equivalent week of 2022 (Elexon).
- The daily average number of UK flights was 5,974, which, for the third week in a row, was broadly unchanged when compared with the previous week; traffic camera activity for cars in London was at 103% of the level in the previous week, and 111% of the pre-coronavirus level (EUROCONTROL, Transport for London).

Regional

HS2
Following the announcement of scrapping of the HS2 line to Manchester from Birmingham, other projects in the West Midlands have been promised, though not all of them are new projects. The projects include:

- Communities reconnected by reopening closed Beeching lines, including the Stoke to Leek line and the Oswestry to Gobowen line, with a new stop at Park Hall. A new station will be built at Meir, Stoke-on-Trent, on the existing Crewe to Derby line.
- £100 million will be shared across the North and Midlands to support the development and roll-out of London-style contactless and smart ticketing, supporting seamless travel by enabling contactless or smartcard payment.
- A brand new £2.2 billion fund to transform local transport in every part of the Midlands outside the mayoral combined authority areas and the new East Midlands combined authority - rural counties such as

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Shropshire, cities like Leicester and towns such as Evesham. This could pay for smaller, more demand-driven buses in rural areas and funding into greener bus fleets, as well as funding the refurbishment of Kidsgrove and Longport stations, near Stoke-on-Trent.

- £250 million will fully fund ten smaller road schemes in the Midlands, including the Shrewsbury North Western Relief Road and the A4123 Birchley Island, near Oldbury. A Midlands Road Fund worth nearly £650 million will be launched for new road schemes.
- £230 million for more frequent bus services in the Midlands, which could be spent on new bus stops around Telford and park and ride upgrades elsewhere in Shropshire and new bus lanes in Herefordshire.
- £2.2 billion for the Midlands to combat potholes and fix roads causing misery for drivers.
- £2 bus fare extended until the end of December 2024 instead of rising to £2.50 as planned.
- £1 billion more for local transport funding in West Midlands: This includes £100 million to deal with ongoing metro and Arden Cross cost pressures and £250 million to accelerate local transport projects over the next five years.

In total the Midlands is expected to receive £9.6bn invested in transport projects in the region. However, HS2 will be a significant loss for the region and the north. Tom Arnold, Research Associate in public policy at the University of Liverpool pointed out that the business case for HS2 highlights that the best return on investment would have been the Birmingham to Manchester leg of HS2, not the Birmingham to London leg. This is because it would have brought the cities closer together, reaping economic benefits as well as improving quality of life.

Achieving a step change in evaluation of business support

George Bramley, WMREDI

There have been numerous reviews of evaluation of business support that have concluded they do not meet a specific methodological gold standard (National Audit Office (2020)[1], OECD (2023), What Works Centre for Local Economic Growth (2016a)[2]). As someone who started out as a commissioner of business support for eleven years in the then Department of Trade and Industry (DTI), working with WMREDI partners and as a current Council Member of the UK Evaluation Society, I am aware evaluations are commissioned for many different pragmatic reasons to support key policy decisions.

Whilst working with the DTI Small Business Service and due to having inherited 300 programmes developed across government, I was asked to develop the concept of strategic evaluation. This drew on a utility-focused approach to evaluation developed by Quinn Patton and involved identifying the strategic imperative for undertaking an evaluation in terms of information needs for policy colleagues. At the time colleagues were experimenting with new forms of business support, many of which are now commonplace - including support for social enterprise, community development finance, regional venture capital funds, supporting less advantaged groups and communities starting their own businesses which necessitated initially a more developmental evaluation approach that captured key learning. Consequently, the strategic imperative was often concerned with proof of concept and capturing learning to refine provision as it was too early to undertake a rigorous assessment of cost effectiveness. At the time we also had, what now seems a luxury, three-year funding. This allowed us to undertake an early assessment in the first year and make adjustments providing a cohort of businesses that were receiving optimised support in year 2 to assess effectiveness and value for money at the end of year 3. Whilst working at the DTI, I had the privilege of representing the UK Government on the OECD Working Party on SMEs and Entrepreneurship and being co-chair of the steering committee for the OECD Framework for the evaluation of SME and entrepreneurship policies and programmes. It was therefore, with great interest I read the recently revised Framework published this summer (OECD 2023)[3].

The OECD framework is based around thinking developed here in the West Midlands by Professor David Storey when he led the ESRC Centre for SMEs at Warwick Business School. In many ways the OECD was early adopter of what is now being called context appropriate best practice in evaluation. David's key contribution is a useful and helpful departure from the Maryland Scale which privileges evidence from RCTs in setting out what he described as 'six steps to evaluation heaven' which have been adopted by the OECD.

The Maryland Scale approach to assessing quality of evidence on the effectiveness of interventions is used by What Works Centres (2016b)[4]. The Maryland Scale is predicated on a preference for randomised control trials (RCTs) in evaluating interventions and the assumption that randomisation to intervention and control groups will take account of unobserved variables, thereby providing the strongest possible evidence on the counterfactual. The successful implementation of a RCT requires high fidelity (consistency) in the delivery of the intervention. This is possible for very specific and less intensive business support interventions where randomised allocation can be built into the design of the intervention - for example, the evaluation of the Growth Vouchers Programme (Khan 2014). With more intensive and reactive business support the application of RCT approach becomes problematic. This is because support is business needs driven (demand-led) as opposed to provision of a standardised offer (a provider-led) approach. Tailored support based on detailed diagnosis of need can combine several interventional offers available within a regional business support ecosystem. The 'six steps' approach provides us with a useful framework for developing robust quasi-experimental approaches to evaluating business support programmes. The six steps are described in Box 1 below.

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[1] National Audit Office (2020). Business Support Schemes. Report by Comptroller and Auditor General. https://www.nao.org.uk/wp-content/uploads/2020/01/Business-support-schemes.pdf

[2] What Works Centre for Local Economic Growth (2016). Evidence Topic: Business Advice. https://whatworksgrowth.org/resource-library/business-advice/

[3] OECD (2023), *Framework for the Evaluation of SME and Entrepreneurship Policies and Programmes 2023*, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, https://doi.org/10.1787/a4c818d1-en .

[4] What Works Centre for Local Economic Growth (2016). Guide to scoring evidence using the Maryland Scientific Methods Scale. https://whatworksgrowth.org/wp-content/uploads/16-06-28_Scoring_Guide.pdf

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Box 1: **The six steps in the OECD Framework**

In the OECD framework each step represents an increase in the evidence for evaluation purposes. Step 1 is considered to be the least and Step 6 is the most sophisticated approach. The six steps are:

- ***Step 1:*** Take up of schemes
- ***Step 2:*** Recipients' opinions
- ***Step 3:*** Recipients' views of the difference made by the assistance

The above three steps tend to be associated with qualitative approaches, but the following three steps typify quantitative evaluations:

- ***Step 4:*** Comparison of the performance of assisted with typical firms
- ***Step 5:*** Comparison with matched firms
- ***Step 6:*** Taking account of selection bias

The first three steps Storey considered to be monitoring. not evaluation. Step 6 involves modelling for selection bias (developed by Heckman 1997[5]) that are more widely used in labour market and welfare programmes.

In updating the Framework, the OECD reviewed recent developments in good practice and identified 50 potential exemplar evaluations in member economies of hard (financial) and soft (non-financial) business support policies and programmes. While there has been progress in the adoption and adaption of more robust methodologies for assessing effectiveness and value for money, including the use of RCTs and synthetic control groups, they were few evaluations that fully meet the OECD assessment criteria.

The revised framework echoes and complements UK Government guidance provided in the Magenta Book (HM Treasury 2020)[6] and BEIS (2019) supplementary guidelines for evaluating business support[7]. It also makes several recommendations pertinent to developing robust evaluation of business support in the West Midlands:

a) The inclusion of three core metrics (sales, employment and survival) in all evaluations, complemented with additional metrics for other objectives where specified for wider environmental and social benefits.
b) More routinised capturing of expenditure data to facilitate cost effectiveness assessments.
c) Using routinely collected data by government on businesses to assess performance (e.g. tax records) to provide information on core metrics.
d) Consideration of the impact of macro policies in delivering and achievement of objectives.
e) Identifying exceptional performers and considering the role of such firms on reaching judgment on the overall effectiveness of a programme; and
f) Systematically including the performance of non-surviving SMEs and start-ups when assessing treatment and control group performance.

OECD guidelines also recommend that every three years all major SME and entrepreneurship programmes should be the subject of a reliable evaluation, defined as a minimum of Step 5. The guidelines suggest only what the OECD call "short-lifers" be excluded, as it is not feasible to undertake sufficiently robust evaluation of programmes that last less than two years.

Within the UK, evaluations are expected to adhere to the BEIS Business Support Evaluation Framework, where funding is provided by the then Department for Business, Energy and Industrial Strategy (BEIS) are expected to adhere to this framework[8]. This Framework builds on Magenta Book Guidelines for evaluation which sets out public officials should consider when commissioning and undertaking evaluations of central government funded programmes. The framework includes a set of principles listed in the Box 2 below.

[5] Heckman, JJ, Ichimura H, Todd P (1997). Matching as an econometric estimator: evidence from evaluating a job training programme. Review of Economic Studies, 64(4), 605-654
[6] HM Treasury (2020). Magenta Book: Central Government guidance on evaluation. https://www.gov.uk/government/publications/the-magenta-book
[7] BEIS (2019). Business Support Evaluation Framework. https://www.gov.uk/government/publications/business-support-evaluation-framework
[8] As result of reorganisation of government departments, directorates with BEIS were transferred to Department of Science, Innovation and Technology, Department for Business and Trade who have continued to use the framework.

Box 2: **Supporting Principles for good evaluation of business support**

A. Evidence needs to be of sufficient quality for all evaluations, in order to provide convincing evidence of what works.
B. Evaluations need to ***clearly map out the anticipated outcomes of the intervention and identify the appropriate outcome measures that will provide a reliable and meaningful assessment of impact*** (through developing a logic model and/or theory of change).
C. The evaluation needs to be ***designed to be able to detect impact***. The design needs to be able to demonstrate that the intervention is causing any change in outcome measures (e.g. productivity) or ***at least intermediate or proxy measures*** (e.g. adoption of new management practices, or self-reported improvements in efficiency). Considerations around the anticipated size of the impact needs to be factored into the design phase, to ensure the appropriate methodology is used.
D. Evaluations should be ***accurate in detecting impact, including controlling for any biases***. Where biases are uncontrollable, these should be clearly reported on and caveated in evaluation plans and reports. Some techniques (in some circumstances) may overestimate or underestimate the impact of a programme (e.g. not controlling for selection bias).
E. ***Similar metrics need to be collected across different interventions where possible***, so that the department is able to compare like with like .
F. ***Measurement tools need to be high quality and consistent where possible.*** For example, the phrasing of a survey question can influence the answer given and may elicit different information, particularly when using a slightly different definition of a concept.
G. Evaluations ***should collect and calculate the same final impact measures (e.g. productivity) to ensure comparability across evaluations***. ***Administrative data can be used to track longer-term outcomes, where it is not feasible to collect these measures directly***. Evaluators will need to clearly label what metrics will be reported on from the outset (e.g. defined in the logic model or theory of change), and clearly report how outcome measures are calculated. This will help to ensure that appropriate comparisons can be made.
H. ***Intermediate outcomes, as defined in the logic model/theory of change, are likely to differ*** for each intervention. However, some level of standardisation where possible is desirable.
I. ***Evaluation plans and technical reports need to be detailed and transparent, including clear write-ups of planned and completed evaluation activity***, so that informed comparisons can be made between the different interventions. This includes a logic model or theory of change, overarching objectives, independent variables to test for impact and when measures will be collected.
J. ***Capturing and publishing details on the interventions themselves is important, so that intervention designs can be compared and contrasted***. This is also important for understanding how the results have been achieved and could be replicated where an intervention is effective.
K. Similarly, it is ***important to know which businesses the intervention was targeted at, and the characteristics of the businesses receiving the intervention***.

An opportunity that has been created in the West Midlands for a step change in evaluation of business support.

There are two developments that will contribute improve evaluation coverage. The first is the recent comprehensive review of provision undertaken by Metro Dynamics. The second is the replacement of European Regional Development Fund (ERDF) with the UK Shared Prosperity Fund (UKSPF) in April 2023 as the principal source of funding for business support. Both have only provided not only the opportunity to realign provision but how it is evaluated.

The West Midlands Future Business Support Review (Metro Dynamics 2021)[9] drew several conclusions including:

a) effective business support is a core part of strategic investment in jobs and skills

[9] Metro Dynamics (2021). West Midlands – Future Business Support. Final Report 2021. Can be accessed at: https://www.cwgrowthhub.co.uk/west-midlands-business-support-report [Accessed 13.09.2023]

b) there is a strong case for change
c) stronger business support can best be achieved through a modular and phased approach, not a 'big bang' change
d) it is necessary to develop an improved ecosystem with a modern, customer journey, built around the user not the provider
e) it is important to build on existing strengths in provision and some programmes should not continue once their current funding ends

The response of the WMCA and its partners was to convene working groups that examined how best address the different pillars of an effective business support ecosystem identified in the review. It is the recommendations of the working groups makes a new cost-effective approach to evaluating business support feasible. These included:

(a) Investing in an account management infrastructure protected from funding cycles to provide the stability needed.
(b) Adoption of a core diagnostic tool which aligns existing diagnostic tools and provides a template for capturing core data on businesses engaged.
(c) The creation of shared knowledge hub and shared central CRM for the region.
(d) A database of business in the region including buying access to data held on a commercial database.
(e) Developing a set of core products that all businesses across all parts of the region can access.
(f) Creation of premium products which are thematic programmes that contain products which complement each other and support business growth.
(g) Development of business guides that help raise awareness of the consistent West Midlands offer and maximise take-up.
(h) A campaign to drive take up by eligible businesses.

If fully implemented these recommendations will allow the West Midlands to develop the evaluation and monitoring infrastructure required more robust evaluation of business support. This can be achieved through linking detailed data on assistance provided to individual businesses and their performance data over time making it possible to assess against three core metrics of sales (turnover/GVA), employment and survival. It would also enable the creation of synthetic control groups need to assess the counterfactual based on observable characteristics of businesses assisted such age, sector, turnover, and employment and more sophisticated forms of evaluation.

Innovation Policy: The Role of Universities, Priority Sectors and Micro-enterprises

Juliane Schwarz, WMREDI

Julianne Schwarz discusses the potential impacts of prioritising certain sectors over others and how universities can play a role in active industrial policy.

She also looks into the role of small and micro-businesses and how they can be supported reflecting on a statement in the financial times.

In her letter to the Financial Times, the Vice-Provost of Research and Enterprise at Imperial College London, Professor Mary Ryan, emphasised that UK universities need to be part of an active industrial policy. She also says:

> *"Boosting key industries like biopharmaceuticals and medtech, and quantum, artificial intelligence and telecommunications needs to be a priority."*

The statement raises questions regarding university involvement and the broader impact and implications of focusing primarily on high-tech and innovation-driven sectors and certain kinds of businesses:

- How can universities be part of an active industrial policy?
- What are the potential impacts of prioritising certain sectors over others?
- What is the role of small and micro-businesses and how can they be better supported?

University engagement in industrial policy: Innovation Accelerators

The newly instigated Innovation Accelerator programme can be seen as a most recent example where universities are part of an active industry policy. Innovation Accelerators (IAs) were introduced in the Levelling Up White Paper in February 2022. In March 2023, £100m R&D levelling up funding was announced to support three regional IAs in the Glasgow City Region, the Greater Manchester Combined Authority and the West Midlands Combined Authority.

Across the three Pilot IAs, there are a total of 26 projects, 14 of which are university-led and, in nine, universities engage as partners of projects led by other universities and non-university organisations. Early lessons describe how IAs have successfully created strategic innovation partnerships in those three regions and universities playing a vital role in raising the levels of collaboration and investment.

The IA projects support a variety of sectors and key industries. The majority of projects are in digital technology, health tech, net zero and clean tech.

Glasgow City Region

Glasgow City Region	
University of Glasgow	**Lead institution**
	*Risk stratification tool for colorectal polyp surveillance, Sector: ***Health***
	*Museums in the metaverse, Sector: ***Creative***
	*Pilot Accelerator for National Institute for Quantum Integration, Sector: ***Electronics***
	Partner institution
	*Modular chemical robot farms for chemical manufacturing, Sector: ***Manufacturing***
	*FinTech, Centre of Innovation in Financial Regulation, Sector: ***Digital***
University of Strathclyde	**Lead institution**
	*Fusing a future from Glasgow's proud heritage, Sector: ***Net Zero***
	*Data-driven design and manufacturing colab (D3M_Colab), Sector: ***Digital***
	*Satellite space and photonics Glasgow Impact Accelerator, Sector: ***Space***
	Partner institution

	*Innovation Accelerator in neutral atom quantum optimisation, Sector: ***Emerging Technology***
	*FinTech, Centre of Innovation in Financial Regulation, Sector: ***Digital***
Greater Manchester Combined Authority	
Manchester Metropolitan University	**Lead institution**
	*Greater Manchester Electro-chemical Hydrogen Cluster, Sector: ***Net Zero***
	*Centre for Digital Innovation (CDI), Sector: ***Digital***
University of Manchester	**Lead institution**
	*Manchester Turing Innovation Hub (MTIH), Sector: ***Digital***
	*The Development and Validation of Technology for Time Critical Genomic Testing (DEVOTE) Programme, Sector: ***Health***
	Partner institution
	*GM Advanced Diagnostics Accelerator, Sector: ***Health***
University of Salford	**Lead institution**
	*Future Homes, Sector: ***Net Zero***
West Midlands Combined Authority	
Aston University	**Lead institution**
	*The Biochar Clean Tech Accelerator, Sector: ***Clean Tech***
	Partner institution
	*Digital Innovation Transformative Change (DIATOMIC), Sector: ***Health & Clean Tech***
Birmingham City University	**Partner institution**
	*Digital Innovation Transformative Change (DIATOMIC), Sector: ***Health & Clean Tech***
Coventry University	**Partner institution**
	*Clean Futures, Sector: ***Clean Tech***
University of Birmingham	**Lead institution**
	*West Midlands HealthTech/MedTech '6D' Innovation Accelerator, Sector: ***Health Tech***
	Partner institution
	*Digital Innovation Transformative Change (DIATOMIC), Sector: ***Health & Clean Tech***

Level of university involvement in IA projects

This is a list of universities that are mentioned in project webpages as lead or partner organisations. More universities are further involved as delivery partners.

Sectors		
digital 5	creative 2	energy 1
health 5	electronics 2	manufacturing 1
net zero 5	advanced manufacturing 1	health/medtech 1
cleantech 3	emerging technologies 1	space 1

All IA projects: Sector breakdown

What are the potential impacts of prioritising certain sectors over others?

Strategic investment in high-tech sectors seems to be widely endorsed by researchers, especially those who are engaged in research about productivity and innovation. However, research into high growth also suggests that growth in turnover and productivity "cannot, and should not, be equated to 'high tech' firms" and that growth comes in a variety of sectors and contexts. The Creative Industry before the pandemic (2011-2019), for example, was growing twice as fast as the UK economy as a whole contributing £116bn in GVA in 2019. Thus, the government prioritising biotech, fintech and life science at the expense of other sectors might be limiting growth and development.

Listen to our podcast on small business support with Professor Mart Hart.

What is the role of small and micro-businesses and how can they be better supported?
The Government's emphasis on large-scale, high-tech industries seems to also negatively affect UK SMEs who employed more than 13M people with an annual turnover of £1.4Tr in 2021. Micro-enterprises, SMEs with less than ten employees, the self-employed and freelancers, are an important element of urban economic growth. However, micro-enterprises are largely ignored by government policy and support. This has become highly visible during the pandemic where they have been hit hardest with slower post-pandemic recovery. This might be due to many micro-businesses being invisible, often home-based, and contributing 'jobless growth' that is expanding turnover but not taking on employees.

Micro-enterprises are, however:

- together with small businesses the backbone of many economies, for example, home-based businesses account for over 50% of businesses in the USA and the United Kingdom (UK),
- accounted for 4% of all employees in the UK (March 2021),
- a growing segment of the small business sector and are essential for local economies and employment,
- important contractors to large or small businesses.

Boosting high-tech industry and not losing sight of other sectors and industries
Boosting high-tech industries is important and it is reasonable for universities to contribute with their expertise in research, knowledge transfer and stakeholder engagement as demonstrated in the Innovation Accelerator programme. However, it is important not to lose sight of other sectors and their contribution to growth and productivity. In addition, certain industries like small and micro business might need to be placed into sharper focus, for both research and policy, to make them and the wider economy relying on their contribution more resilient.

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

The West Midlands as a Regional Test bed for Innovation Policy and Support

George Bramley, WMREDI, Jamie Elliott, WMCA

George Bramley summarises the main findings of a new WMREDI report 'Early Assessment of the West Midlands Innovation Programme' whilst Dr Jamie Elliot reflects on how the findings have contributed to shaping provision going forward.

Programmes to support innovation have tended to be designed centrally focusing on specific aspects of the research, development, and innovation pathway. These nationally designed programmes include Smart to support research and development, KTP (Knowledge Transfer Partnerships) that act as a bridge between research technology offices and universities and businesses and SBRI (Small Business Research Initiative) that supports adoption by the public sector administered through Innovate UK and tax credits issued by HMRC.

I started my career as an evaluator in the Department of Trade and Industry in the late 1990s evaluating a series of competitive funding pots that supported locally designed projects to support innovation in businesses. These included Competitiveness White Paper Two Innovative Projects and Local Competitiveness Challenge and Centres of Expertise. When WMREDI mapped business support in the West Midlands in 2020 and created a Directory of University Business Support Interventions, I was able to trace some of the schemes available back to these original initiatives.

This underlines the incremental approach and commitment to refinement of support for businesses at different stages in their innovation pathway. What sets the West Midlands Innovation Programme apart is its focus on increasing collaboration between other economic actors, improving competitiveness and capacity building and the development of regional innovation ecosystems. Therefore, the opportunity to lead an early assessment of the West Midlands Innovation Programme (WIMP) with my colleagues Alice Pugh, Hannes Reed, Annum Rafique, Carolin Ioramashvili, Kelvin Humphreys and Anne Green at City-REDI provided an opportunity to understand how a region can take ownership and develop its regional innovation ecosystem.

I would also recommend that the reader of this blog look at the case studies within our full evaluation report. These provide good practice examples of demand-led approaches to providing support for innovation for businesses and other stakeholders in the region’s innovation ecosystem.

New Approaches and Innovation

WMIP was designed to be both agile and to provide an umbrella to test and develop new approaches to support innovation in the region. It has its origins in the West Midlands Combined Authority (WMCA) Innovation Working Group which became the West Midlands Innovation Board (WMIB) in 2019 and brought together key stakeholders in the region including businesses, business support intermediaries and the region’s universities.

Collectively the Board champions innovation within the region and provides a collective voice for encouraging businesses to innovate and for embedding innovation in public service reform. The WMCA initially made available £2.96m in 2019 for three years to pilot new approaches and initiatives which support demand-led innovation capable of being scaled up into a larger programme through securing and leveraging additional funding over a five-year period.

Overall Assessment

Our overall assessment is WMIP was well-designed and delivered its objectives**.** WMIP benefitted from having a detailed and well-evidenced business case that clearly set out the context for the programme and correctly focused on supporting demand-led innovation**.** The objectives of WMIP included: a stronger, more integrated innovation support offer to businesses leading to more innovative active businesses and productivity gains in supported businesses; providing a pathway for businesses to access national innovation funding more effectively; developing regional expertise needed to deliver innovation support at scale and more accurately target support; and communication of innovation opportunities within the region. The programme was designed around five pillars set out in the West Midlands Innovation Framework: Networks and linkages; Investment programmes, Talent, Intelligence and Culture.

Design

The design of WMIP allowed its administrators to respond and adapt to the challenges and opportunities created by the pandemic and eventually exceed its targets for the first three years. The programme made significant and substantial progress in the first six months before the pandemic hit. The pandemic in many ways underlined the need for an agile regional programme that could flex to changing circumstances and still exceed four out of the five main output targets.

Money

WMIP has provided excellent value for money**.** Using a similar methodology as the original business case, we calculate over the 3 years to date that the programme will have generated £29,109,177 in total net additional GVA effects (cumulative). It achieved this through:

- Marshalling and leveraging resources within the region to support a step change in the coordination of the development of the region's innovation support ecosystem. This has been achieved by creating a strong infrastructure that has allowed the programme to be responsive to changing circumstances and new opportunities. The pooling and funding of expertise in innovation in different sectors it has created a much-needed centre of expertise to support the development of the region's innovation ecosystem.
- Supporting activities and initiatives that foster and develop innovation to address real-world challenges faced by businesses and the public sector in the West Midlands.
- Providing practical means to provide leadership and capability to support innovation by businesses and the development of the West Midlands innovation ecosystem.
- Leadership in business support and developing aides for businesses navigating their innovation journey.
- Initiatives assisting businesses and their customers to plan for, co-produce and enact innovation, as would be expected for a demand-led policy approach.
- Identifying and signposting businesses who recognise they need to innovate to remain competitive by adopting new technologies or processes and those businesses who have potentially innovative products and services to the right support. Similarly, WMIP has been effective in drawing on synergies with existing business support provisions through the activities and initiatives it has funded.
- Bringing together existing networks and knowledge of key people in the relevant sectors to create the Virtual Innovation Team (VIT). The VIT provides a central hub for cross-sector innovation that had previously been lacking in the region.
- Supporting a broad portfolio of investments in new products that responded to specific gaps in provision in the existing innovation support ecosystem. The products we assessed in greater depth as case studies were well-designed and genuinely supported demand-led innovation. Innovation Engine 3 and West Midlands Health and Wellbeing Innovation Network demonstrate how to effectively use existing local supply chains in the delivery of innovation support. This was achieved by linking together expertise both in providing advice and guidance around innovation and access to the wider innovation support ecosystem.

Learning

Overall, the learning, good practices, systems and structures developed in the first three years provide confidence that WMIP was scalable and a strong case for continued funding**.** WMIP has contributed to a deeper and more subtle understanding of information and coordination failures at the regional level and how to address them through piloting innovative approaches. There is a much better understanding of how such failures manifest in different contexts and for different actors in the region's innovation ecosystem. The team delivering the programme have developed a sophisticated understanding of how to tailor information for and engage actors in the regional innovation ecosystem and now represents an important centre of expertise.

Recommendations

1. WMIP continues to operate as a flexible regional fund that supports intermediaries to continue to innovate in their provision in response to insights and intelligence on the regional innovation ecosystem. Future phases of WMIP need to retain the agility demonstrated in phase 1 to undertake rapid prototyping of new approaches in one sector and their transfer to other sectors.
2. Funding and support should be maintained for the Virtual Innovation Team to allow cross-fertilisation of ideas across sectors.
3. WMIP should continue to fund a portfolio of projects. It should continue to support new initiatives with an eye to scaling up more successful interventions.

Summary of findings

This evaluative assessment was used to support the business case that secured further funding for the programme as part of the West Midlands Innovator Accelerator. The West Midlands was one of only three City Regions in the UK which received £33m for an Innovation accelerator, this decision was based in part on the established Innovation Board and West Midlands Innovation Programme which provided a supportive ecosystem.

The evaluation of the programme has also provided an important record of the range of activities supported and their contribution to developing the West Midlands innovation ecosystem. There are examples of pilot activities funded by WMIP that are being scaled up in new initiatives within the Innovation Accelerator alongside continued funding for WMIP itself. The methodology developed by the WMHWIN pilot project is being adopted in the West Midlands HealthTech/ MedTech '6D' Innovation Accelerator to develop consortia of regional firms to develop demand-led innovative solutions to challenges faced by the NHS. In addition, the DIPS pilot project has been incorporated into the larger DIATOMIC Accelerator project to support innovation in public procurement.

Download and view the full report.

Accelerating Innovation, Delivering Place-Based Growth: Lessons Learnt from the Three Innovation Accelerator Pilots

Steve Barwick, University of Birmingham

Steve Barwick discusses a recent seminar held to identify early lessons from the three Innovation Accelerator Pilots in the West Midlands, Greater Manchester and Glasgow.

A recent seminar convened by City-REDI in partnership with the Universities of Manchester and Glasgow sought to identify early lessons from the three Innovation Accelerator Pilots in the West Midlands, Greater Manchester and Glasgow.

Attended by key national, regional and local academic and other stakeholders it was also tasked with clarifying the key questions politicians should consider if they want to take forward an agenda of place-based growth based on innovation and inclusion.

First the evidence. Three particular positives were noted:

The Innovation Accelerator Pilots (IAPs) have helped create **strategic innovation partnerships** and raise their readiness levels for collaboration and investment. In that process:

- **Local government** has taken a key role in defining and communicating the project prioritisation process and identifying the demands of the funding.
- **University leaders** have played vital roles. They have shared portfolios with partners and with each other enabling strategic discussion about priorities and collaboration. They have also produced evidence for investment priorities and impact evaluation.
- **Business leaders** have played pivotal roles both in leadership and within a range of sectors.

The three IAPs reflect **different portfolios of innovation assets**. The 26 projects which were funded reflect this diversity, which is welcomed.

The IAPs have also created a step change in working **relationships between local and central government**. The project selection and prioritisation process involved collaboration and co-creation, with greater respect and trust, rather than an arms-length, transactional approach.

But also three negatives:

- **Industry partners found the process for project selection problematic** partly due to lack of familiarity with Innovate UK systems, processes and timings and in part due to bureaucratic hurdles.
- There is a frustrating **inability to align wider funding – such as for levelling up or net zero** – due to inconsistency in Government approaches, including the tendency to favour competitive tendering methods. The linkage between innovation and inclusion is therefore weak.
- Activities which would have been innovative and worth funding were ruled out because of **the structure of the demand for match funding** within a too-short time frame and in some cases an aversion to risk. Of the 26 projects funded, most are therefore from the high-tech sector and favour larger businesses

Five lessons for the future were concluded:

- Within the working parameters of existing IAPs, it was felt that a choice had to be sometimes made between GVA growth and inclusive growth. There needs therefore to be an ability to see the wider place implications of IAPs so that vital **spill-over effects can be created** by aligning different funding, initiatives, different Government departments and approaches.

- The current IA model is supply-driven, therefore largely targeting big high-tech innovation. Although there are some **green shoots of engagement with sectors that are typically defined as being lower in productivity,** different selection approaches may be needed to facilitate a demand-side approach which would lead to **scaling up SMEs and upskilling**.
- The sums of money allocated – **£33 million per IAP** – are not sufficient to make impacts on growth on the scale required. And, crucially, the timescales over which it has been allocated (3 years) are much too short.
- IAPs can help develop more robust **collaboration opportunities and partnership governance** structures to gather evidence, select, prioritise, and collectively agree on investments. They therefore provide the **opportunity to build place leadership and soft infrastructure**.
- A number of city region areas with developed capacity and mature governance would benefit straightaway from IAP designation and funding.

Questions for political parties and policymakers were identified, the five most important being:

1. When should **funding for existing** Innovation Accelerator Pilots **be fully devolved** to Combined Authorities rather than the current nationally controlled model? And should funding be increased from £100million and made available over five not three years?
2. How and **when to roll out the IAP process further across the UK**? Is there a case for an early second wave which might include Liverpool City Region, West Yorkshire, South Yorkshire and the North-East as well as Belfast and Cardiff?
3. How should IAPs be re-engineered so they have a beneficial impact on jobs and productivity in the wider economy beyond technology-driven cluster development? In particular, how can IAPs **better respond to local demand**?
4. How can **innovation be more clearly linked to the Levelling-Up and inclusivity agendas** in addition to the growth and net zero ones?
5. How and **when should the Government commit to the Innovation Accelerator process long term**? Constant piloting means nothing is embedded despite the fact that innovation acceleration needs to become business as usual.

Read a full report of the meeting

These issues will be addressed at two fringe meetings that City REDI and the University of Manchester are organising jointly at the Conservative and Labour Party Conferences. Find out more about these events.

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UK Business: Activity, Size and Location - September 2023[10]

The Economic Intelligence Unit

The UK Business: activity, size and location dataset released In September 2023 provides a snapshot of the Business Demography (from Inter-Departmental Business Register, IDBR) dataset from March 2023 and provides a breakdown by broad sector, turnover and employment size band. The fuller Business Demography is released in November each year which provides the total number of active enterprises in each location, alongside side enterprise births, deaths, high growth and survival rates.
The following briefing is based on enterprises as opposed to local units[11].

Key points:

- The snapshot from March 2023 shows there were 92,335 enterprises in the WMCA area, a decrease of 1.2% (-1,080 enterprises) compared to the March 2022 snapshot, the UK decreased by 1.5%.

- The 2023 snapshot data shows that the WMCA had a higher proportion than the UK in 4 of the 5 turnover bands, the exception was the £0-£199,999 banding (67.6% vs 68.1% UK).

- For the WMCA area, 88.7% (81,855) of enterprises employed between 0-9 employees, below the UK average of 89.1%. Compared to the 2022 snapshot, the WMCA proportion has decreased by 0.1pp as the number of enterprises has decreased by 1,065, the UK proportion decreased by 0.4pp.

- Snapshot 2023 data shows out of 10 defined sectors, the WMCA has 4 sectors above the UK proportion and a further 1 that matches. These are: advanced manufacturing (6.4% vs 4.6%), life sciences & healthcare (5.7% vs 4.4%), logistics & transport technologies (9.0% vs 4.7%), retail (19.7% vs 15.1%) and public sector including education (2.4%).

- For the WMCA area, the sector with the highest proportion of enterprises was business, professional & financial services which accounted for 25.8% (26,310) of the business base; the UK proportion was 31.1%. This sector has decreased by 1.7% (460) since the 2022 snapshot, reflecting national trends where there was a 1.8% decrease.

In Detail:

- The snapshot from March 2023 shows there were 92,335 enterprises in the WMCA area, a decrease of 1.2% (-1,080 enterprises) compared to the March 2022 snapshot, the UK decreased by 1.5% - this is first fall for the UK since 2010/11 (-0.9%).

- At a regional level, the latest annual change shows that Northern Ireland was the only area to increase in enterprises (+0.3%). While the East Midlands had the largest decreased (-2.9%). The West Midlands region overall decreased by 1.6%.

- Across the 7 local authorities, 2 local authorities saw annual increases. Coventry increased by 0.4% (+40) to reach a total of 10,335 enterprises in 2023. Sandwell also experienced an increase, by 0.6% (+60) to a total of 9,935. In percentage terms, Walsall had the largest decrease by 3.9% (-335) to a total of 8,160 enterprises.

The 2022 and 2023 snapshot for the number of enterprises and also the change by local authority within the WMCA area and UK-Wide:

[10] Office for National Statistics (ONS): UK Business; activity, size and location: 2023 - released September 2023.
[11] ONS state that an enterprise can be thought as the overall business, made up of all the individual sites or workplaces. It is defined as the smallest combination of legal units that has a certain degree of autonomy within an enterprise group. A local unit is an individual site (for example a factory or shop) associated with an enterprise. It can also be referred to as *workplace.*

	2022	2023	Percentage Change	Number Change
Birmingham	37,380	36,990	-1.0%	-390
Coventry	10,295	10,335	0.4%	40
Dudley	10,215	10,035	-1.8%	-180
Sandwell	9,875	9,935	0.6%	60
Solihull	8,165	8,025	-1.7%	-140
Walsall	8,495	8,160	-3.9%	-335
Wolverhampton	8,995	8,860	-1.5%	-135
WMCA	**93,415**	**92,335**	**-1.2%**	**-1,080**
United Kingdom	2,767,700	2,726,830	-1.5%	-40,870

Employment by Size Band

- For the WMCA area, 88.7% (81,855) of enterprises employed between 0-9 employees, below the UK average of 89.1%. Compared to the 2022 snapshot, the WMCA proportion has decreased by 0.1pp as the number of enterprises has decreased by 1,065, the UK proportion decreased by 0.4pp.

- For the WMCA area, the percentage of enterprises that employed 10-49 people was above the UK level (9.3% vs 9.0%). The WMCA area has increased by 0.1pp when compared to the March 2022 snapshot but the number of enterprises decreased by 20, the UK proportion increased by 0.4pp.

- 1.6% of enterprises employed 50 to 249 people, matching the UK proportion. This has remained the same proportion for the WMCA while the UK increased by 0.1pp since the 2022 snapshot. The number of enterprises that employed 50-249 people has decreased by 10 in the WMCA area since the 2022 snapshot.

- The proportion that employed over 250 people in the WMCA area was 0.5% in the 2023 snapshot, above the UK-wide proportion of 0.4%. These have remained the same proportions for both the WMCA and UK since the 2022 snapshot. The number of enterprises that employed over 250 people has remained the same in the WMCA area since the 2022 snapshot.

The March 2023 snapshot of employment by size band for the WMCA and UK-wide:

	WMCA Number	WMCA Percent	UK Number	UK Percent
Total	92,335	100.0%	2,726,830	100.0%
Micro (0 to 9)	81,855	88.7%	2,428,885	89.1%
Small (10 to 49)	8,555	9.3%	244,240	9.0%
Medium-sized (50 to 249)	1,490	1.6%	42,795	1.6%
Large (250+)	440	0.5%	10,910	0.4%

Turnover Band

- As seen in the following table, the 2023 snapshot data shows that the WMCA had a higher proportion than the UK in 4 of the 5 turnover bands, the exception was the £0-£199,999 banding (67.6% vs 68.1% UK).

- Reflecting UK trends, the £0-£199,999 turnover band was the only one to decrease when compared to the 2022 snapshot. There was a decrease in the proportion by 3.1pp (-3,650) for the WMCA area and the UK decreased by 3.3pp.

The March 2023 snapshot of employment by turnover band for the WMCA and UK-wide:

	WMCA Number	WMCA Percent	UK Number	UK Percent
Total	92,335	100.0%	2,726,830	100.0%
£0 - £199,999	62,385	67.6%	1,857,245	68.1%
£200,000 - £999,999	20,205	21.9%	589,470	21.6%
£1m - £4.99m	7,240	7.8%	209,650	7.7%
£5m - £49.99m	2,170	2.4%	61,180	2.2%
£50m+	335	0.4%	9,285	0.3%

Enterprises by Defined Sectors

- Snapshot 2023 data shows out of 10 defined sectors, the WMCA has 4 sectors above the UK proportion and a further 1 that matches. These are: advanced manufacturing (6.4% vs 4.6%), life sciences & healthcare (5.7% vs 4.4%), logistics & transport technologies (9.0% vs 4.7%), retail (19.7% vs 15.1%) and public sector including education (2.4%).

- For the WMCA area, the sector with the highest proportion of enterprises was business, professional & financial services which accounted for 25.8% (26,310) of the business base; the UK proportion was 31.1%. This sector has decreased by 1.7% (-460) since the 2022 snapshot, reflecting national trends where there was a 1.8% decrease.

- When compared to the 2022 snapshot, only 3 of the 10 defined sectors increased in the WMCA, these were: construction by 180 (+1.4%, +1.0% UK), life sciences & health care by 155 (+3.0%, +2.2% UK) and public sector including education by 55 (+2.6%, +1.1% UK). In contrast, in real terms the WMCA saw the highest falls (by 460 for both sectors) in business, professional & financial services and logistics & transport technologies.

WMCA and UK enterprises by defined sector:

Sector	WMCA 2022	WMCA 2023	WMCA Annual % Change	WMCA Annual Num. Change	WMCA 2023 % of Total	UK 2023	UK Annual % Change	UK 2023 % of Total
Advanced Manufacturing	5,955	5,890	-1.1%	-65	6.4%	125,060	-1.6%	4.6%
Business, Professional & Financial Services	26,770	26,310	-1.7%	-460	28.5%	847,405	-1.8%	31.1%
Construction	12,850	13,030	1.4%	180	14.1%	430,485	1.0%	15.8%
Creative & Cultural	5,735	5,465	-4.7%	-270	5.9%	230,620	-3.4%	8.5%
Life Sciences & Healthcare	5,140	5,295	3.0%	155	5.7%	118,875	2.2%	4.4%
Logistics & Transport Technologies	8,765	8,305	-5.2%	-460	9.0%	128,600	-6.9%	4.7%
Low Carbon & Environmental Technologies	805	785	-2.5%	-20	0.9%	156,055	-0.8%	5.7%
Public Sector inc. Education	2,125	2,180	2.6%	55	2.4%	65,475	1.1%	2.4%
Retail	18,240	18,145	-0.5%	-95	19.7%	410,520	-2.8%	15.1%
Tourism	7,035	6,915	-1.7%	-120	7.5%	213,720	0.1%	7.8%
Total	93,415	92,335	-1.2%	-1,080	100.0%	2,726,815	-1.5%	100.0%

Alternative Approaches to Local Economic Development: Perspectives from the West Midlands

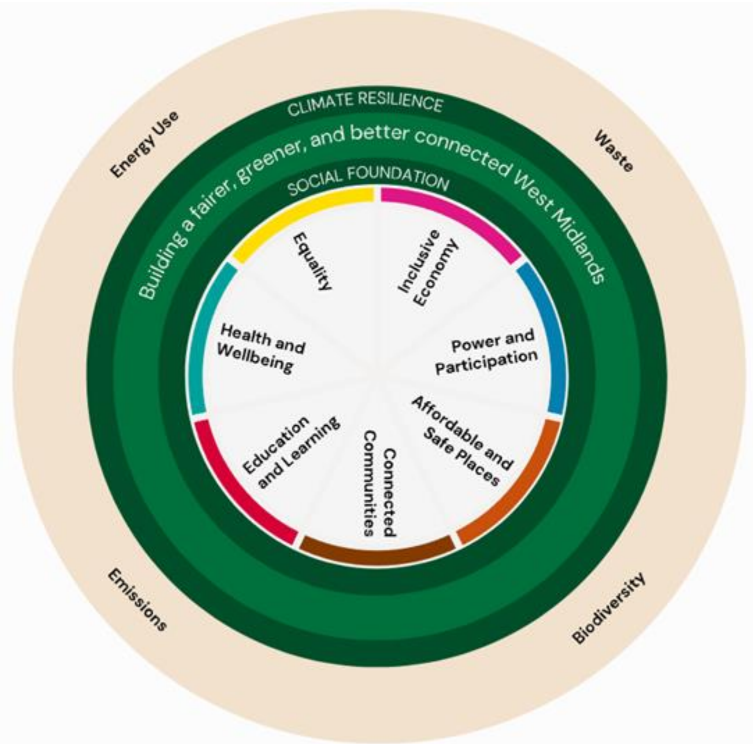
Anne Green, WMREDI

Anne Green, David Waite and Richard Crisp discusses their new paper which compares the five leading agendas that have been positioned as alternative and progressive policy responses to urban economic change.

Decades of traditional growth-oriented economic policies have failed to stem widening social inequalities and rising environmental challenges. This has triggered growing interest amongst policymakers around alternative approaches to local economic development.

Perhaps the most well-known of these approaches is **inclusive growth**. It has gained traction amongst international and local organisations. The Organisation for Economic Co-operation and Development (***OECD***) sees it as economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity – in monetary and non-monetary terms – across society. But this is only one of a number of different definitions. In a critique of inclusive growth, Neil Lee concludes that it is "conceptually fuzzy and operationally problematic". As such it means different things to different people. Overall, however, Ruth Lupton and Ceri Hughes suggest that inclusive growth is a broad enough concept to provide a 'jumping off point' for local strategies and actions designed to ensure that prosperity and inclusion go hand-in-hand.

In the West Midlands, the West Midlands Combined Authority (WMCA) has an Inclusive Growth Framework and an accompanying Inclusive Growth Toolkit. The WMCA defines inclusive growth as "a ***more deliberate and socially purposeful model of growth, measured not only by how fast or aggressive it is; but also, by how well it is created and shared across the whole population and place, and by the social and environmental outcomes it realises for our people". The Framework comprises fundamentals derived from the*** Sustainable Development Goals ***and is structured according to Kate Raworth's*** Doughnut Economics ***model, as depicted in the Inclusive Growth Doughnut (as shown below from the*** WMCA website. (Visit the WMCA website for a full description of the image***).***



This Inclusive Growth Doughnut is indicative of a **'pick and mix' approach** to combining different elements from alternative economic development frameworks. Yet what do proponents of these alternative frameworks advocate?

The following table compares five alternative approaches – Inclusive Growth (IG), Wellbeing Economy (WE), Doughnut Economics (DE), Community wealth building (CWB) and Foundational Economy (FE). This fills an evidence gap as relatively little work has been undertaken to date to compare and contrast these alternative approaches.

An overview of the five 'alternative' approaches

	Inclusive Growth (IG)	**Wellbeing Economy (WE)**	**Doughnut Economics (DE)**	**Community Wealth Building (CWB)**	**Foundational Economy (FE)**
Emergence	Late 2000s, increasingly gaining traction from c. 2015	Wellbeing economics since late 1980s, gathering pace from late 2000s	Pioneered by Kate Raworth 2012, expanded in her 2017 book	Mid-late 2000s in UK and US, with increasing traction since c. 2015	From 2013 (Manifesto for the Foundational Economy), increasing traction since COVID-19 pandemic
Leading Proponents	OECD International Monetary Fund (IMF) Centre for Progressive Policy (UK) Brookings Institution (US)	Wellbeing Economy Alliance (global) New Economics Foundation (UK) Carnegie UK	Kate Raworth and Doughnut Economics Action Lab (UK)	CLES (UK) Democracy Collaborative (US)	Foundational Economy Collective of researchers (a mainly European group)
Vision	An economic system which enables the greatest number and range of people to participate in economic activity and to benefit from economic growth.	Economies which promote ecological sustainability, intergenerational equity, wellbeing and happiness, and a fair distribution and efficient use of resources	An ecologically safe and socially just space (the Doughnut) in which humanity can thrive	Local economies are organised so that wealth is broadly held and generative of income, opportunity, dignity and well-being for local people (wealth for all)	Society is strengthened by focus and investment on the infrastructures that make civilised everyday life possible
Urban Examples	West Midlands (UK) New York, Paris, Seoul, Athens	North of Tyne (UK), Santa Monica (US)	Amsterdam, Brussels, Melbourne	Preston (UK), North Ayrshire (UK), Barcelona, Cleveland (US)	Barcelona, Enfield (UK), Wales

Source: Authors' research (Crisp et al., 2023)

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

There are some differences in terms of the visions set out, the mechanisms for change articulated, and the geographies that the approaches respond to. In terms of visions, WE and DE are arguably most pronounced as they hinge on a vision of the "good life". With regard to mechanisms for change, there is a common concern for democratic participation. However, there are marked differences in terms of prescriptiveness (with CWB being the most prescriptive). With respect to geographies, strikingly, there is rarely an explicit articulation of the geographic disparities to be addressed (aside from CWB), despite the mobilisation of these approaches by local authority actors – albeit in Birmingham the Birmingham Anchor Network has a 'community wealth builder in residence'. Here work is being done to open up entry-level vacancies to those in greatest need and to use procurement opportunities to increase their contribution to the Birmingham economy.

As part of a Royal Society of Edinburgh Research Workshop series with colleagues at the University of Glasgow and Sheffield Hallam University, as well as at the University of Birmingham, we have been exploring how alternative economic approaches are being operationalised in local policymaking contexts.

A workshop in Birmingham in July 2023 surfaced considerable interest in learning about alternative approaches and their implementation but concluded that while crises drive policymakers to search for alternative approaches, there is not yet a clear movement towards them. Rather the reality is one of patchwork funding and accountabilities, with concurrent pressures that both demand and stifle innovation. Hence, while the context for policy implementation is not ideal, it is imperative to 'get on and act' at the local level regardless.

It is also important to identify what success looks like and how this can be measured. This requires integration across geographical scales and data sources so as to work across policy silos and measure what is happening at the local level – and how this links to larger trends and ultimately bigger goals. Here it is notable that Ladywood, a neighbourhood in Birmingham, has a Neighbourhood Doughnut Portrait, which is a product of community-based work. Going forward, this suggests that local and regional authorities could work more closely with community groups in exploring alternative economic development approaches, what they might mean in practice and how they might be implemented.

Reference and credit for full paper referred to in this blog – Crisp, R., Waite, D., Green, A., Hughes, C., Lupton, R., MacKinnon, D. and Pike, A. (2023) 'Beyond GDP' in cities: assessing alternative approaches to urban economic development. Urban Studies, OnlineFirst. Copyright © 2023 (Crisp, R., Waite, D., Green, A., Hughes, C., Lupton, R., MacKinnon, D. and Pike, A). doi.org/10.1177/00420980231187884

The LPIP Hub: What are Cities and What Role do They Play in our Social, Economic, and Environmental Systems?

Rebecca Riley, WMREDI

Rebecca Riley recently attended a RSA Urban Futures Roundtable looking at the potential of the UK's cities.

In a series of blogs, Rebecca reflects on the challenges facing places in building regenerative economies.

In the first blog, Rebecca asks what are cities and looks at the role they play in our social, economic, and environmental systems.

This blog is for the Local Policy Innovation Partnership Hub which launched early this year. The Hub seeks to address nationwide issues through local partnerships and places. It is a national consortium led by the University of Birmingham and funded by the URKI.

What are cities and what role do they play in our social, economic, and environmental systems?

Cities are dynamic and complex systems, constantly evolving and in flux. They shape our social, economic, and environmental well-being and provide a centre for coming together. They have long-term significance; however, this is by no means certain as cities wax and wane over time. As places, they offer (at scale) opportunities for social interaction, economic growth, environmental sustainability, and cultural enrichment. Cities shape and are shaped by the way residents and workers live, travel, and interact with their surroundings. They are home to most of the population of any country, with the potential for greater influence and impact on a diverse group of people. Key centres for local activity, providing services, markets and opportunities for suburban and rural areas creating complex, co-dependent relationships between surrounding geographies and communities.

Significant social role

They have a significant social role, providing space for opportunity, interaction, diversity, and cultural exchange. Cities bring together people from different backgrounds, fostering social connections, skills development, experience, creativity, and innovation. Dense urban areas also provide opportunities for enhanced education, healthcare, entertainment, and cultural experiences due to the volume and diversity of people using services/activities the depth of their labour markets, and their experience and knowledge. They act as melting pots of ideas, enabling collaboration, social mobility, and the exchange of knowledge.

The economic role of cities

They perform an economic role. Cities are economic powerhouses, driving regional and national economies. They serve as engines of growth, innovation, and employment generation. Due to their size, they offer diverse job opportunities across industries, a greater depth of labour and expertise and attract a creative, willing, and skilled workforce. The concentration of businesses, financial institutions, and markets in cities fosters entrepreneurship, investment, and trade which drives productivity and competition. Cities also act as marketplaces for goods, services, and ideas, creating greater opportunities for economic development and change to happen.

Environmental role

They have a vital environmental role and have a significant impact on the environment and sustainability. They consume substantial resources and energy whilst generating waste, pollution, and greenhouse gas emissions. However, cities also have the potential to be more sustainable, due to population density they are more efficient, through compact urban design, which can minimize land use, promote efficient transportation, and reduce energy consumption. Well-designed green and blue spaces and sustainable infrastructure can improve air quality, biodiversity, and residents' quality of life. Therefore, well-designed cities can play a crucial role in implementing environmental initiatives and promoting sustainable practices.

Infrastructure

Cities provide essential infrastructure and services necessary for inclusive and diverse urban living. They offer reliable transportation networks, including roads, public transit systems, and airports, facilitating mobility and connectivity. Large urban areas provide utilities like water supply, sanitation, electricity, and waste management systems efficiently, but need long-term investment and renewal. Cities also enable greater and more inclusive access to healthcare facilities, educational institutions, recreational areas, and cultural amenities all of which are typically more readily available in cities compared to rural areas.

Innovation, research and development

Cities act as centres for innovation, research, and development. The proximity of universities, research institutions, and industry clusters in urban areas fosters collaboration, knowledge sharing, and technological advancements, as well as access to highly skilled, innovative labour. Cities attract talent, support start-ups, and provide an environment conducive to creativity and invention and greater opportunity for crossover and collaboration of staff, supply chains and leadership through deeper job pools.

Governance

Cities have the potential for their own governance structures, and many cities globally have devolved decision-making and policies tailored to address urban challenges and meet local needs. Local governments often manage urban planning and regulations, public safety, and other public services, such as transport, health, and education; all services and infrastructure that create the conditions for growth. They can also provide platforms for civic engagement, community participation, and political decision-making. In the UK however they lack the real power of devolution and fiscal accountability, and what power there is piecemeal and inconsistent.
The next blog in this series will look at the challenges cities face.

Why are the Commonwealth Games struggling to find hosts?

Matt Lyons, WMREDI

July 2023 saw Ozzy the giant mechanical bull and symbol of the Birmingham 2022 Commonwealth Games unveiled in Birmingham New Street. The buzz about the station was high and served as a reminder of the success of last year's Games.

Almost at the same time we saw Victoria, Australia the planned hosts of the next Games in 2026 pulling out due to cost issues. Shortly thereafter Alberta pulled its plans to host the 2030 Games.

After the apparent success of the Birmingham Games, Matt Lyons examines why no one wants to host future Games.

This blog was first posted on the Birmingham Business School blog.

Why is Victoria pulling out of hosting the 2026 Games?

Australia's state of Victoria pulled out of hosting the 2026 Games citing cost concerns:
"Frankly A$6-A$7bn (£3.1- £3.6bn) for a 12-day sporting event, we're not doing that," – Victorian Premier Dan Andrews

Victoria isn't alone in worrying about escalating costs; various estimates suggest that the average megaevent will overrun its budget by over 170%. Cost overruns on megaevents are so common they have spawned a massive academic literature with a quick search on Google Scholar showing 325 papers on the subject since 2019.

Looking back over the last few Commonwealth Games and sources to suggest the cost and benefit of hosting the Games we can see the costs involved with the Victoria Games appear especially high.

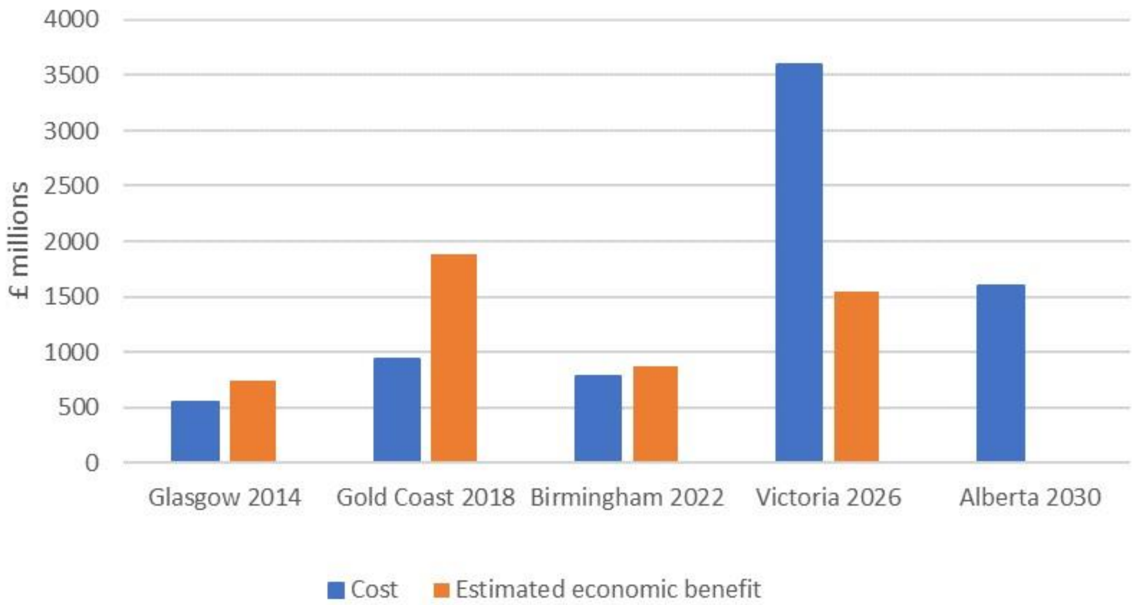


Figure 1. The cost and benefit of hosting the Commonwealth Games
Sources: Glasgow 2014, Gold Coast 2018, Birmingham 2022, Victoria 2026, Alberta 2030

Like the UK, Australia is also living through a cost-of-living crisis. This tough economic environment makes justifying state spending all the more critical. The escalating cost during the construction phase of a megaevent that will deliver an economic boost followed by a tourism boost that is estimated to fall short of the costs is a tough sell.

Where economic impacts often fall short

The challenge for places hoping to estimate the potential economic impact of hosting a megaevent is that comprehensive evaluations are expensive and often overlook four key challenges:

1. **Opportunity cost** – For example, how might the £3.6 billion investment to host the Victoria 2026 Games otherwise be spent (transport, skills, healthcare) and what impact would the counterfactual have?
2. **Displacement of activity** – It is difficult to discern what is truly additional activity rather than activity displaced from somewhere else in the host country or the same place but at a later time, or on a different activity. For example, think of a family going to the Birmingham Commonwealth Games in 2022 for a weekend activity instead of a trip to the cinema in Coventry.
3. **Spending doesn't stay in one place** – Buying goods and services in a host city doesn't mean the money stays there. The value chain may be such that a lot of the spending is happening on imported goods and services.
4. **Job years not jobs created** – Often assessments don't consider that a temporary boost in security and retail employment won't endure when the event is over.

What has been the legacy of the Birmingham Games?

A year has passed since Birmingham hosted the 2022 games, but what has been the economic impact and how is the legacy unfolding?

- **Economic impact** – The economic benefit according to the UK Government is at least £870m against the cost of hosting £778m, so a net £100m benefit to the UK economy. But an estimated 90% of the impact fell within the West Midlands and with the region only footing half of the bill it was probably a big net boost to the region.
- **Urban regeneration –** The 2022 Games acted as a catalyst to accelerate the Perry Bar regeneration scheme. The scheme is long-term with plans out to 2040.
- **International impacts FDI –** The Business and Tourism Programme (BATP) was established ahead of the Games and involves evaluating the impact of the Games on attracting business investment.
- **Softer impacts** – There are many intangible and symbolic benefits to hosting megaevents, such as increased participation in sports, wellbeing impacts, pride in place, community cohesion and volunteer mobilisation. However, the evaluation of these impacts will take a long time if indeed they are being measured.

Overall, it is too soon to tell; to get a sense of legacy there must be consistent evaluation over time on a range of metrics.

Should Birmingham host 2026?

The aftermath of Victoria pulling out of the Games saw suggestions of Birmingham hosting the Games again in 2026 but would it be a good idea? Time for a list of pros and cons:

- **Pro** – Hosting the Games a second time would likely cost a lot less with the physical and intellectual capital still in place to get a megaevent off the ground again in the timeframe.
- **Pro** – It's a chance to solidify legacy and reputation as a home of UK athletics, especially with Birmingham hosting the European Athletics Championships also in 2026.
- **Pro** – The analysis suggests it represents good value for money for the city, especially if the UK Government once again foots half of the bill.

On the other hand

- **Con** – There are probably diminishing returns to the reputational benefits of hosting a second Games.
- **Con** – The economic ***and time*** opportunity costs must be considered. This will take up a lot of public sector time that could be spent on other pressing issues in the region.
- **Con** – The city council is in deficit which may pose a problem in raising the funds to host for a second time.

What can the next host do to help ensure the Games present value for money?

Here are four ways the next host can seek to maximise the potential of the next games:

1. Plan for displacement and prepare the wider region to absorb the activity displaced by the Games.
2. Encourage local supply chains and procurement to benefit local businesses.
3. Develop employability and skills programmes to enable local people to benefit from job opportunities during the Games.
4. Invest in developing the brand of the host city for long-term income streams and future opportunities.

Concluding remarks

The costs of hosting megaevents seem to be escalating and pitted against a challenging global macroeconomic environment finding a host for the Commonwealth Games is likely to remain a challenge.

The assessment of Premier Dan Andrews, that a Victoria 2026 Games wouldn't represent value for money, is likely to be correct – megaevents often don't in narrow economic terms. For the next host to be successful the Games must be viewed as a catalyst to support holistic inclusive growth rather than focused on the short-term tourism uplift.

EUniWell Policy Commission: Young People and the Legacy of the COVID-19 Pandemic

Paul Vallance, WMREDI

Paul Vallance discusses his work with EUniWell and the policy commission he was involved in looking at the education, employment, and mental health of young people across Europe.

Since 2020, the University of Birmingham has been a member of EUniWell, an EU-funded alliance of 11 universities across Europe that work together to support the well-being of their students, employees, and the wider communities in which they are located. As part of this, a team from Birmingham led a Policy Commission investigating the ongoing effects of the COVID-19 pandemic on young people (15-24-year-olds). The final report from this project has recently been published.

The lines of enquiry for this Policy Commission focused especially on the education, employment, and mental health of young people across Europe. In particular, there was a concern that the pandemic could deepen inequalities in these dimensions of well-being along divisions of socioeconomic background, gender, and ethnicity. A call for evidence disseminated across the EUniWell network resulted in submissions of research studies, examples of good institutional practices from the partner universities, and feedback from engagement events with young people in local schools. This mixed evidence base was supplemented by a search of the wider academic and policy literature related to the topics of concern.

An important theme that emerged from the review of this evidence is that many of the impacts of the COVID-19 pandemic were not transitory in nature, but will continue to shape the lives of young people in the future. In the near term, this will include their influence on the paths that teenagers and young adults follow over the next few years as these age cohorts progress further through the education system and into the labour market. On a longer timescale, however, there is also a danger that the 'scarring effects' of educational disruption, insecure employment, and poor mental health experienced over the last three and a half years will be a lasting burden on the well-being of those groups most affected by the crisis.

Even with the threat to public health posed by the coronavirus now having faded, government policies should therefore still prioritise support for young people to help mitigate and reverse the enduring effects of the pandemic. This has arguably become even more pressing over the past year given the cost-of-living crisis across Europe that risks compounding some of the most serious impacts of the pandemic on the economic well-being of vulnerable young people.

This changing context frames the seven policy lessons that are identified in the final report. Reflecting the geographical scope of EUniWell, these are targeted at the level of the European Union, as well as individual national/regional governments and universities.

1. Focus on the legacy of the pandemic for young people
2. Build on EU training and employment support programmes
3. Prioritise the well-being of young people in the post-pandemic recovery
4. Engage young people in shaping their future
5. Commission longitudinal research into the effects of the pandemic
6. Support the mental health of (higher education) students
7. Leverage the civic role of universities to support all young people

The EU is the common environment shared by almost all members of the EUniWell alliance. Along with Taras Shevchenko National University of Kyiv (Ukraine), the exception to this is now the University of Birmingham. However, most of the seven lessons drawn here remain as relevant to the UK as other European countries. There is, therefore, a need for the UK government to ensure that its young citizens have access to similar opportunities as their peers in the EU and that public authorities and services at a sub-national level across England, Scotland, Wales, and Northern Ireland have the capabilities and resources to deliver on this policy goal. This is particularly relevant in a city like Birmingham with a very large population of young people under 25.

Since the early stages of the pandemic, the European Union has taken a number of forward-looking steps to support the participation of young people in a post-crisis economic recovery. For instance, a reinforced Youth Guarantee aims to ensure that all EU citizens under 30 will receive a good offer of employment, continued education, or training within four months of becoming unemployed or leaving education. The European Pillar of Social Rights Action Plan also includes universal commitments to equal opportunities in the labour market, fair working conditions, and social protections that will especially benefit young people.

The UK Shared Prosperity Fund, launched in 2022 to replace access to the EU Structural and Investment Funds, includes provision for high-quality skills training tailored to local economic needs. To function as an effective substitute for the Structural Funds, however, this new Shared Prosperity Fund will have to address the funding gap faced by areas in the North and Midlands and be extended in a way that allows sub-national actors to make longer-term strategic plans beyond its initial three-year allocation.

In both the EU and UK, employment and skills policies targeted at young people should also be accompanied by a focus on working with educational institutions, employers, and healthcare services to improve their mental well-being. The EUniWell Policy Commission found wide-ranging evidence of the negative impacts of the Covid-19 pandemic on the mental health of groups including adolescents, higher education students, and young people experiencing unemployment and/or economic insecurity. There is therefore a danger that, if left unaddressed, the legacy of this poor mental health during a key phase of their lives could prevent some young people from effectively taking advantage of employment or training opportunities that become available to them in a post-pandemic economy.

To find out more about this project join the authors of the report for an online event on 17th October:
EUniWell Open Lecture Series: Young People, Well-being, and the Covid-19 Pandemic – Learning for the Future from the EUniWell Policy Commission

Are E-Scooters a Solution or a Hazard?

Magda Cepeda Zorrilla, WMREDI

Dr Magda Cepeda-Zorrilla discusses the return of e-scooters to Birmingham. Can they help to replace short vehicle trips? Or are they a danger to pedestrians and other road users?

This blog was first posted on the Birmingham Business School blog.

In this blog, I write about the return of e-scooters to Birmingham with a new rental company. I emphasise the absence of research on the advantages and disadvantages of using this mode of transport in the West Midlands. So far, the majority of e-scooter users are young men and e-scooters are not replacing short vehicle trips, but rather some walking and public transport trips.

Therefore, the benefits of its use for modal shift are minimal. To date, it doesn't reflect on increasing access to mobility options for other road users such as women or elderly people. This blog emphasises that currently, its use represents a burden on public health caused by the cost of injuries from accidents using e-scooters.

This blog concludes that although e-scooters have the potential to replace short car trips, this has not been the case so far and that it is crucial to incentivize its use with a focus on short car journey substitution; otherwise, there is a risk of a decline in walking trips that can have negative health effects on the population in the longer term.

E-scooters return to Birmingham

E-scooters (ES) are back in Birmingham as part of a Governmental trial. Trialled rental use was legalised on 4 July 2020 for use on UK public roads and Birmingham is now trialling it's second provider of the scheme. Transport for West Midlands (TFWM), has stated that the idea behind the e-scooters as with other forms of micromobility in the region is to introduce more flexibility and more choice to give people more realistic and viable options to commute. Although this is important, in the case of ES it is also essential to conduct an analysis of the public benefits of having them.

Benefits from the use of ES

Using ES to substitute short journeys by private vehicles could provide a solution to some urban challenges such as traffic congestion, CO2 emissions as well as other pollutants, noise, and car accidents (Chang et al., 2016). They could provide a solution for the first-last mile problem or even be used for door-to-door trips (Hardt and Bogenberger, 2019). However, the Parliamentary Advisory Council for Transport Safety in the UK (PACTS) stated that international experience and evidence show that "the public benefits are illusory and the disbenefits substantial, at least in a European context".

Challenges of the use of ES

First of all, trips made by ES are not replacing short vehicle trips, the journeys are very short and are rather substituting walking and public transport trips. According to a study of e-scooter users in Paris, the shift was mainly from walking and public transportation (72%) and few have increased their total mobility by making new trips which are mainly for leisure (6%) (Christoforou, et al. 2021). This poses a different problem as ES could potentially substitute active travel like walking and cycling and, thus, generate negative effects on public health (Civity, 2019). Environmental concerns such as higher CO2 emissions, negative effects caused by the production of ES, as well as charging, collecting and distributing of shared e-scooters are also noted in research (Laa and Leth, 2020).

Accessibility and inclusion is also a challenge. Different studies in European cities have found that a greater proportion of users are young males (Laa, and Leth, 2020 and Christoforou, et al. 2021). Research in Paris found that ES users are mostly men, aged 18–29, and have a high educational level. On the other hand, to hire an ES in the UK, you must have the category Q entitlement on your driving licence and therefore, people without a driving licence cannot rent one.

The use of public space for riding, as well as for parking is a further challenge. In the case of the trial in Birmingham, parking might not be a problem now that the scheme is taken by the new company, who have ensured ES are no longer free floating and will be parked in a dock next to the current bike share systems. In terms of public space, the risk of the ES being driven on the pavement can increase the feeling of insecurity for pedestrians and other road users, especially for people with disabilities, the visually impaired or with compromised mobility.

Another issue related to the ES is the cost of injuries for the health system. In France, with the increase in the use of ES, researchers observed a 23% increase in crashes involving micro vehicles in 2018 (Christoforou, et al. 2021).

Research from the UK found that the cost per patient was £1482.46 or £927.25 if immediate surgery was not required. Again, the profile of the people admitted to the hospital was made mainly of men, and only a minority of the reported cases were associated with the influence of alcohol or drugs (7.4%) (Ahluwalia, et al. 2023).

Trial and error

To date, cities have approached this form of micromobility with a trial and error method (Christoforou, et al. 2021) the balance between advantages versus challenges seems to incline more for the second (PACTS). This is because although ES have the potential to replace short car trips, the evidence shows that so far this has not been the case, therefore, it is crucial to incentivize its use with a focus on car journey substitution. Otherwise, there is a risk of a decline in walking trips which can affect negatively people's health in the medium and long term. Regarding the current conditions of the legality of e-scooters, the study from Paris stated that rules and legislation remain unclear in many cases (vehicle certification, right-of-way, speed limits, obligatory safety equipment, insurance) (Christoforou, 2021). This is another area that needs to be considered and there is also a need for more research on interventions to prevent ES injuries including protective clothing and helmet-wearing to reduce unnecessary costs for the healthcare system (Ahluwalia, et al. 2023).

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NatWest Purchasing Manager Index (PMI) Survey: West Midlands Region Released September 2023[12]

The Economic Intelligence Unit

In Summary:

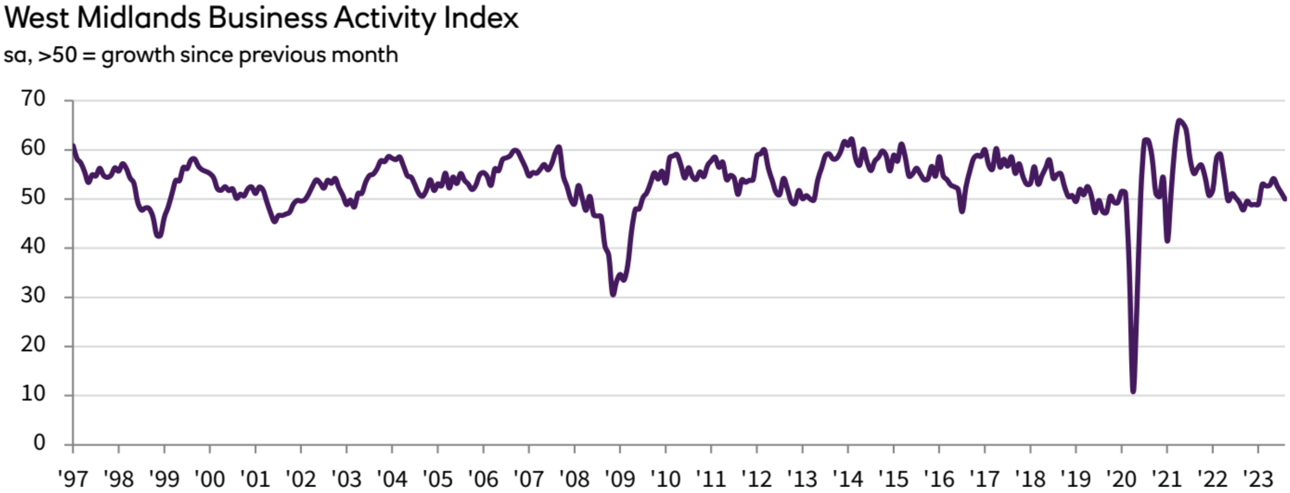
- The West Midlands Business Activity Index decreased from 51.3 in July 2023 to 50.0 in August 2023, marking the end of a six-month period of growth. There was a mixed picture reported, as some firms reported output growth due to new client wins and clearing of backlog while others reported lack of new business and elevated borrowing costs restricted business activity.
- The UK Business Activity Index decreased from 50.8 in July 2023 to 48.6 in August 2023.
- Out of the 12 UK regions, the West Midlands was the fourth highest for business activity in August 2023.
- The West Midlands Future Business Activity Index increased from 76.8 in July 2023 to 78.5 in August 2023, the joint highest level since January 2022. Optimism in West Midlands firms was linked to expectations of new business gains, product diversification and internal efficiency.
- Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in August 2023.

In Detail:

Business Activity Index

The West Midlands Business Activity Index decreased from 51.3 in July 2023 to 50.0 in August 2023, marking the end of a six-month period of growth. There was a mixed picture reported, as some firms reported output growth due to new client wins and clearing of backlog while others reported lack of new business and elevated borrowing costs restricted business activity.

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



Source: NatWest West Midlands PMI, September 2023

Out of the 12 UK regions, the West Midlands was the fourth highest for business activity in August 2023. Wales was the highest with 50.5 and Northern Ireland was the lowest at 45.7. Despite the fall, the West Midlands scored highest of English regions outside of London.

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

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[12] Source: NatWest UK regional PMI report for August 2023, released September 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, September 2023

Demand

The West Midlands New Business Index decreased from 50.6 in July 2023 to 50.3 in August 2023. Despite the decline, this is the seventh consecutive month for rises in new business intakes – the only region to see a rise. Growth was reportedly restricted by elevated interest rates, client concerns over the economic outlook and delayed client decisions.

Exports

After several months of moving closer to the no change mark of 50.0, the West Midlands Export Climate Index decreased from 50.4 in July 2023 to 49.5 in August 2023.

Business Capacity

The West Midlands Employment Index decreased from 50.0 in July 2023 to 49.4 in August 2023, the first fall seen in two-and-a-half years. The fall was linked to firms' efforts to improve cashflows and not replacing voluntary leavers. The West Midlands Outstanding Business Index decreased from 45.7 in July 2023 to 43.0 in August 2023. The ninth consecutive month under the 50-mark threshold and the latest change was the fastest seen in over three years. West Midlands firms reported that the lack of new work and recent expansions in operating capacities facilitated the reduction in unfinished business.

Prices

The West Midlands Input Prices Index decreased from 62.1 in July 2023 to 59.6 in August 2023. Although sharp, the latest increase in expenses was considerably less pronounced than those seen over the past 33 months. West Midlands firms reported higher transport and wage costs but slightly offset from the easing of energy and raw materials costs.

The West Midlands Prices Charged Index decreased from 56.0 in July 2023 to 54.9 in August 2023, still indicating a notable increase. The rate of inflation remains historically high but has eased to the weakest level seen since in two-

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

and-a-half years. There were some West Midlands firms that reportedly hiked their fees, while other firms lowered their charges due to cost savings and competitive conditions.

Outlook

The West Midlands Future Business Activity Index increased from 76.8 in July 2023 to 78.5 in August 2023, the joint highest level since January 2022. Optimism in West Midlands firms was linked to expectations of new business gains, product diversification and internal efficiency.

Out of the 12 UK regions, the West Midlands was the highest for Future Business Activity in August 2023. The South East was the second highest at 75.1 and the North East was the lowest at 56.6.

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

Source: NatWest West Midlands PMI, September 2023

UK Regional Trade in Goods Statistics[13]: West Midlands, Year to Q2 2023

The Economic Intelligence Unit

Key Points:

- Since the year ending Q2 2022, the West Midlands region's total value in goods exports increased by £6.9bn (+26.1%) to £33.4bn in the year ending Q2 2023 – the highest increase reported across all UK regions. The overall value of UK trade in goods exports increased at a slower rate, by 12.2% (to £379.8bn) in the year ending Q2 2023.

- Since the year ending Q2 2022, the value of West Midlands region imports increased by £3.2bn (+8.1%) to £42.5bn in the year ending Q2 2023. UK-wide total imports increased by 12.2% to £627.8bn

- The West Midlands had a trade in goods deficit of £9.1bn in the year ending Q2 2023.

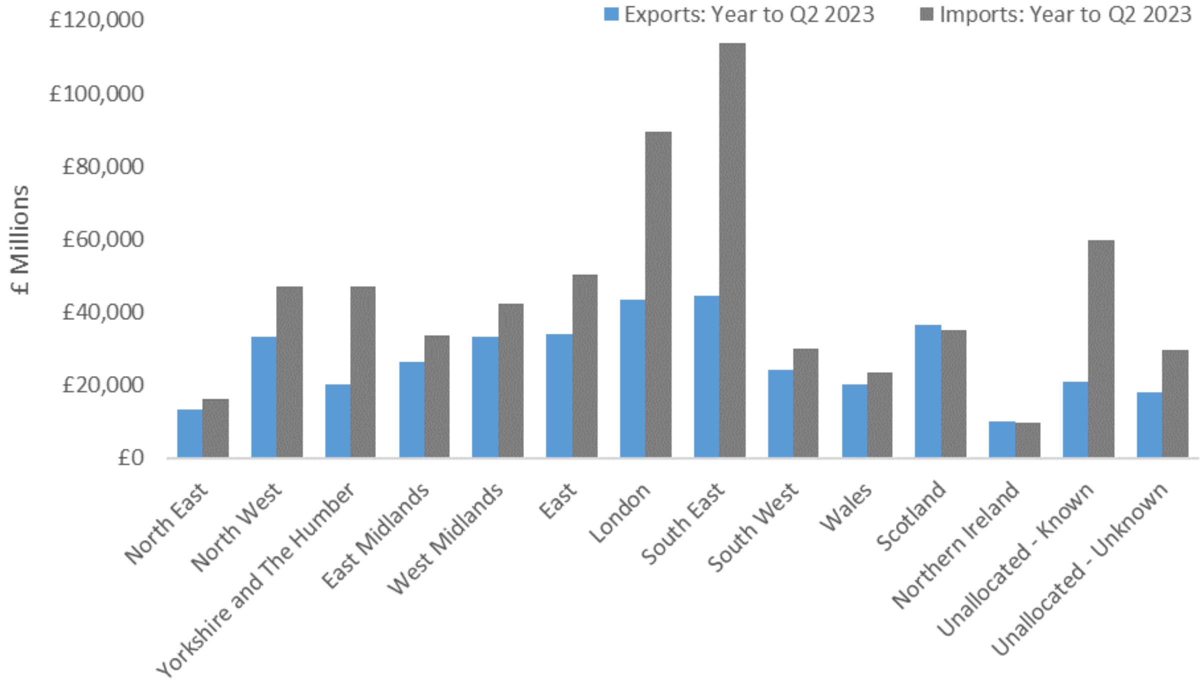
- In the year ending Q2 2023, the largest value goods exported for a SITC section in the West Midlands was machinery & transport at £23.2bn. This SITC section accounted for 69.4% of the total exports value; of which 62.9% (£14.6bn) were non-EU exports. Compared to the year ending Q2 2022, the total value of these exports has increased by £6.0bn (+35.2%). The value has slightly decreased quarter-on-quarter (-0.3% or - £17m to £6.0bn) but has risen (+37.8%) when compared to the same quarter in Q2 2022 (£4.4bn).

- By country group, the highest value of West Midlands goods exports was to the EU at £14.5bn, accounting for 43.3% of the total in the year ending Q2 2023. Exports to the EU from the West Midlands have increased by £1.7bn (+13.0%) since year ending Q2 2022.

In Detail:

- In the year ending Q2 2023, the West Midlands region exported £33.4bn and imported £42.5bn worth of goods, leading to a trade in goods deficit of £9.1bn. This reflects a smaller deficit when compared to year ending Q2 2022 when the trade deficit was £12.8bn.

The following chart shows the value of goods exported and imported for year ending Q2 2023:



[13] Source: HM Revenue & Customs, UK Regional Trade in Goods Statistics Quarter 2 2023 – Released September 2023.

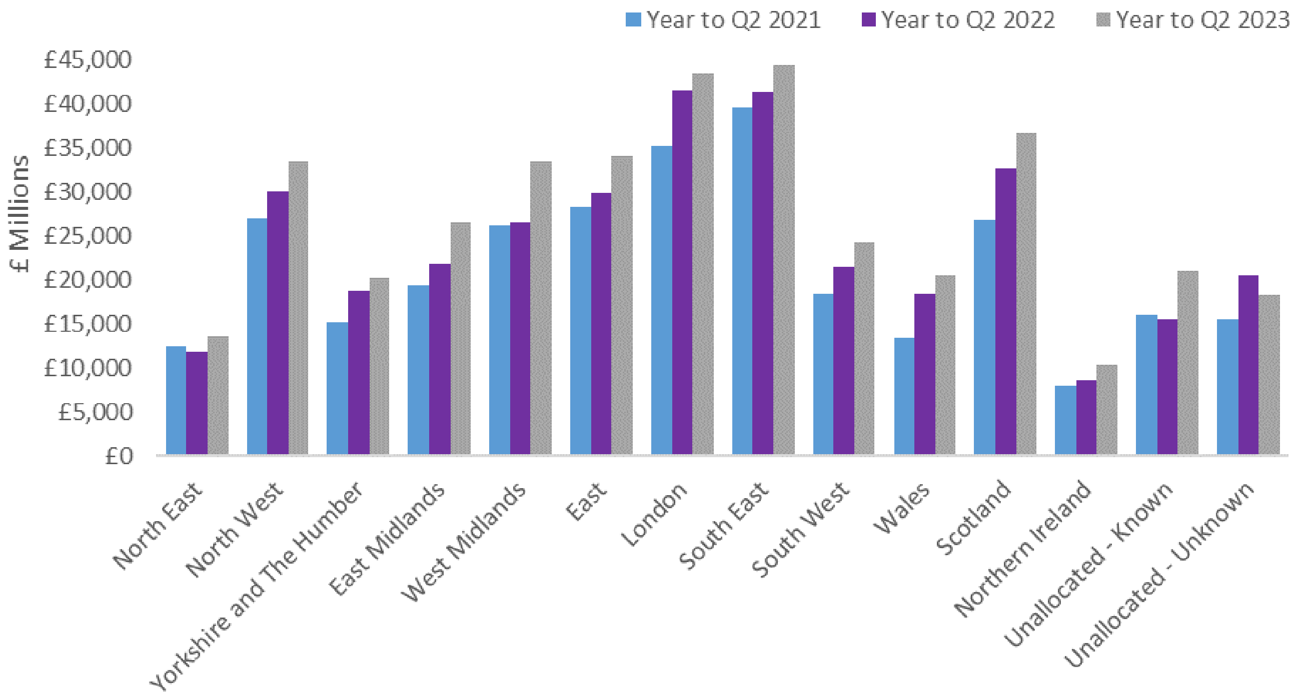
Goods Exported

- Since the year ending Q2 2022, the overall value of UK trade in goods exports increased by 12.2% (to £379.8bn in year ending Q2 2023). All regions saw an increase in the annual export value; notably the West Midlands had the highest increase.

- Since the year ending Q2 2022, the West Midlands total value in goods exports increased by £6.9bn (+26.1%) to £33.4bn in year ending Q2 2023.
    - Within this, the value of goods exports from the West Midlands to the EU increased by £1.7bn (+13.0%, UK +12.3%) to nearly £14.5bn and the value of goods exports to Non-EU locations increased by £5.3bn (+38.4%, UK +12.2%) to nearly £19.0bn.

- The West Midlands region accounted for 8.8% of UK total exports in year ending Q2 2023. The West Midlands region accounted for 7.4% of UK exports to the EU and 10.3% for Non-EU locations.

The following chart shows UK exports by region, for year ending Q2 2021, Q2 2022 and Q2 2023:



- Quarterly exports analysis shows that when comparing Q2 2023 to Q1 2023, total goods exports from the West Midlands increased by £145m (+1.7%, UK -0.1%) to £8.7bn. The rise in goods exports was due to Non-EU exports, increasing by £268m (+5.7b%, UK +6.1%) to nearly £5.0bn. While EU exports from the West Midlands decreased by £124m (-3.2%, UK -5.7%) to nearly £3.8bn.

- When comparing Q2 2023 to Q2 2022, total exports from the West Midlands increased by £1.8bn (+25.9%, UK -0.8%). Non-EU exports from the West Midlands increased by over £1.5bn (+44.6%, UK +5.3%) and EU exports from the West Midlands increased by £266m (+7.6%, UK -6.2%).

Goods Imported

- Since the year ending Q2 2022, the overall value of UK trade in goods imports increased by 12.2% (to £627.8bn in year ending Q2 2023). Other than Yorkshire and the Humber, all regions saw an increase in the annual import value.

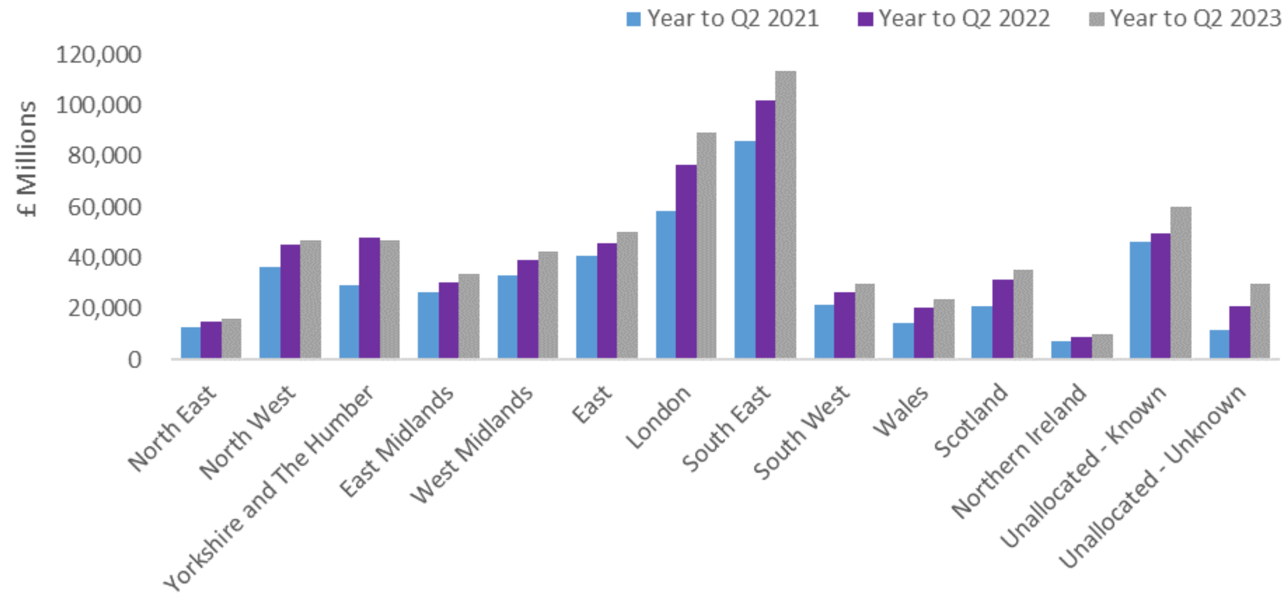
- Since the year ending Q2 2022, the West Midlands total value in goods imports increased by £3.2bn (+8.1%) to £42.5bn in year ending Q2 2023.

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

- Within this, the value of goods imports to the West Midlands from the EU increased by £3.2bn (+14.7%, UK +18.6%) to £25.0bn while the value of goods imports from Non-EU locations decreased by £25m (-0.1%, UK +6.3%) to £17.5bn.

- The West Midlands region accounted for 6.8% of UK total imports in the year ending Q2 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 Q2 2021, Q2 2022 and Q2 2023:



- When comparing Q2 2023 to Q1 2023, total imports to the West Midlands decreased by £68m (-0.6%, UK -4.8%) to £10.9bn. EU imports to the West Midlands decreased by £161m (-2.4%, UK +0.6%) to £6.6bn and Non-EU imports to the West Midlands increased by £93m (+2.2%, UK -10.4%) to £4.3bn.

- Quarterly imports analysis shows that when comparing Q2 2023 to Q2 2022, total imports to the West Midlands decreased by £223m (-2.0%, UK -4.2%). EU imports to the West Midlands increased by £145m (+2.2%, matching UK growth) and Non-EU imports to the West Midlands decreased by £369m (-7.9%, UK -10.8%).

Standard International Trade Classification (SITC)

- The total value of goods exported increased in five of the ten SITC sections (and a further 1 remained the same level) in the West Midlands when compared to the year ending Q2 2022. The decreases were in ‘beverages and tobacco’, ‘crude materials’, ‘mineral fuels’ and ‘animal and vegetable oils’.

- In the year ending Q2 2023, the largest value goods exported for a SITC section in the West Midlands was machinery & transport at £23.2bn. This SITC section accounted for 69.4% of the total exports value; of which 62.9% (£14.6bn) were non-EU exports. Compared to the year ending Q2 2022, the total value of these exports has increased by £6.0bn (+35.2%). The value has slightly decreased quarter-on-quarter (-0.3% or - £17m to £6.0bn) but has risen (+37.8%) when compared to the same quarter in Q2 2022 (£4.4bn). This reflects a recovery in automotive and wider manufacturing.

- West Midlands imports from six of the ten SITC sections increased from the year ending Q2 2022; the decreases were in ‘crude materials’, ‘mineral fuels’, ‘manufactured goods’ and ‘other commodities nes’.

- The SITC section with the largest total value of imports in the year ending Q2 2023 was machinery & transport at £20.4bn, reflecting 48.1% of total imports; of which 62.3% (£12.7bn) came from the EU. Imports of this SITC section overall have increased since the year ending Q2 2022 by £3.1bn (+18.2%); the value has increased quarter-on-quarter (+0.8% or +£46m to nearly £5.6bn) and when compared to Q2 2022 only, imports have increased by 10.8% (+£542m).

The following table shows a breakdown of total goods exported and imported by SITC section and the percentage change between year ending Q2 2022 and Q2 2023:

Figures in £m	West Midlands Region			UK		
	Year to Q2 2022	Year to Q2 2023	% Change	Year to Q2 2022	Year to Q2 2023	% Change
Total Exports by SITC Section						
0 Food and Live Animals	£773	£796	3.0%	£14,570	£16,032	10.0%
1 Beverages and Tobacco	£74	£67	-9.5%	£7,981	£9,166	14.8%
2 Crude Materials	£1,199	£1,107	-7.7%	£10,320	£9,425	-8.7%
3 Mineral Fuels	£192	£187	-2.6%	£39,063	£45,534	16.6%
4 Animal and Vegetable Oils	£42	£31	-26.2%	£700	£714	2.0%
5 Chemicals	£1,451	£1,495	3.0%	£56,704	£61,784	9.0%
6 Manufactured Goods	£3,327	£3,576	7.5%	£38,370	£37,993	-1.0%
7 Machinery and Transport	£17,135	£23,174	35.2%	£115,545	£142,798	23.6%
8 Miscellaneous Manufactures	£2,294	£2,977	29.8%	£39,662	£43,434	9.5%
9 Other commodities nes	£7	£7	0.0%	£15,514	£12,904	-16.8%
Total Exports	**£26,495**	**£33,415**	**26.1%**	**£338,431**	**£379,783**	**12.2%**
Total Imports by SITC Section						
0 Food and Live Animals	£2,621	£2,844	8.5%	£42,951	£49,391	15.0%
1 Beverages and Tobacco	£306	£324	5.9%	£7,342	£8,115	10.5%
2 Crude Materials	£887	£722	-18.6%	£15,563	£14,092	-9.5%
3 Mineral Fuels	£1,464	£1,290	-11.9%	£87,809	£99,241	13.0%
4 Animal and Vegetable Oils	£153	£172	12.4%	£2,098	£2,422	15.4%
5 Chemicals	£2,513	£2,629	4.6%	£69,797	£73,009	4.6%
6 Manufactured Goods	£8,576	£8,444	-1.5%	£66,186	£63,887	-3.5%
7 Machinery and Transport	£17,287	£20,431	18.2%	£177,529	£216,067	21.7%
8 Miscellaneous Manufactures	£5,484	£5,620	2.5%	£77,850	£81,592	4.8%
9 Other commodities nes	£6	£4	-33.3%	£12,454	£19,974	60.4%
Total Imports	**£39,297**	**£42,481**	**8.1%**	**£559,578**	**£627,791**	**12.2%**

Country Group

- There was only one Country Group where goods exports from the West Midlands declined when compared to the year ending Q2 2022. The Country Group that declined was Eastern Europe (excl. EU) by £121m (-20.7%) to £463m.

- The highest value of West Midlands goods exports was to the EU at £14.5bn, accounting for 43.3% of the total in the year ending Q2 2023. Exports to the EU from the West Midlands increased by £1.7bn (+13.0%) since year ending Q2 2022.

- There were three Country Groups where goods imports to the West Midlands declined from the year ending Q2 2022. The Country Groups that declined were: Eastern Europe (excl. EU) by £281m (-54.8%) to £232m, Sub-Saharan Africa by £33m (-10.4%) to £283m and Western Europe by £55m (-2.7%) to £2.0bn.

- The highest value of goods imports was from the EU at £25.0bn, accounting for 58.8% of total West Midlands imports. This was a £3.2bn (+14.7%) increase in value from the year ending Q2 2022.

- The second highest value of imports was from Asia & Oceania at £11.0bn, accounting for 25.9% of total imports (compared to 18.4% of exports) in the year ending Q2 2023. Imports from Asia & Oceania to the West Midlands increased by £51m (+0.5%) since the year ending Q2 2022, in comparison exports increased by £1.7bn (+36.8%).

The following table shows a breakdown of goods exported and imported by country group and the percentage change between year ending Q2 2022 and Q2 2023:

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

Figures in £m	West Midlands Region			UK		
	Year to Q2 2022	Year to Q2 2023	% Change	Year to Q2 2022	Year to Q2 2023	% Change
Exports by Country Group						
Asia & Oceania	£4,503	£6,160	36.8%	£54,603	£59,342	8.7%
Eastern Europe (excl EU)	£584	£463	-20.7%	£5,214	£4,221	-19.0%
European Union	£12,791	£14,456	13.0%	£174,312	£195,685	12.3%
Latin America and Caribbean	£423	£519	22.7%	£5,217	£6,211	19.1%
Middle East and North Africa (excl EU)	£1,300	£2,011	54.7%	£16,430	£22,215	35.2%
North America	£5,498	£8,253	50.1%	£52,464	£63,247	20.6%
Sub-Saharan Africa	£334	£399	19.5%	£5,643	£6,082	7.8%
Western Europe (excl. EU)	£1,059	£1,151	8.7%	£14,641	£15,969	9.1%
Undefined Country Group	£3	£4	33.3%	£9,907	£6,811	-31.3%
Total Exports	**£26,495**	**£33,415**	**26.1%**	**£338,431**	**£379,783**	**12.2%**
Imports by Country Group						
Asia & Oceania	£10,934	£10,985	0.5%	£123,599	£125,927	1.9%
Eastern Europe (excl EU)	£513	£232	-54.8%	£8,880	£2,204	-75.2%
European Union	£21,772	£24,980	14.7%	£267,198	£316,863	18.6%
Latin America and Caribbean	£629	£633	0.6%	£8,093	£9,667	19.4%
Middle East and North Africa (excl EU)	£842	£897	6.5%	£20,584	£24,073	17.0%
North America	£2,270	£2,504	10.3%	£52,796	£71,049	34.6%
Sub-Saharan Africa	£316	£283	-10.4%	£9,966	£10,245	2.8%
Western Europe (excl. EU)	£2,022	£1,967	-2.7%	£62,567	£59,895	-4.3%
Undefined Country Group	-	-		£5,896	£7,867	33.4%
Total Imports	**£39,297**	**£42,481**	**8.1%**	**£559,578**	**£627,791**	**12.2%**

Labour Market Statistics and Claimant Count: Released September 2023

The Economic Intelligence Unit

UK Summary[14]

- For the UK, early estimates for August 2023 indicate that there were 30.1m payrolled employees, an increase of 1.5% (+449,000 employees) compared with the same period of the previous year, as notably, there was a decrease of 41,000 payrolled employees aged under 25 years; during the same period, payrolled employees aged 35 to 49 years increased by 174,000. The number of payrolled employees was also up when compared to February 2020, by 3.9% (+1,120,000). However, the latest monthly change remained largely unchanged at 0.0% (but -1,000 employees)[15].

- In May to July 2023, reports of UK-wide redundancies in the three months prior to interview[16] increased by 0.3 per thousand employees, compared with the previous quarter, to 3.6 per thousand employees. Despite the UK-wide increase in the last quarter, figures are still lower than to pre-coronavirus pandemic levels.

- Estimates for May to July 2023 show a decrease in the UK employment when compared with the previous quarter (Feb to Apr 2023), while the unemployment and economic inactivity rates increased.
  - The UK employment rate was estimated at 75.5% in May to July 2023, 0.5 percentage points (pp) lower than February to April 2023. The quarterly decrease in employment was driven by full-time employees and self-employed workers. When compared to before the coronavirus pandemic, the UK employment rate was 1.1pp lower.
  - The unemployment rate for May to July 2023 increased by 0.5pp on the quarter to 4.3%. The increase in unemployment was driven by people unemployed for up to 12 months. When compared to before the coronavirus pandemic, the UK unemployment rate was 0.3pp higher.
  - The economic inactivity rate increased by 0.1pp on the quarter, to 21.1% in May to July 2023. The increase in economic inactivity during the latest quarter was driven by people aged 16 to 24 years. Those inactive because of long-term sickness increased to another record high. Meanwhile, those inactive because they were looking after family or home decreased to a record low. When compared to before the coronavirus pandemic, the UK economic activity rate was 0.9pp higher.

- Total public sector employment increased in June 2023 compared with the previous quarter and the previous year; central government is the main contributor to the rise with smaller increases in local government and public corporations.

- Total hours worked decreased in the latest quarter (-18.5m) to 1.04bn hours in May to July 2023. This is 12.2m hours below pre-coronavirus pandemic levels.

- For the UK, the number of job vacancies in June to August 2023 was 989,000; this was a decrease of 6.0% (-64,000) from the previous quarter – the 14th consecutive quarterly fall as vacancies fell in 13 of the 18 industry categories. In June to August 2023, total vacancies were down by 268,000 from the level of a year ago, although they remained 188,000 above their pre-coronavirus levels.

- For the UK, annual growth in regular pay (excluding bonuses) was 7.8% in May to July 2023, the same as the previous 3-month period and is the highest regular annual growth rate since comparable records began in 2001. Annual growth in employees' average total pay (including bonuses) was 8.5%; this total annual growth rate is affected by the NHS and Civil Service one-off payments made in June and July 2023. In real terms (adjusted for inflation using Consumer Prices Index including owner occupier's housing costs (CPIH)), annual growth for total pay rose on the year by 1.2% and for regular pay rose on the year by 0.6%.

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[14] Source: Office for National Statistics (ONS), Labour Market Overview; UK: September 2023

[15] Figures should be treated as a provisional estimates and are likely to be revised when ONS receive more data next month.

[16] 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

- Early estimates for August 2023 indicate that UK median monthly pay was £2,260 and increased by 6.7% when compared to August 2022.

- Across the UK, there were 281,000 working days lost because of labour disputes in July 2023. The majority of the strikes were in the Education and Health and social work sectors.

- In June 2023, UK workforce jobs fell by 153,000 on the quarter to 36.7m, with self-employment jobs showing a record quarterly fall.

Regional Labour Market Summary

- For the three months ending July 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 75.1%. Since the three months ending April 2023, the employment rate decreased by 0.4 percentage points (pp). When compared to the same period in the previous year, the latest employment rate was 0.2pp lower. The UK employment rate was 75.5%, a decrease of 0.5pp when compared to the previous quarter but an increase of 0.1pp when compared to the previous year.
- For the three months ending in July 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 5.0%, which has increased by 0.1pp since the previous quarter and an increase of 0.4pp from the previous year. The UK unemployment rate was 4.3%, an increase of 0.5pp from the previous quarter and 0.7pp higher when compared to the previous year.
- For the three months ending July 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 20.8%, an increase of 0.3pp from previous quarter but a decrease of 0.1pp when compared to the previous year. The UK economic inactivity rate was 21.1%, an increase of 0.1pp from the previous quarter but a decrease of 0.6pp from the previous year.

WMCA Claimant Summary

- There were 124,780 claimants in the WMCA area in August 2023. Since July 2023, there has been an increase of 0.2% (+275) claimants in the WMCA area, matching the UK growth rate. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 25.7% (+25,480) in the WMCA area, with the UK increasing by 22.0% over the same period.
- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 6.8% compared to 3.7% for the UK in August 2023.
- In August 2023, there were 23,590 youth claimants in the WMCA area. Since July 2023, there was an increase of 1.9% (+440) youth claimants in the WMCA area, matching the UK growth rate. When compared to March 2020 (pre-Coronavirus pandemic), youth claimants have increased by 23.2% (+4,435) in the WMCA area, with the UK increasing by 14.1%.
- Overall, for the WMCA area, the number of youth claimants as a percentage of residents aged 18-24 years old was 8.3% compared to 4.9% for the UK in August 2023.

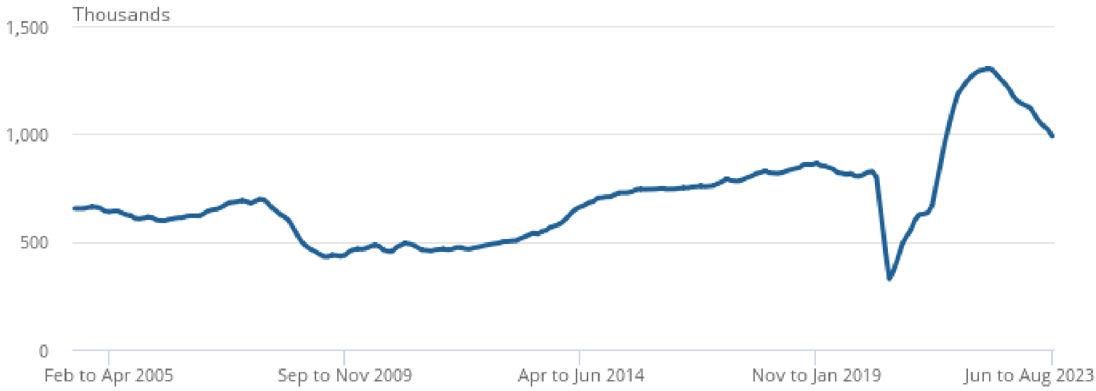
In Depth:

UK Labour Market Stastics – UK Vacancies and Jobs[17]

- In June to August 2023, the estimated number of vacancies fell by 64,000 to 989,000, the 14th consecutive period to show a fall on the quarter since May to July 2022 and the first time vacancies have been under 1m since May to July 2021.

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

[17] Source: ONS, Vacancies and Jobs in the UK: September 2023



Source: ONS – Vacancy Survey

- The total number of vacancies fell by 6.0% from the previous quarter, with administrative and support service activities, and professional, scientific and technical activities contracting the most, falling by 15.7% and 12.1%, respectively. The largest growth was in mining and quarrying at 5.9%.

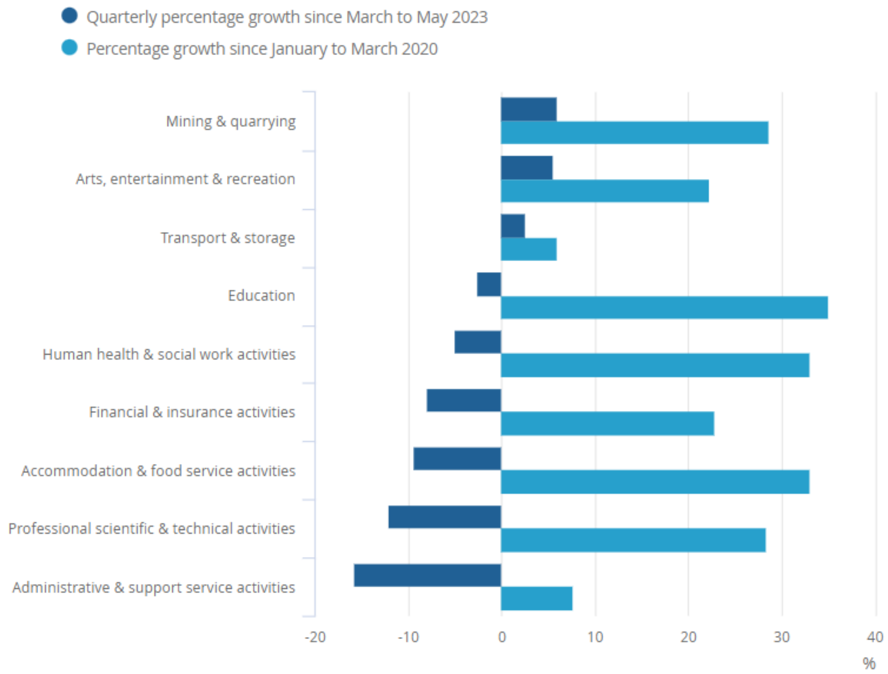
- June to August 2023 continued the sequence of quarterly falls that began in May to July 2022, with vacancies falling by 64,000 from the previous quarter. The industry sector showing the largest fall in vacancy numbers was professional, scientific and technical activities, down by 13,000.

- When comparing June to August 2023 with the same time last year, total vacancies fell by 268,000 (21.3%) with falls in 16 of the 18 industry sectors. The industry with the largest fall was accommodation and food service activities, where the number of vacancies fell by 48,000.

- The total number of vacancies remains 188,000 above January to March 2020 pre-coronavirus levels, with human health and social work activities showing the largest increase of 45,000. Only real estate activities are currently below pre-coronavirus (COVID-19) levels.

- In May to July 2023, the number of unemployed people per vacancy was at 1.4, up from 1.2 in February to April 2023. Although this ratio remains low by historical standards it does show a slight loosening of the labour market as the number of vacancies fell against an increase in unemployment.

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



Source: ONS – Vacancy Survey

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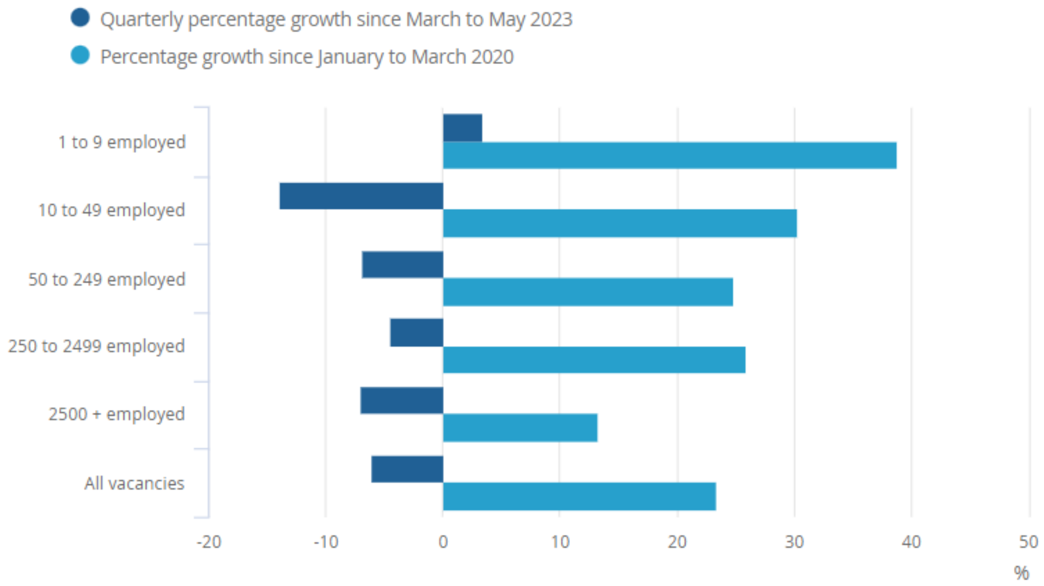
- Only the smallest size band increased in June to August 2023, growing by 3.4%.

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



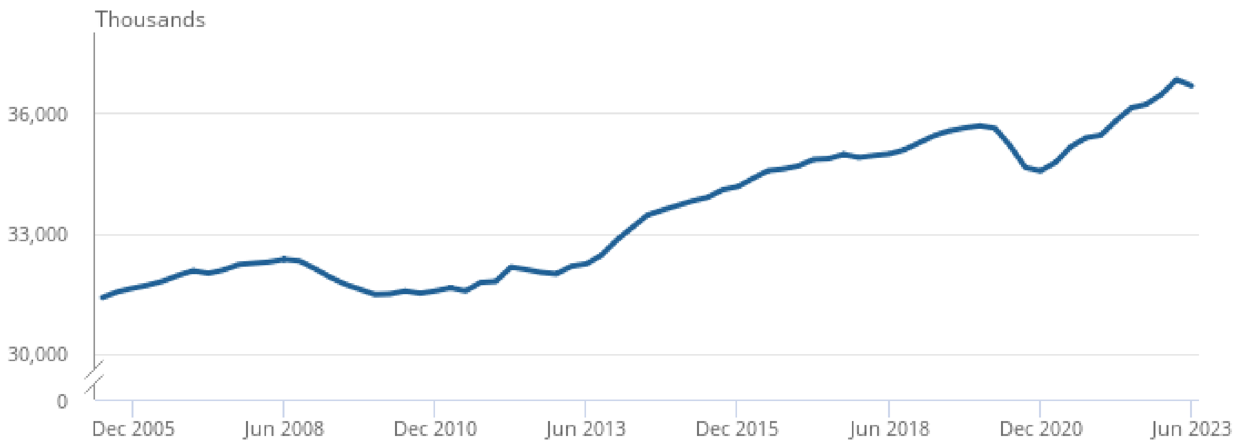
Source: ONS – Vacancy Survey

UK Jobs for June 2023

- In June 2023, UK workforce jobs fell to 36.7 million. This is a fall of 153,000 since March 2023, with a record quarterly fall of 197,000 in self-employment jobs having the largest contribution. Employee jobs offset this slightly, increasing by 68,000 on the quarter, but a further fall of 25,000 across government-supported trainees and HM Forces resulted in total workforce jobs falling for the first time since December 2020. Despite the quarterly fall, workforce jobs remain 995,000 above their December 2019 pre-coronavirus position.

- The total number of jobs includes both employee jobs and self-employment jobs. The former has risen every quarter since September 2020 resulting in a record high of 32.4 million and is 1.6 million above its December 2019 pre-coronavirus level. This level of growth has not been repeated in self-employment jobs, which remain 651,000 below December 2019 levels.

The following chart shows the number of jobs in the UK, seasonally adjusted, June 2005 to June 2023:



Source: ONS – Workforce jobs from the Office for National Statistics

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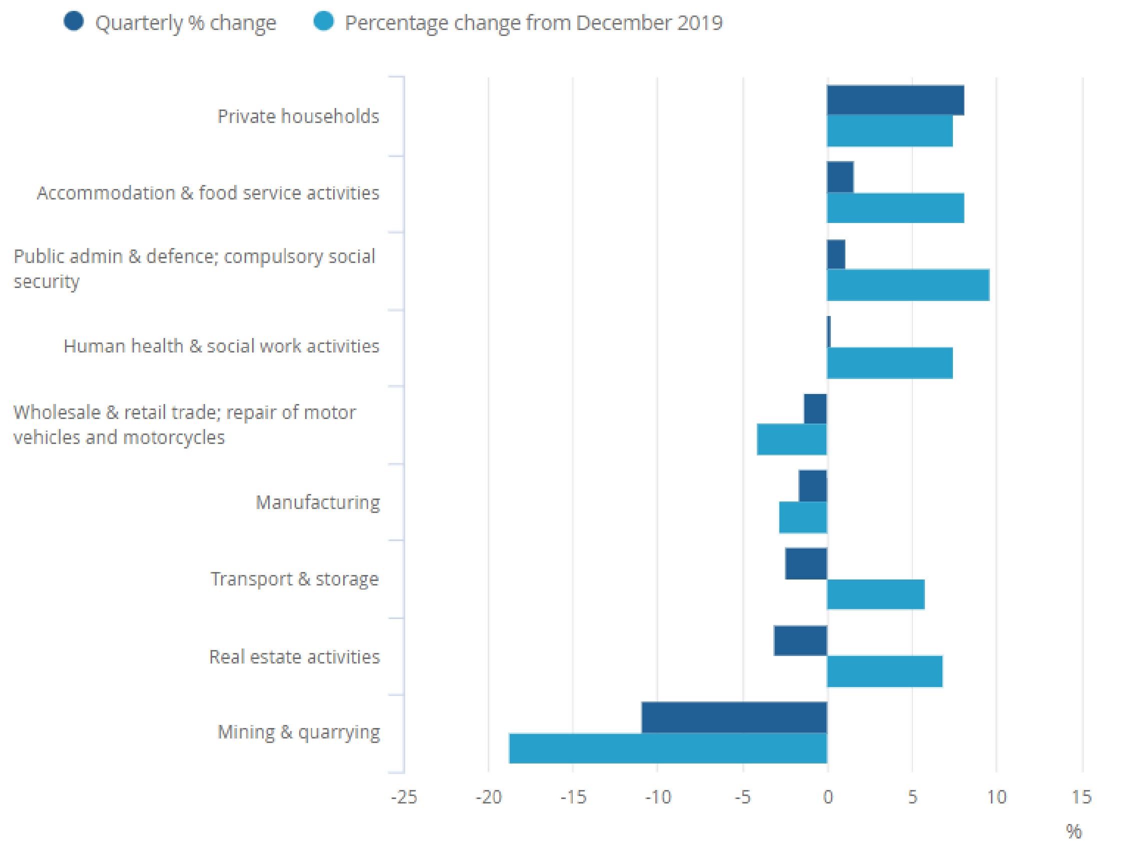
- The effect coronavirus had on job numbers has varied across the labour market, with 8 of the 20 industry sectors still below pre-coronavirus levels. The hardest hit sector, wholesale and retail trade; repair of motor vehicle and motorcycles, saw the largest fall in job numbers, at 205,000. However, the majority of industries showed increases, with the largest from human health and social work, which was up 333,000, and professional, scientific and technical activities, which was up 211,000, helping to keep total workforce jobs above pre-coronavirus levels. In June 2023, human health and social work reached a new record high at nearly 4.8 million, with further record highs recorded in accommodation and food service activities, information and communication, and water supply, sewerage, waste management and remediation activities.

- On the quarter, the number of workforce jobs declined in 11 industry sectors from March 2023, contributing to the decrease of 153,000 in the total workforce jobs estimate. The largest decrease came from wholesale and retail trade; repair of motor vehicles and motorcycles, down by 64,000. Further large decreases were seen in professional, scientific and technical activities, down 52,000, and transport and storage, down 46,000. The largest increase on the quarter was in accommodation and food service activities, which rose by 44,000.

The following chart shows June 2023 Workforce jobs in the UK, seasonally adjusted quarterly growth and growth from December 2019:



Source: ONS – Workforce jobs from the Office for National Statistics

Regional Labour Market[18]

- For the three months ending July 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 75.1%. Since the three months ending April 2023, the employment rate decreased by 0.4 percentage points (pp). When compared to the same period in the previous year, the latest employment rate was 0.2pp lower. The UK employment rate was 75.5%, a decrease of 0.5pp when compared to the previous quarter but an increase of 0.1pp when compared to the previous year. The highest employment rate within the UK for the three months ending July 2023 were in the South East with 79.6% and the lowest in Northern Ireland with 71.1%.

[18] Source: ONS, Labour Market in the Regions of the UK: September 2023

- For the three months ending in July 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 5.0%, which has increased by 0.1pp since the previous quarter and an increase of 0.4pp from the previous year. The UK unemployment rate was 4.3%, an increase of 0.5pp from the previous quarter and 0.7pp higher when compared to the previous year. The highest unemployment rate in the UK for the three months ending July 2023 (shifting for the West Midlands region for the past few months) was in the North West (5.3%) and the lowest unemployment rate was in Northern Ireland at 2.7%.

- For the three months ending July 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 20.8%, an increase of 0.3pp from previous quarter but a decrease of 0.1pp when compared to the previous year. The UK economic inactivity rate was 21.1%, an increase of 0.1pp from the previous quarter but a decrease of 0.6pp from the previous year. The highest economic inactivity rate in the UK for the three months ending July 2023 was in Northern Ireland with 26.9%, with the lowest in the South East with 17.1%.

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

	Employment Rate – May to Jul 23 (aged 16- 64 years)	Change on Feb to Apr 2023	Unemployment Rate - May to Jul 23 (16 years +)	Change on Feb to Apr 2023	Inactivity Rate – May to Jul 23 (aged 16-64 years)	Change on Feb to Apr 2023
UK	75.5%	-0.5pp	4.3%	0.5pp	21.1%	0.1pp
Great Britain	75.6%	-0.5pp	4.3%	0.5pp	20.9%	0.1pp
England	75.8%	-0.7pp	4.3%	0.5pp	20.7%	0.3pp
North East	74.1%	-0.3pp	5.2%	1.6pp	21.9%	-0.8pp
North West	73.6%	-1.7pp	5.3%	2.3pp	22.2%	-0.3pp
Yorkshire and The Humber	74.3%	-0.1pp	2.9%	-0.9pp	23.5%	0.8pp
East Midlands	76.0%	0.2pp	4.1%	0.7pp	20.6%	-0.8pp
West Midlands	**75.1%**	**-0.4pp**	**5.0%**	**0.1pp**	**20.8%**	**0.3pp**
East	77.2%	-1.2pp	4.3%	0.0pp	19.2%	1.3pp
London	73.5%	-2.1pp	4.8%	0.3pp	22.7%	2.0pp
South East	79.6%	1.0pp	3.9%	0.2pp	17.1%	-1.2pp
South West	77.5%	-0.9pp	3.6%	0.5pp	19.5%	0.6pp
Wales	74.0%	2.1pp	3.8%	-1.1pp	23.2%	-1.2pp
Scotland	75.1%	0.5pp	4.3%	1.2pp	21.4%	-1.5pp
Northern Ireland	71.1%	-1.3pp	2.7%	0.3pp	26.9%	1.1pp

Source: ONS – Labour Force Survey

- Between March and June 2023, workforce jobs decreased in 9 out of 12 regions of the UK, with London seeing the largest decrease of 72,000, while the South East increased by 71,000, Scotland by 35,000 and the North East by 12,000; London had the highest proportion of service-based jobs (92.8%), while the East Midlands had the highest proportion of production sector jobs (12.5%).

- Provisional figures show that there were nearly 3.1m workforce jobs in the West Midlands region in June 2023. This is a decrease of 0.9% (-27,964) since March 2023. When compared to June 2022, workforce jobs were 2.9% (+87,831) higher.

- In June 2023, 81.2% (2.4m) of workforce jobs in the West Midlands were in the services sector.

- Across all industries in June 2023 for the West Midlands region, 14.0% (428,240) of workforce jobs were in human health & social work activities, 13.3% (409,354) were in wholesale & retail trade; repair of motor vehicles and motor cycles. This was followed by 10.0% (308,043) in manufacturing.

- The latest quarterly change shows that in real terms, the highest fall in jobs was in professional scientific & technical activities, by 14,325 (or -6.6%) to 201,183 workforce jobs. Where there was an increase in workforce jobs, the highest increase in real terms was in construction, by 20,346 (or +11.6%) to a total of 195,399.

Claimant Count

Claimant count for people aged 16 years and over[19]:

- There were 124,780 claimants in the WMCA area in August 2023. Since July 2023, there has been an increase of 0.2% (+275) claimants in the WMCA area, matching the UK growth rate. When compared to August 2022, claimants have increased by 3.3% (+3,930) in the WMCA area, with the UK increasing by 1.9% over the same period. When compared to March 2020 (pre-Coronavirus pandemic), claimants have increased by 25.7% (+25,480) in the WMCA area, with the UK increasing by 22.0% over the same period.

- Birmingham had 63,475 claimants aged 16 years and over in August 2023, an increase of 650 (+1.0%) claimants from the previous month. Compared to the same month in 2022, Birmingham claimants increased by 2,475 (+4.1%). When compared to March 2020, the number of claimants has increased by 14,105 (+28.6%).

- Coventry had 12,760 claimants aged 16 years and over in August 2023, a decrease of 70 (-0.5%) claimants from the previous month. Compared to the same month in 2022, Coventry claimants increased by 1,110 (+9.5%). When compared to March 2020, the number of claimants has increased by 4,760 (+59.5%).

- Dudley had 9,040 claimants aged 16 years and over in August 2023, a decrease of 15 (-0.2%) claimants from the previous month. Compared to the same month in 2022, Dudley claimants decreased by 260 (-2.8%). When compared to March 2020, the number of claimants has increased by 525 (+6.2%).

- Sandwell had 13,495 claimants aged 16 years and over in August 2023, an increase of 80 (+0.6%) claimants from the previous month. Compared to the same month in 2022, Sandwell claimants increased by 300 (+2.3%). When compared to March 2020, the number of claimants has increased by 2,715 (+25.2%).

- Solihull had 4,085 claimants aged 16 years and over in August 2023, a decrease of 15 (-0.4%) claimants from the previous month. Compared to the same month in 2022, Solihull claimants decreased by 120 (-2.9%). When compared to March 2020, the number of claimants has increased by 435 (+11.9%).

- Walsall had 9,600 claimants aged 16 years and over in August 2023, a decrease of 155 (-1.6%) claimants from the previous month. Compared to the same month in 2022, Walsall claimants decreased by 20 (-0.2%). When compared to March 2020, the number of claimants has increased by 995 (+11.6%).

- Wolverhampton had 12,325 claimants aged 16 years and over in August 2023, a decrease of 205 (-1.6%) claimants from the previous month. Compared to the same month in 2022, Wolverhampton claimants increased by 445 (+3.7%). When compared to March 2020, the number of claimants has increased by 1,945 (+18.7%).

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

	Mar 2020	Aug 2022	Jul 2023	Aug 2023	Aug 2023 (Claimants as proportion aged 16-64) Rates	% Change Since Mar 20	% Change Since Aug 22	% Change Since Jul 23
Birmingham	49,370	61,000	62,825	63,475	8.6%	28.6%	4.1%	1.0%
Coventry	8,000	11,650	12,830	12,760	5.7%	59.5%	9.5%	-0.5%
Dudley	8,515	9,300	9,055	9,040	4.6%	6.2%	-2.8%	-0.2%
Sandwell	10,780	13,195	13,415	13,495	6.2%	25.2%	2.3%	0.6%
Solihull	3,650	4,205	4,100	4,085	3.2%	11.9%	-2.9%	-0.4%
Walsall	8,605	9,620	9,755	9,600	5.5%	11.6%	-0.2%	-1.6%
Wolverhampton	10,380	11,880	12,530	12,325	7.5%	18.7%	3.7%	-1.6%
WMCA	**99,300**	**120,850**	**124,505**	**124,780**	**6.8%**	**25.7%**	**3.3%**	**0.2%**
UK	1,268,620	1,520,035	1,545,730	1,548,270	3.7%	22.0%	1.9%	0.2%

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

- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 6.8% compared to 3.7% for the UK in August 2023.

Youth Claimants (Aged 18-24)

- In August 2023, there were 23,590 youth claimants in the WMCA area. Since July 2023, there was an increase of 1.9% (+440) youth claimants in the WMCA area, matching the UK growth rate. When compared to August 2022, youth claimants have increased by 11.9% (+2,510) in the WMCA area, with the UK increasing by 8.2%. When compared to March 2020 (pre-Coronavirus pandemic), youth claimants have increased by 23.2% (+4,435) in the WMCA area, with the UK increasing by 14.1%.

- Birmingham had 11,905 youth claimants in August 2023, an increase of 335 (+2.9%) youth claimants from the previous month. Compared to the same month in 2022, Birmingham's youth claimants increased by 1,415 (+13.5%). When compared to March 2020, the number of youth claimants has increased by 2,800 (+30.8%).

- Coventry had 2,200 youth claimants in August 2023, an increase of 20 (+0.9%) youth claimants from the previous month. Compared to the same month in 2022, Coventry's youth claimants increased by 220 (+11.1%). When compared to March 2020, the number of claimants has increased by 665 (+43.3%).

- Dudley had 1,770 youth claimants in August 2023, an increase of 25 (+1.4%) youth claimants from the previous month. Compared to the same month in 2022, Dudley's youth claimants increased by 140 (+8.6%). When compared to March 2020, the number of youth claimants has increased by 20 (+1.1%).

- Sandwell had 2,600 youth claimants in August 2023, an increase of 35 (+1.4%) youth claimants from the previous month. Compared to the same month in 2022, Sandwell's youth claimants increased by 240 (+10.2%). When compared to March 2020, the number of youth claimants has increased by 485 (+22.9%).

- Solihull had 800 youth claimants in August 2023, an increase of 20 (+2.6%) claimants from the previous month. Compared to the same month in 2022, Solihull's youth claimants increased by 40 (+5.3%). When compared to March 2020, the number of youth claimants has decreased by 25 (-3.0%).

- Walsall had 2,070 youth claimants in August 2023, an increase of 45 (+2.2%) claimants from the previous month. Compared to the same month in 2022, Walsall's youth claimants increased by 215 (+11.6%). When compared to March 2020, the number of youth claimants has increased by 155 (+8.1%).

- Wolverhampton had 2,250 youth claimants in August 2023, a decrease of 35 (-1.5%) youth claimants from the previous month. Compared to the same month in 2022, Wolverhampton's youth claimants increased by 250 (+12.5%). When compared to March 2020, the number of youth claimants has increased by 340 (+17.8%).

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	Aug 2022	Jul 2023	Aug 2023	Aug 2023 (Claimants as proportion aged 18-24) Rates	% Change Since Mar 20	% Change Since Aug 22	% Change Since Jul 23
Birmingham	9,105	10,490	11,570	11,905	9.2%	30.8%	13.5%	2.9%
Coventry	1,535	1,980	2,180	2,200	5.1%	43.3%	11.1%	0.9%
Dudley	1,750	1,630	1,745	1,770	7.5%	1.1%	8.6%	1.4%
Sandwell	2,115	2,360	2,565	2,600	9.1%	22.9%	10.2%	1.4%
Solihull	825	760	780	800	5.3%	-3.0%	5.3%	2.6%
Walsall	1,915	1,855	2,025	2,070	9.2%	8.1%	11.6%	2.2%
Wolverhampton	1,910	2,000	2,285	2,250	10.5%	17.8%	12.5%	-1.5%
WMCA	**19,155**	**21,080**	**23,150**	**23,590**	**8.3%**	**23.2%**	**11.9%**	**1.9%**
UK	238,085	251,265	266,605	271,755	4.9%	14.1%	8.2%	1.9%

- Overall, for the WMCA area, the number of youth claimants as a percentage of residents aged 18-24 years old was 8.3% compared to 4.9% for the UK in August 2023.

Claimant Count by Age and Gender[20]

- For those aged 16-24 in the WMCA area, when comparing August 2023 to the previous month, there was an overall increase of 450 claimants. This can be split by an increase of 235 males and an increase of 220 females.

- For those aged 25-49 in the WMCA area, when comparing August 2023 to the previous month, there was an overall decrease of 85 claimants. This can be split by an increase of 80 males (notably for males there were 180 less when compared with the same month a year before) and a decrease of 170 females (in contrast to males there were 3,490 more female claimants when compared with the same month a year before).

- For those aged 50 years and over in the WMCA area, when comparing August 2023 to the previous month, there was an overall decrease of 85 claimants. This can be split by a decrease of 45 males and a decrease of 35 females. When comparing July 2023 with the same month in 2022, overall claimants were 1,860 lower, split by 1,175 fewer males and 680 fewer females.

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

		Mar 2020	Jul 2022	Jul 2023	Aug 2023	No. Change Since Mar 20	No. Change Since Aug 22	No. Change Since Jul 23
Total	**Age 16+**	**99,300**	**120,850**	**124,505**	**124,780**	**25,480**	**3,930**	**275**
	Aged 16-24	**19,345**	**21,275**	**23,310**	**23,760**	**4,415**	**2,485**	**450**
	Aged 16-17	190	200	160	165	-25	-35	5
	Aged 18-24	19,155	21,080	23,150	23,590	4,435	2,510	440
	Aged 25-49	**56,930**	**71,025**	**74,420**	**74,335**	**17,405**	**3,310**	**-85**
	Aged 25-29	13,505	15,560	16,200	16,210	2,705	650	10
	Aged 30-34	13,315	16,565	16,820	16,730	3,415	165	-90
	Aged 35-39	11,650	15,455	16,505	16,455	4,805	1,000	-50
	Aged 40-44	9,535	12,965	14,100	14,090	4,555	1,125	-10
	Aged 45-49	8,925	10,480	10,800	10,845	1,920	365	45
	Aged 50+	**23,020**	**28,545**	**26,770**	**26,685**	**3,665**	**-1,860**	**-85**
	Aged 50-54	8,360	10,120	9,750	9,675	1,315	-445	-75
	Aged 55-59	7,490	8,885	8,335	8,310	820	-575	-25
	Aged 60-64	6,340	7,795	7,005	7,005	665	-790	0
	Aged 65+	830	1,740	1,680	1,695	865	-45	15
Male	**Age 16+**	**58,885**	**71,580**	**71,375**	**71,645**	**12,760**	**65**	**270**
	Aged 16-24	**11,970**	**13,210**	**14,400**	**14,635**	**2,665**	**1,425**	**235**
	Aged 16-17	85	85	75	80	-5	-5	5
	Aged 18-24	11,885	13,125	14,325	14,555	2,670	1,430	230
	Aged 25-49	**33,260**	**41,580**	**41,320**	**41,400**	**8,140**	**-180**	**80**
	Aged 25-29	8,180	9,550	9,680	9,745	1,565	195	65
	Aged 30-34	7,825	9,830	9,465	9,465	1,640	-365	0
	Aged 35-39	6,605	8,755	8,870	8,860	2,255	105	-10
	Aged 40-44	5,525	7,395	7,400	7,380	1,855	-15	-20
	Aged 45-49	5,125	6,055	5,905	5,955	830	-100	50
	Aged 50+	**13,655**	**16,785**	**15,655**	**15,610**	**1,955**	**-1,175**	**-45**
	Aged 50-54	4,880	5,920	5,515	5,505	625	-415	-10
	Aged 55-59	4,420	5,230	4,935	4,905	485	-325	-30
	Aged 60-64	3,815	4,550	4,125	4,105	290	-445	-20
	Aged 65+	535	1,090	1,080	1,095	560	5	15
Female	**Age 16+**	**40,415**	**49,270**	**53,125**	**53,135**	**12,720**	**3,865**	**10**
	Aged 16-24	**7,375**	**8,065**	**8,905**	**9,125**	**1,750**	**1,060**	**220**
	Aged 16-17	105	110	85	85	-20	-25	0
	Aged 18-24	7,270	7,950	8,820	9,035	1,765	1,085	215
	Aged 25-49	**23,670**	**29,445**	**33,105**	**32,935**	**9,265**	**3,490**	**-170**
	Aged 25-29	5,325	6,010	6,520	6,465	1,140	455	-55
	Aged 30-34	5,490	6,740	7,355	7,270	1,780	530	-85
	Aged 35-39	5,045	6,700	7,635	7,600	2,555	900	-35
	Aged 40-44	4,010	5,570	6,700	6,710	2,700	1,140	10
	Aged 45-49	3,800	4,425	4,895	4,890	1,090	465	-5
	Aged 50+	**9,365**	**11,760**	**11,115**	**11,080**	**1,715**	**-680**	**-35**

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

		Mar 2020	Jul 2022	Jul 2023	Aug 2023	No. Change Since Mar 20	No. Change Since Aug 22	No. Change Since Jul 23
	Aged 50-54	3,475	4,205	4,230	4,170	695	-35	-60
	Aged 55-59	3,070	3,655	3,400	3,405	335	-250	5
	Aged 60-64	2,525	3,245	2,885	2,900	375	-345	15
	Aged 65+	295	655	600	605	310	-50	5

Lightcast Job Postings WMCA Geography for August 2023[21]

- ***The number of unique job postings across the WMCA 7 Met. area increased in August.***

- Unique job postings increased by 19,456 or 16.6% from 117,433 in July 2023 to 136,889 in August 2023.

- All seven of the areas saw an increase from the previous month. Birmingham logged the largest increase on the previous month in real terms, at 10,457 (+16.0%), but Dudley saw the largest increase in percentage terms, at 19.6% (+1,534).

- Posting intensity, i.e., the effort towards hiring was 2-to-1.

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

	August 2023 Unique Postings	Percentage Change (July - August 2023)
Birmingham	76,618	16.0%
Coventry	16,581	16.5%
Dudley	9,380	19.6%
Sandwell	9,616	17.1%
Solihull	8,351	18.4%
Walsall	6,489	16.9%
Wolverhampton	9,854	16.2%

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

WMCA Gross Disposable Household Income, 2021– Released September 2023[22]

The Economic Intelligence Unit

Definition

Gross disposable household income (GDHI) is the amount of money that all the individuals in the household sector have available for spending or saving after they have paid direct and indirect taxes and received any direct benefits. GDHI is a concept that is seen to reflect the "material welfare" of the household sector. The household sector includes residents of traditional households, as well as those living in communal establishments. GDHI also includes the business income of self-employed people.

GDHI is measured and reported on at current basic prices.

Key Points:

- The WMCA area total GDHI increased from £47.1bn in 2020 to £48.6bn in 2021. This equates to a 3.1% (+£1.5bn) annual increase, slightly behind the UK-wide growth of 3.6%.

- The WMCA area GDHI per head increased from £16,038 in 2020 to £16,667 in 2021. This equated to a 4.0% (+£639) increase, above the UK-wide increase of 3.7%. There is still a shortfall of £5,002 between the WMCA area and UK figure (£21,679).

Full Brief:

Total Gross Disposable Household Income (GDHI)

- The WMCA area total GDHI increased from £47.1bn in 2020 to £48.6bn in 2021. This equates to a 3.1% (+£1.5bn) annual increase, slightly behind the UK-wide growth of 3.6%.
- Outside of London, the WMCA was the second highest for total GDHI in 2021, just behind Greater Manchester Combined Authority (GMCA) at £52.2bn. The WMCA also had the second highest increase in real terms.
- Within the WMCA area, all local authorities reported an increase in GDHI, from an increase of 2.7% (+£144m) in Dudley to £5.5bn to an increase of 3.4% (+£610m) in Birmingham (to £18.5bn).

GDHI at current basic prices (£m) by area, 2019, 2020 and 2021

	2019	2020	2021	Latest Annual Num. Change	Latest Annual Percentage Change
Birmingham	£17,596	£17,879	£18,489	£610	3.4%
Solihull	£5,001	£4,844	£4,980	£136	2.8%
Coventry	£5,651	£5,728	£5,897	£169	3.0%
Dudley	£5,278	£5,322	£5,466	£144	2.7%
Sandwell	£4,755	£4,831	£4,994	£163	3.4%
Walsall	£4,391	£4,432	£4,579	£147	3.3%
Wolverhampton	£4,033	£4,113	£4,227	£114	2.8%
WM 7 Met.	**£46,705**	**£47,149**	**£48,631**	**£1,482**	**3.1%**
United Kingdom	£1,409,660	£1,402,455	£1,453,047	£50,592	3.6%

Components of Total GDHI

In 2021, the WMCA area balance of primary incomes[23] totalled £53.8bn, the balance of secondary incomes[24] totalled negative £5.1bn, leading to total GDHI of £48.6bn.

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[22] Source: Office for National Statistics (ONS): Regional Gross Disposable Household Income, UK: 1997 to 2021 – released September 2023. Please note, in this release we are seeing the impact of the coronavirus (Covid-19) pandemic on regional gross disposable household income (GDHI) across 2020 and 2021. The coronavirus pandemic has affected the components of GDHI differently and this is reflected in some unusual movements in the data for 2020 and 2021, particularly when looking at smaller geographical areas.

[23] The allocation of primary income account for the household sector reflects incomes and outgoings arising as part of the production process or through the ownership of assets required for production. Balance of primary income = primary resources less primary uses.

[24] The secondary distribution of income account reflects money transferred to, or from, households unrelated to a productive activity. This includes government redistribution of primary income and traces the various transfers that occur subsequent to the allocation of primary income. Balance of secondary income = secondary resources less secondary uses.

Breakdown of GDHI components for 2021 for the WMCA and UK (figures are in millions)

Transaction	WMCA	UK
Operating surplus	£5,300	£189,530
Mixed income	£4,581	£155,401
Compensation of employees	£38,640	£1,157,823
Property income, received	£5,932	£217,931
Primary resources total	£54,453	£1,720,685
Property income, paid	£677	£21,504
Primary uses total	£677	£21,504
Balance of primary incomes	£53,776	£1,699,181
Imputed social contributions/Social benefits received	£15,510	£391,139
Other current transfers, received	£990	£25,388
Secondary resources total	£16,500	£416,527
Current taxes on income, wealth etc	£7,268	£277,942
Social contributions/Social benefits paid	£12,779	£344,526
Other current transfers, paid	£1,598	£40,193
Secondary uses total	£21,645	£662,661
Balance of secondary income	-£5,145	-£246,134
Gross Disposable Income	£48,631	£1,453,047

GDHI per Head

- At a UK regional level, the West Midlands had the 5th lowest GDHI per head at £18,566 in 2021. While London was the highest at £31,094 down to Northern Ireland the lowest at £17,636.
- The 10 places with the lowest GDHI per head were all in four ITL1 regions of England, with two in each of the East Midlands, North West, and Yorkshire and The Humber, and four in the West Midlands (Walsall 10th lowest, Wolverhampton 8th lowest, Stoke-on-Trent 6th lowest and Sandwell the 2nd lowest).
- The WMCA area's overall GDHI per head increased from £16,038 in 2020 to £16,667 in 2021. This equated to a 4.0% (+£639) increase, above the UK-wide increase of 3.7%. However, there is still a shortfall of £5,002 between the WMCA area and UK figure (£21,679).
- Across all 11 Combined Authorities, the WMCA was the lowest, followed by the North East CA at £16,953. At the other end of the scale, Greater London CA was the highest at £31,094, followed by Cambridge and Peterborough CA at £21,695 – with the latter the only CA to decline (-0.1%).
- Within the WMCA, Sandwell was the only local authority to report a decrease in GDHI per head between 2020 and 2021, by 0.5% (-£68) to £14,614. Solihull had the highest GDHI per head at £22,984 (and above the UK level). The largest increase was seen in Coventry by 13.8% (+£2,078) to £17,175.

GDHI per head at current basic prices by area, 2019, 2020 and 2021

	2019	2020	2021	Latest Annual Num. Change	Latest Annual Percentage Change
Birmingham	£15,410	£15,676	£16,183	£507	3.2%
Solihull	£23,114	£22,271	£22,984	£713	3.2%
Coventry	£15,211	£15,097	£17,175	£2,078	13.8%
Dudley	£16,411	£16,510	£16,893	£383	2.3%
Sandwell	£14,477	£14,682	£14,614	-£68	-0.5%
Walsall	£15,382	£15,459	£16,106	£647	4.2%
Wolverhampton	£15,314	£15,557	£16,008	£451	2.9%
WM 7 Met.	**£15,948**	**£16,038**	**£16,677**	**£639**	**4.0%**
United Kingdom	£21,104	£20,907	£21,679	£772	3.7%

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

The Economic Intelligence Unit

On the 6th October 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 the UK economy and society. These faster indicators are created using rapid response surveys, novel data sources, and experimental methods.

ONS also provides on a fortnightly basis 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 in the week to 28th September 2023, credit and debit card purchases increased by 2% from the previous week but decreased by 2% compared with the same week in 2022.

In the week to 1st October 2023, overall UK retail footfall was 104% of the level of the previous week. All three location categories also increased when compared with the previous week, with high street footfall, shopping centre footfall and retail park footfall increasing to 106%, 104% and 102%, respectively. All 12 UK countries and English regions had increased overall retail footfall in the latest week, with the largest increase seen in the West Midlands where footfall rose to 108% of the level seen in the previous week.

In the week to 24th September 2023, the estimated year-on-year growth in demand for fuel per transaction increased by 2 percentage points (pp) when compared with the previous week and increased by 25pp when compared with the equivalent period last year. Average year-on-year growth in fuel prices increased in the week to 24th September 2023, rising by 2pp when compared with the previous week, this is the tenth consecutive week-on-week increase. However, it is 37pp lower than the equivalent week in 2022.

Online Job Adverts

Figures are taken from jobs adverts provided by Adzuna. The Adzuna categories do not correspond to SIC categories and therefore not comparable with the ONS Vacancy Survey. Please note, index of job adverts on Adzuna by category, 100 = average job adverts in February 2020 for non deduplicated job adverts.

Nationally, between the 22nd and 29th September 2023, total online job adverts increased by 0.1%. On the 29th September 2023, total online job adverts were at 114.6% of their average level in February 2020. Out of the 28 categories (excluding unknown) 14 decreased; the largest weekly decrease was in "travel/tourism", which fell by 22.8% (to 199.5% of the average level in February 2020). "HR & recruitment" remained at 98.5% of the average level in February 2020. Of the 13 categories that increased, the highest increase was in "graduate" which rose by 9.2% (to 97.6% of the average level in February 2020). There were 14 categories that were below the February 2020 average level, with the lowest in "legal" at 72.6%.

Between the 22nd and 29th September 2023, there was a varied picture across the UK regions for online job adverts as 4 regions decreased, and 8 regions increased. The West Midlands online job postings rose by 1.3% and on the 29th September 2023, it was at 111.0% of the average level in February 2020. On the 29th September 2023, there were 3 regions below their February 2020 levels (East of England 90.9%, South East 94.0% and London 95.7%). In contrast, Northern Ireland was the highest at 174.8% of the average level of February 2020.

System Price of Electricity

The National Gas Transmission, Elexon report that the System Price of electricity in the week 1st October 2023, there was an increase of 39% (following a large decrease in the previous week). When compared to the equivalent period in the previous year it was 59% lower. However, when compared to the pre-coronavirus baseline, the System Price of electricity was 154% higher.

Transport

In the week to 1st October 2023, the daily average number of UK flights was 5,974, which is broadly unchanged compared with the previous week for the third consecutive week. This number is 10% higher than the number of flights seen in the equivalent week of 2022, but still 8% below the 2019 pre-coronavirus baseline.

Business Insights and Conditions Survey

The final results from Wave 92 of the Business Insights and Conditions Survey (BICS) based off the 5,173 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 29.3% (1,518) and 3,183 businesses that are head quartered in the West Midlands, with a response rate of 27.3% (870). Please note, the survey reference period was 1st to 31st August 2023 with a survey live period of 18th September to 1st October 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.

Trade

33.3% of responding West Midlands businesses reported to exporting within the last 12 months, 3.8% reported to exporting over 12 months ago. While 46.9% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 7.5% reported to never exporting previously but have goods or services that could be developed for exporting.

51.0% of West Midlands businesses reported that exporting stayed the same in August 2023 when compared to August 2022. With 23.2% of West Midlands businesses reporting to have exported less and 12.8% reported to exporting more.

54.7% of West Midlands businesses reported that importing stayed the same in August 2023 when compared to same month in the previous year. 16.8% of West Midlands businesses reported to importing less and 11.8% reported to importing more.

1.9% of West Midlands businesses plan to import or export goods to or from UK freeports in the next 12 months.

Supply Chains

77.9% of responding West Midlands businesses reported to being able to get the materials, goods or services it needed in August 2023. A further 7.0% reported to only being able to get materials, goods or services needed by changing suppliers or finding alternative solutions. With 3.7% not able to get the materials, goods or services needed for the business.

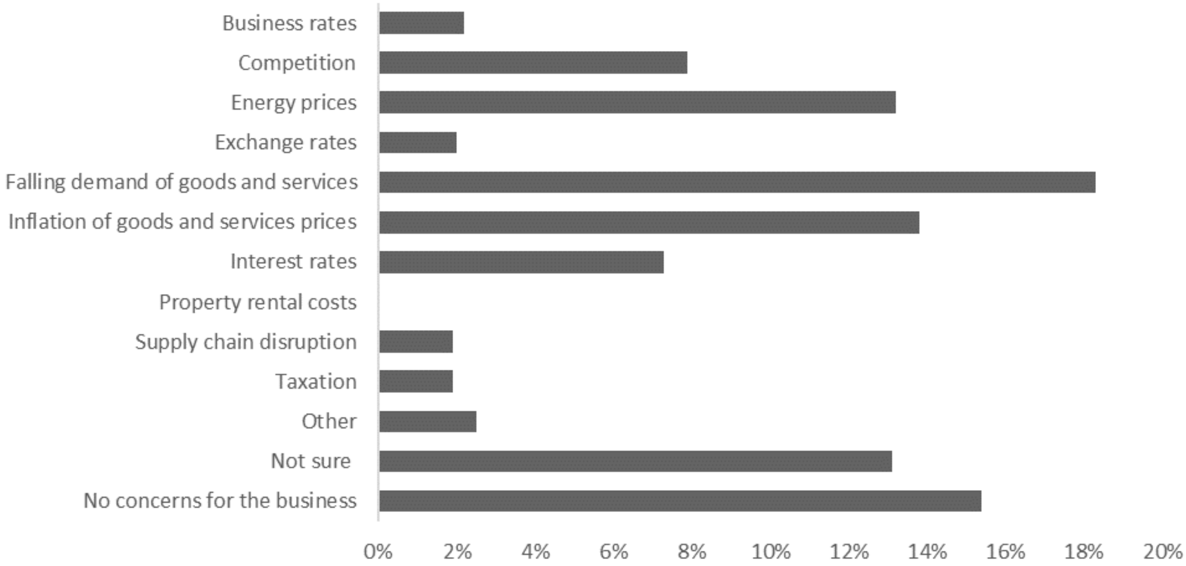
Global Supply Disruption

5.4% of responding West Midlands businesses reported global supply chain disruption in August 2023. At the other end of the scale 67.1% reported no disruption.

Main Concerns for Business

18.3% of responding West Midlands businesses expect the main concern for business in Octobrt 2023 will be falling demand of goods and services.

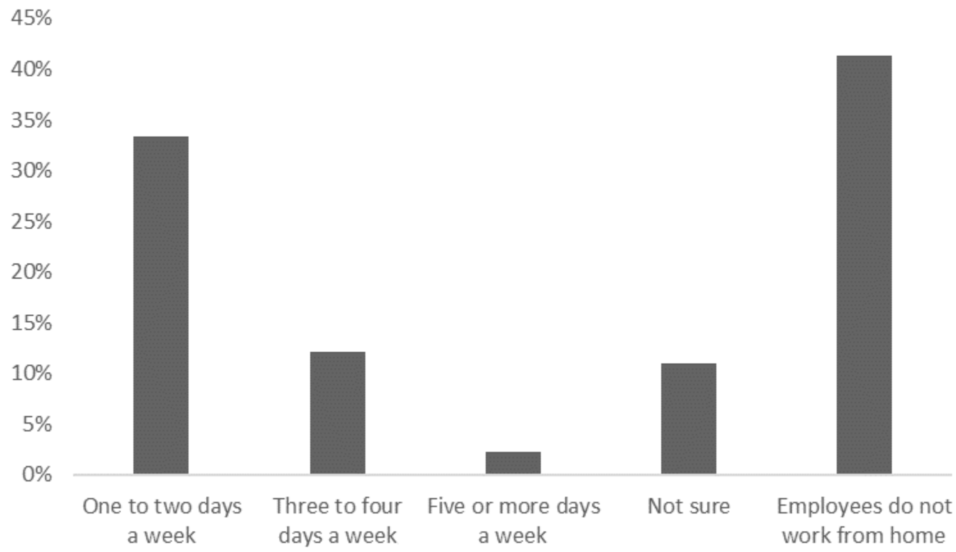
The main concern (if any) raised by businesses in the West Midlands for October 2023:



Working from Home
24.0% of responding West Midlands businesses are using or intend to use increased homeworking as a permanent business model going forward.

On average, 33.3% of West Midlands businesses employees work one to two days a week from home.

On average how many days a week West Midlands businesses employees currently work from home:



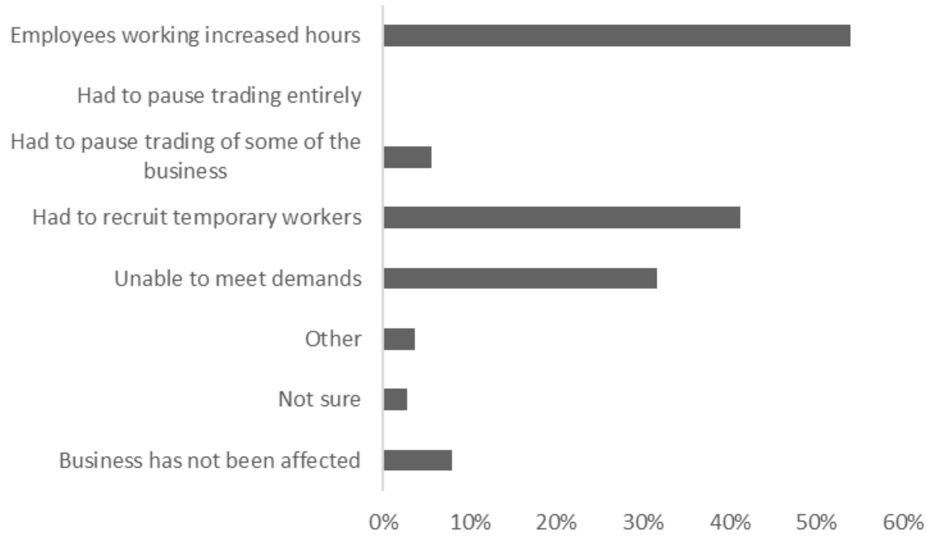
In the next 12 months, 2.0% of West Midlands businesses expect the number of days a week employees will work from home to increase, 72.6% expect the number of days to likely stay the same. Whereas, 6.0% expect a decline.

Hourly Wage
9.8% of responding West Midlands businesses reported on average, in August 2023 when compared to the previous month that employees hourly wage had increased, with 80.6% reporting wages stayed the same.

Worker Shortages
23.4% of responding West Midlands businesses reported to experiencing a shortage of workers while 62.4% reported no worker shortage.

54.0% of West Midlands businesses reported that the shortage of workers had caused employees to work increased hours.

How (if applicable) the shortage of workers affected West Midlands businesses:



Industrial Action
5.7% of responding West Midlands businesses reported to have been affected by industrial action in August 2023. 68.1% of West Midlands businesses reported not to have been affected.

39.5% of the West Midlands workforce had to change their working location due to industrial action in August 2023.

Artificial Intelligence
65.7% of responding West Midlands businesses reported to not using artificial intelligence technologies. Although 7.2% are using it for data processing using machine learning, 3.9% for both visual content creation and also robotics, 3.8% for imagine processing using machine learning and 3.6% for text generation using Large Language Models.

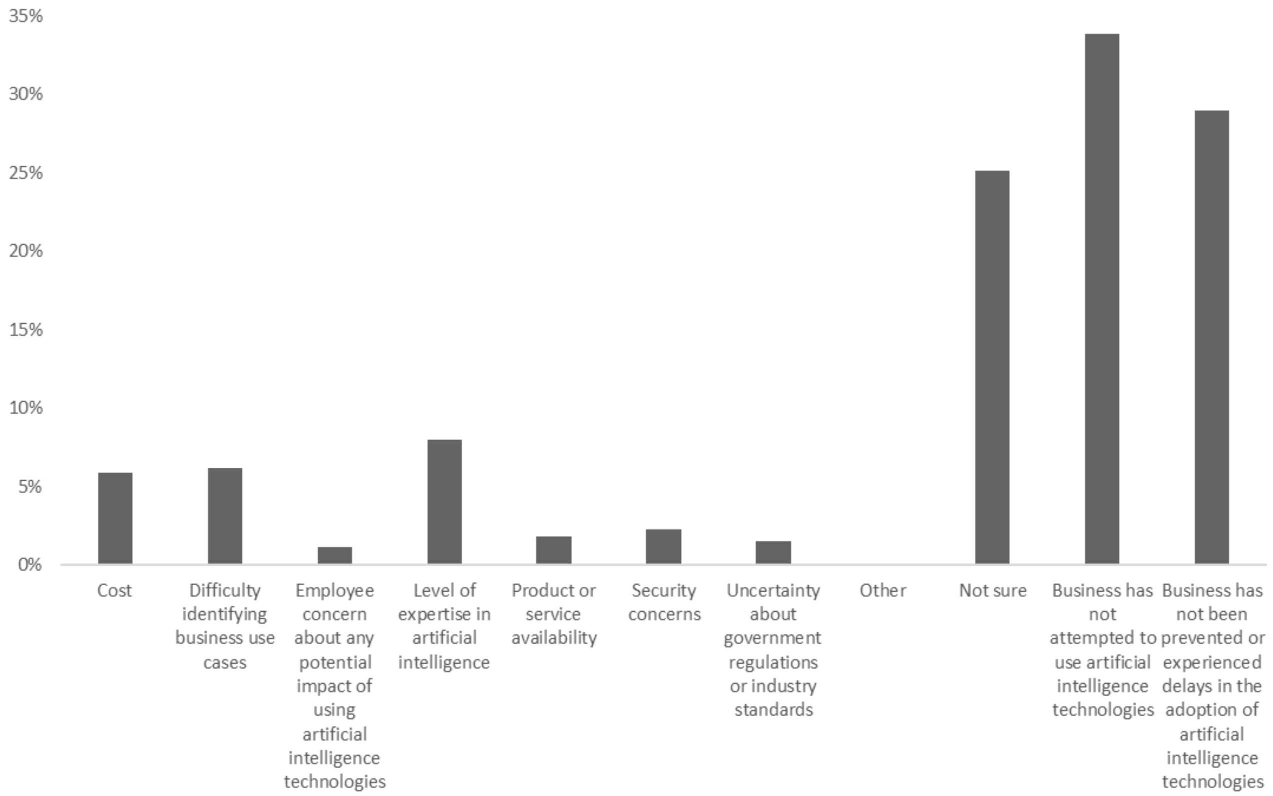
Where artificial technologies have been used, 32.9% of West Midlands businesses reported this was due to improving business operations, 9.7% for providing or personalising, products or services to customers, 6.3% to develop a new product or service or explore a new market and 2.0% reported 'other'.

23.3% of West Midlands businesses adopted artificial intelligence through the purchase of external software or ready-to-use, 18.2% developed in-house and 17.1% outsourced to external providers or third parties.

60.5% of West Midlands businesses do not plan to adopt artificial intelligence technologies in the next 3 months. Although, 3.6% plan to adopt intelligence technologies for data processing using machine learning, 3.2% for text generation using Large Language Models, 2.3% for visual content creation, 1.9% for robotics, and 1.7% for image processing using machine learning.

In the last 3 months, 29.0% of West Midlands businesses have not been prevented or experienced delays in the adoption of artificial intelligence technologies, 33.9% did not attempt to use artificial intelligence technologies. While 8.0% reported the level of expertise in artificial intelligence was a factor that prevented or delayed adoption.

In the last 3 months, factors (if any) that prevented or delayed West Midlands businesses in the adoption of artificial intelligence technologies:



Public Opinion and Social Trends Headlines

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 (from adults in Great Britain) between 20th September to 1st October 2023.

Important Issues Facing the UK

Respondents felt the four main issues facing the UK were; the cost of living (90%), the NHS (86%), the economy (72%), climate change & the environment (62%) and housing (58%).

Cost of Living

54% of respondents reported that their cost of living had increased, compared with a month ago, while 44% reported it had stayed the same and 2% said it had decreased.

94% of respondents reported the cost of living had increased compared to one month ago reported the price of their food shop had increased, 65% reported the price of their fuel had increased and 58% reported their gas or electricity bills had increased.

65% of respondents reported to spending less on non-essentials, 48% were shopping around more, 47% were using less fuel such as gas or electricity in their homes and 44% were spending less on food shopping and essentials.

Rent/Mortgages

Among those who are currently paying rent or a mortgage, 40% reported finding it very or somewhat difficult affording these payments; this is up from 30% during a similar period one year ago (29th September to 9th October 2022).

Energy Bills

43% of respondents reported it being very or somewhat difficult to afford energy bills; this is the same as in a similar period last year (29th September to 9th October 2022).

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

Headlines

SECTOR	KEY INSIGHTS
Cross Sector	**Outlook** • The **UK economy shrank more than expected in July**, driven by strike action and the poor weather. ONS reported that the economy contracted by 0.5%. • However, ONS revisions suggest that the **UK economy made a stronger recovery during Covid-19 at the end of 2021 than previously estimated.** A further ONS release at the end of September also reports **GDP growth in Quarter 2 2023 (+0.2%) and additional confirmation that the UK overall grew faster than initially thought after Covid**. The latest figures from the ONS indicated that the UK's economy has grown by 1.8% since the pandemic started, whereas the previous estimate was a 0.2% contraction. • As for the region, **business confidence in the West Midlands declined during September but remained at a high level**, according to the latest figures from Lloyds Bank Commercial Banking. Confidence in the region fell six points in the ninth month of the year to **36%.** - Firms identified their top **target areas for growth in the next six months as entering new markets (42%), investing in their teams (38%), and introducing new technology (29%).** - A net balance of **38% expect to increase staff levels over the next year**, up 26 points on last month. - Overall UK business confidence fell by five points from 41% to 36%, **in line with the West Midlands region.** • While **growth ambitions remain firmly on the agenda:** in BDO's August Economic Engine survey 28% of Midlands companies are looking to recruit more people with the right skills as a way of meeting strategic aims. This is reflected in reports from **local business support organisations that suggest many businesses are still seeking investment to support growth plans.** • Local business leaders have warned that the **changes to the Government's environmental policies could impact negatively on businesses who are striving to hit their own Net Zero targets** and are committed to implementing their own environmental strategies. Changes to Net Zero policies and lack of clear messaging around local support could negatively impact business confidence and strategic planning, by increasing uncertainty for businesses. **Trading Environment** • In September, the **Bank of England ended a run of 14 months of interest rate hikes (maintaining the base rate at 5.25%)**, while **consumer price inflation (CPI) is down to 6.7%** as of August figures. These are **positive signs for the local and national economy**, particularly related to the cost-of-living, cost-of-doing business and confidence in spending. • Despite this, the **current reality for many West Midlands businesses and communities remains problematic**, potentially more of a struggle than earlier in the year. Still driven by high rates of inflation and interest, data and insight unfortunately points to a **summer slowdown in activity and concerns for continued underperformance** in the future. • There have been reports from local businesses struggling with **debt repayments and taking out loans.** • Linked to this, Midlands businesses are calling for **simpler and greater ways to access growth capital, as more than half consider selling their business in the next 12 months**. According to BDO LLP's bi-monthly Economic Engine survey of 500 mid-market businesses, more than a quarter of regional companies **(26%) believe they would benefit from a greater variety of borrowing products**, if smaller banks were helped to enter the business banking market. **15% of Midlands businesses believe that the current base interest rate is too high to take out a new loan.** • **Energy cost concerns remain**, particularly with businesses with high consumption activities such as manufacturing and hospitality. • A continued **EU Exit overhang** is also present, as **high freight costs** are affecting international sales. Furthermore, **customs delays**, in part due to **incorrectly handled paperwork**, are in some cases adding weeks to delivery times. For example, mishandled paperwork causing delays releasing container imports.

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SECTOR	KEY INSIGHTS
	• **Materials & Components** – prices **still fluctuating**, more due to demand than volatility of the (international) supply chain although there is **a clear preference to source locally** and within UK borders, before pursuing wider options. Some businesses are **using other suppliers to fill gaps** reporting **varying quality**, particularly with steel and aluminium. Component supply shortages have eased although forecasting supplies for orderbooks requires careful planning. • **Property** - Lack of commercial property to fulfil expansion plans. Some expansion has been reported via the onshoring / reshoring of production supply chains though, a potentially growing trend and key opportunity for the region. • A recent report from the Institute of Export & International Trade examines **regional service export disparities in the UK** and demonstrates the longstanding recognition of the untapped economic potential across the country. While the West Midlands (WMCA geography) performs above its potential overall, there are **likely to be opportunities to grow service exports in the region.** **Labour Market** • **Permanent staff appointments in the Midlands declined** at their sharpest rate since May 2020 during August, according to a report from KPMG and REC. • The KPMG and REC, UK Report on Jobs: Midlands showed that, despite the sharp reduction in permanent staff appointments, **recruiters displayed some confidence in temp billings, which rose for the third consecutive month.** • There were **marked increases in the availability of both permanent and temporary staff**, with the former rising at the steepest rate since December 2020 amid increased redundancies. • **Out of Date Working Environments** – businesses looking to attract apprentices faced with the **need to invest in facilities** to modernise them to become **appealing to potential apprentices** and the next generation. Many businesses simply not in a position to fully fund upgrades and are hopeful that grants may assist. • **Lack of available talent** – finding staff continues to hold businesses back as they have the work but they need the people. **Recruitment of skilled construction engineers, HGV drivers and care workers, technical services professionals and service engineers is particularly difficult.** High demand for qualified and suitably experienced **CNC machinists.**
Manufacturing	• The region's manufacturers have **generally been in a good place order wise this year** but are still struggling with structural issues related to **costs, skills shortages and the global trading environment.** Recent months have **marked a slowdown in activity**, highlighted in MakeUK's most recent outlook report. • According to MakeUK, the overall UK picture is one of **ceasing recruitment plans and orders slowing at home and abroad.** As a result, Make UK has **cut its forecast for growth for 2023 with output** set to fall this year, while the forecast for next year is within the margins of no growth at all. • However, manufacturers remain upbeat, predicting that the downturn in Q3 is a temporary blip. While there are regional differences; for example, **both output and orders remain strong in the West Midlands with an order balance of +55% and an output balance of +36% (both the highest of all regions in the UK).** Looking forward, both of these are **set to increase further in the next quarter with orders at +32% and output at +41%.** This is likely to be driven by the strong recovery of automotive this year. • MakeUK has also recently published a **"Makers Manifesto"**, detailing the areas of support manufacturers need and offering real solutions. • **Rising energy prices, the impact of life after the EU and labour shortages continue to be the main challenges facing the UK metals sector** according to a new report launched by UK Metals Council. Despite the widespread challenges, **70 per cent of respondents are optimistic or very optimistic about future business prospects, underlining the resilience of the sector and its ability to innovate.**
Services	• In September, The S&P Global/CIPS UK services PMI survey showed a reading of **49.3 in September, down from 49.5 in August.** This represents the **weakest performance since the start of the year as sluggish business conditions and consumers cutting back on spending** continued to drag on the level of work. • The most recent Business Barometer from Lloyds' Bank Commercial Banking demonstrated that **UK service sector confidence declined to 36% (down eight points).**

SECTOR	KEY INSIGHTS
Construction and Infrastructure	• The latest UK S&P Global/CIPS construction purchasing managers' index showed a score of 45.0 in September, a **steep drop from 50.8 in August.** This represents the **biggest fall in construction activity since May 2020**, driven by a slump in the building of new homes. • The most recent Business Barometer from Lloyds' Bank Commercial Banking demonstrated that **UK construction sector confidence fell to 36% (down eight points).** • **Interest Rates** – increases in interest rates over the last 18 months or so have **slowed the property market** and is **reducing the number of house sales** completing. Construction workers and trades reporting a **reduction in the amount of private work** available because of this, while housebuilders in the region have also highlighted the **difficulty in selling new build** properties.
Retail, Hospitality and Tourism	• The most recent Business Barometer from Lloyds' Bank Commercial Banking demonstrated that **UK retail sector confidence fell to 32% (down 12 points)** dragged down in particular by trading prospects. • In addition, according to the latest monthly CBI Distributive Trades Survey, **Retail sales volumes fell in the year to September for a fifth consecutive month**, albeit at a much slower rate than last month. • It is hoped that **falling retail inflation will provide an upturn in retail, hospitality and** tourism ahead of the Christmas period.
Agriculture	• According to the latest IFAC food and agribusiness report, employers in the farming sector are struggling with a **lack of available staff and rising costs. 82% of businesses surveyed are working on cost-saving measures, while 75% reported an increase to costs this year.** • Failure to support farming undermines food security according to the IPPR. The thinktank suggests that **urgent action must be taken to support farmers by funding measures that help to mitigate climate change, reduce greenhouse gas emissions and restore nature.**
Logistics & Transport	• Take-up of industrial and logistics space across the Midlands (units of 100,000 sq. ft +) reached 4.12 million sq. ft in H1 2023, according to Savills latest Big Shed Briefing. While this is down on recent years, **take-up for the year to date surpasses the first half of 2019, signifying a return to levels seen prior to the pandemic.**

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
ArcelorMittal Distribution Solutions	Willenhall	Manufacturing	Members of union Unite at a Willenhall steel factory are staging a series of strikes over low pay. ArcelorMittal Distribution Solutions at Strawberry Lane makes products for the automotive and construction industries. The workers earn an average of £11.24 per hour, with some receiving just the national minimum wage. They have rejected a pay rise of seven per cent.
Kroll	Birmingham	Logistics	All operations at a Birmingham-headquartered logistics firm have ceased and 444 staff have been made redundant with immediate effect after the group fell into administration**.** Kroll were appointed as administrators of the Lloyd Fraser Group including its five subsidiaries by financial services firm Close Brothers, with operations shutting down on September 22.
Vale Brothers	Walsall	Manufacturing	The world's largest manufacturer of horse grooming brushes, established in 1786, is facing an uncertain future. Vale Brothers, which is based in Walsall and has been in business for almost 240 years, has posted a notice of intention to appoint administrators. The move will protect the company from creditor action for around two weeks as it seeks a way forward.

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
Severn Trent	Region-wide	Water	Severn Trent has revealed a major investment plan which could lead to the creation of 7,000 jobs across the Midlands. The company is looking

COMPANY	LOCATION	SECTOR	DETAIL
			to raise £1 billion to help support a transformation plan which could lead to a major employment boost for the region.
Jaguar Land Rover	Region-wide	Automotive	JLR has reported increased sales volumes worldwide for the second quarter of 2023-2024. Wholesale volumes in the period were 96,817 – up 29 per cent compared to the same quarter a year ago and up four per cent on the quarter to the end of June, despite taking in the annual two-week summer plant shutdown.
KWB	Solihull	Property	A self-contained, refurbished headquarters building at Blythe Valley Park in Solihull has been placed on the market. Nelson House is 14,792 sq ft in total across three floors and has a full height reception with access to the upper floors via a passenger lift or feature steel and glass staircase.
Radshape Sheet Metal	Birmingham	Manufacturing	30 jobs have been secured at a Midlands-based sheet metal manufacturer following its acquisition. Radshape Sheet Metal has been acquired by specialist steel and fabric firm Beakbane Ltd. The company continue to operate from its Aston-based facility under the new brand name 'Beakbane Precision Ltd'.
Aurrigo / International Airlines Group	Coventry	Autonomous Vehicles	Aurrigo International has signed a formal partnership agreement with International Airlines Group for the deployment and demonstration of its autonomous aviation technology within the UK.
Vitality CBD	Birmingham	Biotech	Yooma Wellness has sold a Birmingham-headquartered CBD company in a deal worth $2m, to a Canadian biotech company Psilobrain Therapeutics. Vitality CBD is a premium CBD oil company backed by a team with a history in the pharmaceutical industry.
Aliter Capital / Jumar	Solihull	Tech	Private equity firm Aliter Capital LLP has completed an investment in a West Midlands-headquartered tech talent, digital transformation and technology services business. Founded in 2000, Solihull-based Jumar's team of technology experts work with customers across the public and private sectors, providing digital transformation, technology services, project outcomes, augmenting in-house resources and identifying talent to support their technology and business needs.
Orega	Birmingham	Commercial	Orega has launched its second flexible office space in Birmingham and pre-let approximately 6,000 sq ft. The company has signed a partnership with abrdn to create a flexible workspace at Ingenuity House, Bickenhill Lane, which will open in January 2024. The 30,500 sq ft flexible workspace will be newly refurbished to provide about 550 workstations on the ground and first floors of the building.
McDonald's / Guenther Bakeries	Coventry	Bakeries	A £38m investment has been made into the opening of a bakery in Coventry designed to create fresh buns exclusively for burgers sold by McDonald's. The site will create up to 90 jobs. McDonald's and Guenther Bakeries UK's new site will produce 72,000 buns an hour solely for the fast-food giant's restaurants. It includes a £20m investment in new technology to support its bake of up 1.1 million buns a day.
Colliers	Solihull	Property	The 201-bedroom Voco St John's Solihull has been placed on the market by Colliers with a guide price of £25m. The hotel, which is being sold freehold and available unencumbered from management on behalf of CL Capital Global, has recently undergone a significant refurbishment and branding.
Conigital	Birmingham	Autonomous Vehicles	A Birmingham driverless vehicle company has secured £500m in Series A+ funding, as it looks to be at the forefront of the driverless technology sector. Conigital has received a combination of equity and debt investment from a partnership with a global private equity infrastructure firm, which manages £150bn in assets.
Leftfield / TR Fastenings / Red Diamond Distribution	Walsall	Industrial	Leftfield has completed the letting of two new units at Leftfield Park in Walsall, following the scheme's recent completion earlier this year. TR Fastenings, an international specialist in the design, engineering, manufacture and distribution of high quality fastenings, has acquired unit 3 totalling 75,292 sq ft on a 15-year lease, and will be using the

COMPANY	LOCATION	SECTOR	DETAIL
			property as its national storage and distribution HQ. Red Diamond Distribution is owned by the Mitsubishi Group and is a specialist distributor for Mitsubishi Forklift Trucks across the UK. It has acquired unit 4 on a 15-year term, which totals 35,319 sq ft. Both units are in the process of being fitted out.
PGS Group	West Bromwich	Logistics	Delivery specialist PGS Group has designed and purpose built a new 80,000 sq ft eco warehouse on its 175,000 sq ft site in West Bromwich following continued growth for the business and its customers in the last 12 months. The expansion, which involves 55 new jobs, will allow the group to better serve businesses across the West Midlands and provide them with improved, more efficient, and more sustainable service options.
National World / Midlands News Association	Region-wide	Publishing	National World, one of the UK's leading media organisations, has completed the purchase of the Midland News Association, publishers of the Express & Star and Shropshire Star.
KENJI / Rituals	Merry Hill (Dudley)	Retail	Design-led homeware retailer KENJI, and luxury beauty and wellness brand Rituals are set to open at the Merry Hill shopping centre later this year.
Rimstock	West Bromwich	Manufacturing	Jobs have been saved at Rimstock, the West Bromwich-based forged wheel manufacturer, which collapsed into administration on July 5. The business has been bought by Birmingham-based private equity firm Sarb Capital. The purchase includes Rimstock's subsidiaries in the United States and Germany.
Technology Minerals / Recyclus	Wolverhampton	Battery Recycling	The first listed UK company focused on battery metals has reached a major milestone for its lithium-ion (Li-ion) battery recycling facility in Wolverhampton. Technology Minerals subsidiary Recyclus has completed its commissioning phase at the UK-first facility, and will now commence commercial operations. It hopes to process 8,300 tonnes in the first year, using a single shift pattern of labour during the standard working week. Annual capacity will then be increased through additional shifts, with the expectation that the plant will be able to process up to 22,000 tonnes of Li-ion batteries per annum.
St. Modwen Logistics	Bilston	Logistics	St. Modwen Logistics has acquired a 267,000 sq ft logistics unit in Bilston, as it continues to be active in the West Midlands market. Titan 10 Distribution Centre, which is let to Pallet-Track one of the UK's fastest-growing palletised freight distribution companies, acts as the company's central UK hub and handles an average of 8,000 pallets per night and services its distribution network depots.
Goldilock	Wolverhampton	Cyber Security	A Wolverhampton cybersecurity company has received $1.7m in investment from two global angel groups. Goldilock secured funding in a seed round from Harvard Business School Alumni Angels of Greater NY (HBSAANY) the largest angel network in New York, with more than 350 members that have invested in 130 early-stage companies and New York Angels (NYA) whose members have fueled 300 companies with $160m.
Colhope (Beldray)	Bilston	Industrial Development	A Bilston industrial park has been acquired in an undisclosed deal by Colhope (Beldray), a joint venture between real estate investor Colmore Capital and wealth manager Stanhope Capital. The multi-let Beldray Industrial Park, originally acquired by the TT Group in 2016, comprises four separate industrial units totalling 81,519 sq ft.
Wienerberger Ltd	Aldridge	Brick-making	Dozens of jobs will be saved after an Aldridge brick-making firm was given the go-ahead to increase the level of clay it imports into the business. Bosses at Wienerberger Ltd said depleting clay reserves at its Sandown Works quarry on Stubbers Green Road, meant they needed to increase the import limits from 95 per cent to 100 per cent. They said continuing to collect five per cent of clay would see the operation close in less than five years.

COMPANY	LOCATION	SECTOR	DETAIL
Firsteel	Walsall	Engineering	Investment at the specialist coil metal coating company Firsteel has reached £250,000 following its recent acquisition. What More UK, manufacturer of housewares brand Wham, bought the Walsall business. Spending is being carried out on the site, people and machinery as part of a planned £1 million investment programme.

Disclaimer: The contents of this document are based on the latest data available and the contribution of regional partners in a fast paced environment, therefore we urge caution in its use and application
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