

This monitor aims to pull together information across regional partners to understand local economic developments and disseminate local research. 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 data and policy.

A slow Christmas for retailers hints at the continuing issues with sluggish growth seen globally, with forecasts struggling to revise upwards. A continuing bumpy ride for China is having global ramifications. Food prices are rising, as are those goods most affected by Brexit. The region continues to have a mixed picture for future prospects.

Growth outlook

- The [World Bank](#) is forecasting that global growth will slow to 2.4% in 2024.
- Emerging Market and Developing Economies (EMDEs) are set to see a noticeably lower level of output than pre-pandemic levels, alongside slow growth per capita.
- Growth in advanced economies as a whole and in China is projected to slow in 2024 to well below the 2010-19 average pace.
- Recovery from the 2020 pandemic-induced recession remains subdued.
- The recovery in global trade in 2021-24 is projected to be the weakest following a global recession in the past half-century.
- The EY ITEM Club's new Winter Forecast expects the UK economy to grow 0.9% in 2024, up from the 0.7% growth projected in October's Autumn Forecast. GDP growth expectations for 2025 have also been upgraded from 1.7% to 1.8%, although 2023 growth predictions have been downgraded from 0.6% to 0.3%. Inflation is expected to fall faster than previously expected, reaching the Bank of England's 2% target by May and averaging 2.4% in 2024.
- Economic forecasts from the National Institute of Economic and Social Research (NIESR) estimate that GDP flatlined in the fourth quarter of 2023. GDP is forecast to grow by 0.2 per cent in the first quarter of 2024. These forecasts remain broadly consistent with the longer-term trend of low, but stable economic growth in the United Kingdom.

Price increases

- The annual [Consumer price inflation \(CPI\)](#) rate in December for food and non-alcoholic beverages was 8%.
- The [London School of Economics](#) (LSE) found that between December 2019 and March 2023 food prices rose by around 25%. In the absence of Brexit this figure would have been 8 percentage points (i.e. one-third) lower.
- Whilst there were many macroeconomic shocks in this period (e.g. Covid and the invasion of Ukraine), the LSE found that food products which were more exposed to Brexit saw prices increase at a faster rate than those which were less exposed.
- Following the implementation of the TCA the UK has repeatedly delayed imposing checks on EU imports, whereas the EU implemented the rules, tariffs and regulations under the TCA. As a result, 3 years on from the agreement 90% of businesses surveyed by [Make UK](#) are still reporting challenges exporting to the EU, with customs and border delays proving the largest barrier for 64% of businesses.
- Retail sales volumes are estimated to have fallen by 3.2% in December 2023, from a rise of 1.4% in November 2023 (revised up from an increase of 1.3%); December's decrease was the largest monthly fall since January 2021, when Covid-19 restrictions affected sales.
- Automotive fuel sales volumes fell by 1.9% in December 2023, following a rise of 0.8% in November 2023.
- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4.2% in the 12 months to December 2023, the same rate as in November.
- Around half of adults (52%) reported their cost of living had increased over the last month; this proportion has gradually decreased since April 2023. The most common reasons continue to be rises in the price of their food shopping (90%) or the price of their gas and electricity bills (85%).

Vacancies

- The total number of online job adverts on 12 January 2024 increased by 3% when compared with the previous week; this number was 16% below the level in the equivalent period of 2023.

Trading

- More than a quarter (29%) of trading businesses experienced decreased turnover in December 2023 compared with the previous month; this is an increase of 6 percentage points from November 2023.
- In December 2023, 69% of trading businesses reported that they were able to get the materials, goods or services they needed from within the UK, up 2 percentage points from November 2023.
- The percentage of businesses with 10 or more employees that reported global supply chain disruption in December 2023 remained broadly stable from November 2023 at around 5%.

House prices

- Average UK house prices decreased by 2.1% in the 12 months to November 2023 (provisional estimate), down from a decrease of 1.3% (revised estimate) in the 12 months to October 2023.
- The average UK house price was £285,000 in November 2023, which was £6,000 lower than 12 months earlier.

Midlands Engine area headlines

- The latest figures show that in 2021 the Midlands Engine total GVA was £252.6bn, an increase of 7.4% since 2020. Despite the latest growth, forecasts predict low economic growth for all devolved nations and English regions, with the Midlands not reverting to pre-pandemic levels of GVA until 2025.
- The Midlands Engine had a productivity gap of £86.3bn in 2021. The productivity gap has increased over the year by nearly £4.0bn (+4.8%).
- Economic inactivity is an issue across the Midlands Engine area, with over 20% of the working age population inactive.

Business activity

- The West Midlands Business Activity Index decreased from 50.7 in October 2023 to 50.6 in November 2023. The latest reading still indicated a slight increase in output, and this was due to rising intakes of new work and better demand trends encouraging growth.
- The UK Business Activity Index increased from 48.7 in October 2023 to 50.7 in November 2023.
- Out of the twelve UK regions, the West Midlands was ranked the second highest for business activity in November 2023.

Exports

- In the year ending Q3 2023 the West Midlands region exported £34.1bn worth of goods and imported £42.7bn. This represents a trade in goods deficit of £8.5bn: a decrease from the trade deficit in the year ending Q3 2022 which was £13.0bn.
- By Country Group the highest value of goods exports from the West Midlands region was to the EU at £14.7bn, accounting for 43.1% of the total.
- The highest value of imports to the West Midlands region was from the EU at £25.7bn, which accounted for 60.2% of the total.
- 31.4% of responding West Midlands businesses reported exporting within the last 12 months. While 48.8% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export.

Economic activity and employment rates

- Overall, for the WMCA area, the economic activity rate was 75.3% in the year ending September 2023: an increase of 1.4 percentage points (pp) since the year ending September 2022. The UK economic activity rate was 78.7% and increased at a slower rate of 0.5pp.
- The WMCA area employment rate was 70.3% in the year ending September 2023. This was an increase of 1.4pp since year ending September 2022. The UK employment rate increased by 0.3pp to 75.7%.
- The WMCA area economic inactivity rate was 24.7% in the year ending September 2023, a decrease of 1.4pp since the year ending September 2022. The UK economic inactivity rate decreased by 0.5pp to 21.3%.
- There were 24,110 youth claimants in the WMCA area in December 2023. Since November 2023, there has been an increase of 0.9% (+215) youth claimants while the UK increased by 0.1%.

Higher education fees and international students

- In 2021 higher education providers in the West Midlands received tuition fee contributions from non-EU students of £551.9 million, while EU students' fee contributions amounted to a comparatively modest £58.9 million.
- The impact of Brexit is evident on EU students' fees, with income from EU students declining from £102 million in 2020 to only £58 million in 2021.
- ONS data from 2021, provides insights into the employment status of international graduates in the UK. It shows that 32.6% of international graduates were employed by UK-based employers, while 57% were economically inactive due to pursuing higher education or voluntary work. This data highlights the valuable role of international students in filling employment gaps in the UK.

- The Graduate Route visa, introduced in July 2023, allows international students to stay in the UK for employment purposes after completing their studies. This scheme has seen substantial uptake, with 98,394 individuals granted this visa.
- Graduates' income tax contributions are substantial, with an average of approximately £36,000 per EU-domiciled graduate and £34,000 per non-EU-domiciled graduate over their first decade of employment in the UK.
- The total estimated NI employee contributions are £716 million for EU-domiciled graduates and £1,043 million for non-EU-domiciled graduates. Additionally, NI employer contributions generated £266 million from EU-domiciled graduates and £449 million from non-EU-domiciled graduates.
- VAT revenues are another source of income. The 2016/2017 cohort of international students contributed £592 million in VAT payments, with £220 million from EU-domiciled graduates and £372 million from non-EU graduates.

Insolvency risk

- 10.6% of business are at medium risk of becoming insolvent in Solihull, 9% in Dudley and 8.71% in Birmingham (as defined by Red Flag Alert 3 flag system, these business have one red flag rather than 3 red flags which are at the highest risk of closure in the next few weeks).

Worker shortages

- 18.6% of responding West Midlands businesses reported experiencing a shortage of workers.
- 62.0% of West Midlands businesses reported that the shortage of workers had caused employees to work increased hours.

Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

World Bank Global Economic Prospects

The [World Bank](#) is forecasting that global growth will slow to 2.4% in 2024. This reflects the lagging and ongoing effects of tight monetary policies implemented to rein in inflation, restrictive credit conditions and poor international trade and investment. Emerging Market and Developing Economies (EMDEs) are set to see a noticeable lower level of output than pre-pandemic levels, alongside slow growth per capita. The recent conflict in the Middle East has heightened geopolitical risks, with potential escalations weighing on growth. Other shocks and policy changes including the invasion of the Ukraine, the Covid pandemic, inflationary pressures and tight monetary conditions, are expected to be a continued drag on global growth. The following five key points are from the [World Bank highlight trends](#) indicating expectations over the short-, medium- and long term:

1. *Near-term growth prospects are diverging*

Growth in advanced economies as a whole and in China is projected to slow in 2024 to well below its 2010-19 average pace. In contrast, aggregate growth is set to improve slightly in EMDEs with stronger credit ratings, remaining close to pre-pandemic average rates.

2. *Global growth is set for the weakest half-decade performance in 30 years*

The global recovery from the 2020 pandemic-induced recession remains subdued, with 2020-24 expected to mark the weakest start to a decade for global growth since the early 1990s—another period characterized by geopolitical strains and a global recession.

3. *The recovery in global trade is feeble*

Global trade growth was virtually stagnant in 2023, with goods trade contracting amid anaemic global industrial production. Services trade continued to recover, but at a slower pace than previously expected. Overall, the recovery in global trade in 2021-24 is projected to be the weakest following a global recession in the past half-century. Geopolitical uncertainty, the possibility of a more protracted slowdown in China, and the prospect of further measures to restrict international trade pose downside risks to the trade outlook.

4. *Progress in closing the gap in EMDE per capita income with advanced economies is expected to be limited*

EMDEs are set to make limited progress catching up to advanced-economy levels of per capita income. Many vulnerable EMDEs are falling further behind: per capita income is forecast to remain below its 2019 level this year in one-third of low-income countries and more than 50 percent of economies face fragile and conflict-affected situations.

5. *Growth would be even weaker if a number of downside risks materialised*

There are several downside risks - including the prospects of higher oil prices due to an escalation in geopolitical tensions, financial stress in EMDEs that leads to surging sovereign spreads, and weaker growth in China resulting in adverse global spillovers via commodity and other channels. In each case, global growth in 2024 would be reduced by 0.2 percentage point below the baseline. In contrast, an upside scenario with higher-than-expected US growth could boost global growth by 0.2 percentage point this year.

National

Brexit and Food inflation

The annual [Consumer price inflation \(CPI\)](#) rate in December for food and non-alcoholic beverages was 8.0% - i.e. between December 2022 and December 2023 food and non-alcoholic drinks prices had increased 8%. The [London School of Economics](#) (LSE) found that between December 2019 and March 2023 food prices rose by around 25%,

with the LSE finding that in the absence of Brexit this figure would have been 8 percentage points (30%) lower. Whilst there were many macro economics shocks in this period (e.g. Covid and the invasion of the Ukraine), the LSE found that food products which were more exposed to Brexit saw prices increase at a faster rate than those which were less exposed. Those more exposed were generally products which prior to the implementation of the trade and co-operation (TCA) agreement had low tariff barriers, such as meat and cheese. However, when the TCA came into place these products saw large jumps in prices (10% points), as tariffs were now applied when previously they had not been.

However, following the implementation of the TCA the UK has repeatedly delayed imposing checks on EU imports, whereas the EU implemented the rules, tariffs and regulations under the TCA. As a result, three years on from the agreement, 90% of businesses surveyed by [Make UK](#) are still reporting challenges exporting to the EU, with customs and border delays proving the largest barrier for 64% of businesses. This month the UK government will be implementing the [Border Target Operating Model](#): over the duration of this year there will be staggered implementation of border checks of EU imports, including on food. Given the struggles that UK exports have faced regarding EU border checks at ports, the likelihood is that EU exports will face these same struggles at UK ports. This may see may EU exporters unwilling to export to the UK as they face [higher costs](#) as a result of increase red tape at borders. This would increase food prices as supply falls. There could be delays in supply which could led to increased prices as supermarkets compete for a more limited supply.

Retail sales, Great Britain: December 2023

In the latest release on retail sales, the [ONS key findings](#) were:

- Retail sales volumes are estimated to have fallen by 3.2% in December 2023, from a rise of 1.4% in November 2023 (revised up from an increase of 1.3%); December's decrease was the largest monthly fall since January 2021, when Covid-19 restrictions affected sales.
- Looking at the quarterly picture, sales volumes fell by 0.9% in the three months to December 2023 when compared with the previous three months.
- Non-food store sales volumes fell by 3.9% in December 2023, following a 2.7% increase in November 2023 when earlier Black Friday sales, and wider discounting, increased sales.
- Food store sales volumes fell by 3.1% in December 2023, from an increase of 1.1% in November 2023.
- Non-store retailing (predominantly online retailers) sales volumes fell by 2.1% in December 2023, following a fall of 1.1% in November 2023.
- Automotive fuel sales volumes fell by 1.9% in December 2023, following a rise of 0.8% in November 2023.
- On an annual basis, sales volumes fell by 2.8% in 2023 and were their lowest level since 2018.

Consumer price inflation, UK: December 2023

In the latest release on consumer price inflation (CPI), the [ONS key findings](#) were:

- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4.2% in the 12 months to December 2023, the same rate as in November.
- On a monthly basis, CPIH rose by 0.4% in December 2023, the same rate as in December 2022.
- The Consumer Prices Index (CPI) rose by 4.0% in the 12 months to December 2023, up from 3.9% in November, and the first time the rate has increased since February 2023.
- On a monthly basis, CPI rose by 0.4% in December 2023, the same rate as in December 2022.
- The largest upward contribution to the monthly change in both CPIH and CPI annual rates came from alcohol and tobacco while the largest downward contribution came from food and non-alcoholic beverages.
- Core CPIH (excluding energy, food, alcohol and tobacco) rose by 5.2% in the 12 months to December 2023, the same rate as in November; the CPIH goods annual rate slowed from 2.0% to 1.9%, while the CPIH services annual rate remained at 6.0%.
- Core CPI (excluding energy, food, alcohol and tobacco) rose by 5.1% in the 12 months to December 2023, the same rate as in November; the CPI goods annual rate slowed from 2.0% to 1.9%, while the CPI services annual rate increased from 6.3% to 6.4%.

Economic activity and social change in the UK: 18 January 2024

In the latest release on economic activity and social change, the [ONS key findings](#) were:

- In the latest week, UK spending on debit and credit cards increased by 1% when compared with the previous week; meanwhile the number of in-store transactions at Pret A Manger stores increased in 9 of the 10

location categories, probably because of the increased number of workers returning from the Christmas break.

- The total number of online job adverts on 12 January 2024 increased by 3% when compared with the previous week; this number was 16% below the level in the equivalent period of 2023 (Adzuna).
- More than a quarter (29%) of trading businesses experienced decreased turnover in December 2023 when compared with the previous month, this is an increase of 6 percentage points from November 2023.
- Similar trends were seen in Value Added Tax (VAT) data, where in December 2023 the net number of firms reporting increased turnover fell by 2 percentage points, decreasing to 1% from 3% in November 2023 (HM Revenue and Customs VAT returns).
- In the week to 14 January 2024, the System Price of electricity and the System Average Price (SAP) of gas increased by 22% and 4%, respectively, when compared with the previous week (Elexon, National gas Transmission).
- When compared with the previous week, average daily UK flights decreased by 10%, while average traffic camera activity for pedestrians and cyclists in London rose by 18% (Transport for London, EUROCONTROL).

Business insights and impact on the UK economy: 11 January 2024

In the latest release of the Business Insights and Impact on the UK economy, based on a survey of UK businesses, the [ONS key findings](#) were:

- In December 2023, 69% of trading businesses reported that they were able to get the materials, goods or services they needed from within the UK, up two percentage points from November 2023; in contrast, 3% were unable to get the materials, goods or services they needed from within the UK, broadly stable over the same period.
- The percentage of businesses with 10 or more employees that reported global supply chain disruption in December 2023 remained broadly stable from November 2023, at around 5%.
- One in five (20%) businesses reported they are using or intending to use increased home working as a permanent business model; more than half (54%) of those businesses reported this is for improved staff wellbeing.
- Fewer than 1 in 10 (7%) businesses experienced worker shortages in late December 2023; this is down one percentage point from mid-December and down from the 12% reported in late December 2022.
- More than 1 in 10 (11%) businesses reported that employee hourly wages had increased in December 2023 compared with November 2023.

Public opinions and social trends, Great Britain: 4 to 14 January 2024

In the latest release on the public opinions and social trends, from the Opinions and Lifestyle Survey, the [ONS key findings were](#):

- Around 4 in 10 (39%) agreed or strongly agreed that artificial intelligence (AI) will benefit them, this proportion appears to be remaining stable (38% in the period 1 to 12 November 2023).
- Around 1 in 6 adults (16%) reported they were often or always able to recognise when they were using AI; this proportion has also remained stable (15% in the period 1 to 12 November 2023).

In a period that included planned industrial action by NHS, travel operators and refuse workers, respondents were asked about their experiences of industrial action and access to services.

- When asked if industrial action had affected them in the past month, around three-quarters (78%) said they had not been affected; the most commonly reported impacts were spending more money on travel (7%), being unable to take part in leisure activities (7%), and being unable to travel for holiday or leisure as planned (6%).
- Around 1 in 33 (3%) said that in the past month they were unable to attend a medical appointment because of industrial action, similar to when this question was last asked in the period 29 November 2023 to 10 December 2023 (2%).
- Among those who had tried to make contact with their GP in the past month, around 4 in 10 (37%) said it was easy or very easy to make contact, a decrease compared with 45% in the previous period (13 December 2023 to 1 January 2024).

People were asked about experiences related to increases in the cost of living and when food shopping.

- Around half of adults (52%) reported their cost of living had increased over the last month; this proportion has gradually decreased since April 2023 (76% in the period 22 March to 2 April 2023).
- Among those who said that their cost of living had increased, the most common reasons continue to be rises in the price of their food shopping (90%) or the price of their gas and electricity bills (85%).
- Around 4 in 10 (39%) reported there was less variety in shops than usual when food shopping in the last two weeks, an increase compared with 33% in the previous period (13 December 2023 to 1 January 2024).

UK House Price Index: November 2023

In the latest release on the UK House Price Index, the [ONS key findings](#) were:

- Average UK house prices decreased by 2.1% in the 12 months to November 2023 (provisional estimate), down from a decrease of 1.3% (revised estimate) in the 12 months to October 2023.
- The average UK house price was £285,000 in November 2023, which was £6,000 lower than 12 months ago.
- Average house prices over the 12 months to November 2023 decreased in England to £302,000 (negative 2.9%), decreased in Wales to £213,000 (negative 2.4%), but increased in Scotland to £194,000 (2.2%).
- Average house prices increased by 2.1% to £180,000 in the year to Quarter 3 (July to Sept) 2023 in Northern Ireland.
- The North East was the English region that saw the smallest decrease in average house prices in the 12 months to November 2023 (negative 0.4%), while London saw the largest fall (negative 6.0%).

Regional

Knowledge Exchange Framework

The [Knowledge Exchange Framework \(KEF\)](#) provides a range of information on the knowledge exchange activities of higher education providers in England. It demonstrates how universities are disseminating knowledge to partners and non-academic work, and the impact that this research has. At the end of last year, the [KEF dashboard](#) was updated to show how higher education providers had fared in the dissemination and impact of their research. A brief summary of some of the WMCA universities can be seen below, with the different ratings based on how they performed against the average university:

The University of Birmingham

Public and Community Engagement	Very High Engagement
IP and Commercialisation	Very High Engagement
Local Growth and Regeneration	Very High Engagement
CPD and grad start-ups	Low Engagement
Working with the public and third sector	Very High Engagement
Working with Business	High Engagement
Research partnerships	Very High Engagement

For more information on the Universities KEF rating [please follow the link](#)

Coventry University

Public and Community Engagement	Very High Engagement
IP and Commercialisation	High Engagement
Local Growth and Regeneration	High Engagement
CPD and grad start-ups	High Engagement
Working with the public and third sector	Medium Engagement
Working with Business	Very High Engagement
Research partnerships	Low Engagement

For more information on the Universities KEF rating [please follow the link](#)

The University of Warwick

Public and Community Engagement	Very High Engagement
IP and Commercialisation	High Engagement
Local Growth and Regeneration	Low Engagement

CPD and grad start-ups	Medium Engagement
Working with the public and third sector	Medium Engagement
Working with Business	Very High Engagement
Research partnerships	High Engagement

For more information on the Universities KEF rating [please follow the link](#)

Aston University

Public and Community Engagement	Medium Engagement
IP and Commercialisation	High Engagement
Local Growth and Regeneration	High Engagement
CPD and grad start-ups	Medium Engagement
Working with the public and third sector	Low Engagement
Working with Business	Very High Engagement
Research partnerships	Medium Engagement

For more information on the Universities KEF rating [please follow the link](#)

Midlands Engine 2023 State of the Region

The full executive summary of the Midlands Engine 2023 State of the Region report can be viewed [here](#), a factsheet can be viewed [here](#), and an interactive summary can be found [here](#):

Some of the key highlights from the report include:

Increased Productivity

- The latest figures show that in 2021, the Midlands Engine total GVA was £252.6bn, an increase of 7.4% since 2020. Despite the latest growth, forecasts predict low economic growth for all devolved nations and English regions with the Midlands not reverting to pre-pandemic levels of GVA until 2025.
- Following national trends, the Midlands Engine GVA per head increased from £22,603 in 2020 to £24,346 in 2021. Since 2020, this has increased by 7.7%; despite this growth, a gap to the UK persists and there was a shortfall of £6,097 to the UK figure (£30,443).
- The Midlands Engine had a productivity gap of £86.3bn in 2021. The productivity gap has increased over the year by nearly £4.0bn (+4.8%).
- Following national trends, GVA per hour worked decreased in the Midlands Engine area between 2020 and 2021, by 0.5% (UK -0.8%) to £33.80, leading to a shortfall of £4.88 to the national figure (£38.68).
- Experimental data shows that locally for the first time since Q2 2021 there are more enterprise creations than closures (in Q3 2023).
- Economic inactivity is an issue across the Midlands Engine area, with over 20% of the working age population inactive.
- In 2022, for the Midlands Engine area, 39.3% (nearly 2.4m) of the working age population had RQF4+ qualifications. This was below the UK-wide average of 45.5%, meaning there was a shortfall of 373,936 people. At the other end of the scale, approximately 7.7% (461k) of working age residents had no qualifications, this was above the UK-wide average of 7.0%. To match the UK proportion, approximately 41,931 residents would need to gain a qualification.

Increasing Global and Investment

- Goods exports from the Midlands area increased by £11.6bn (+24.1% compared to +12.2% UK) since the year ending Q2 2022, (totalling £60.0bn in the year ending Q2 2023). The Midlands has experienced a recovery in the automotive sector and wider manufacturing industry.
- The latest data shows the Midlands area accounted for 22.0% of England's exports which was above London and the South East.
- There were 265 FDI projects into the Midlands area which created 11,091 new jobs in 2022/23.

NatWest Purchasing Manager Index (PMI) Survey¹, Released December 2023:

West Midlands Region

The Economic Intelligence Unit

An interactive version can be found [here](#).

**Headlines from January 2024 release (full regional report not available at time of writing): The West Midlands Business Activity Index increased from 50.6 in November 2023 to a six-month high of 51.5 in December 2023. The increase in activity was linked to new contract wins and better demand conditions. Headlines suggests (for Future Business Activity) that the West Midlands remained the most optimistic region and was at a three-month high. Optimism was linked to expected increases in new business, demand strength, marketing, investment and innovative sustainable approaches*.*

In Summary:

- The West Midlands Business Activity Index decreased from 50.7 in October 2023 to 50.6 in November 2023. The latest reading still indicated a slight increase in output, and this was due to rising intakes of new work and better demand trends encouraging growth.
- The UK Business Activity Index increased from 48.7 in October 2023 to 50.7 in November 2023.
- Out of the twelve UK regions, the West Midlands was the second highest for business activity in November 2023.
- The West Midlands Future Business Activity Index increased from 73.8 in October 2023 to 75.7 in November 2023 and was still the most optimistic region for the fifth consecutive month. Optimism from firms was linked to hopes of better demand and economic conditions for the next twelve months along with investment and marketing initiatives.
- Out of the twelve UK regions, the West Midlands was the highest for the Future Business Activity Index in November 2023.

In Detail:

Business Activity Index

- The West Midlands Business Activity Index decreased from 50.7 in October 2023 to 50.6 in November 2023. The latest reading still indicated a slight increase in output, and this was due to rising intakes of new work and better demand trends encouraging growth.
- Out of the twelve UK regions, the West Midlands was the second highest for business activity in November 2023. London was the highest with 56.5 and the North East was the lowest at 44.9.

The following chart shows the West Midlands Business Activity Index trends up to November 2023:

West Midlands Business Activity Index

sa, >50 = growth since previous month



Source: NatWest PMI, December 2023

¹ Source: NatWest UK regional PMI reports for November 2023, released December 2023. Please note, the seasonally adjusted indices vary between 0 and 100, with a reading above 50 indicating an overall increase compared to the previous month, and below 50 an overall decrease.

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



Source: NatWest PMI, December 2023

Demand

- The West Midlands New Business Index decreased from 51.3 in October 2023 to 50.4 in November 2023. Where growth was reported, this was linked to demand resilience, restocking of efforts among clients and growing market shares.

Exports²

- The West Midlands Export Climate Index increased from 48.6 in October 2023 to 49.6 in November 2023, remaining under the 50- growth mark for the fourth month. The latest figure shows a fractional deterioration in export opportunities.

Business Capacity

- The West Midlands Employment Index increased from 51.7 in October 2023 to 52.4 in November 2023, the strongest levels seen since April 2023 and the rate of job creation outstripped the series trend. The growth was linked to existing vacancies being filled along with acquisitions and resourcing for the year ahead supporting recruitment.
- The West Midlands Outstanding Business Index decreased from 46.8 in October 2023 to 45.7 in November 2023, remaining under the 50-mark threshold since December 2022. As firms diverted resources towards the completion of pending workloads.

Prices

- The West Midlands Input Prices Index increased from 55.2 in October 2023 to 57.1 in November 2023. Despite the increase, the overall rate of inflation was among the weakest seen in three years. However, firms still reported a further increase in overall expenses for food, fuel, material and wages since October 2023.
- The West Midlands Prices Charged Index increased from 54.6 in October 2023 to 55.9 in November 2023, as ongoing costs caused another increase in prices charged for goods and services. Although, the latest figure is above the long-run average it remained one of the weakest seen in nearly three years.

² The Export Climate Index is calculated by weighting together national PMI output data according to their importance to the manufacturing exports of the region. This produces an indicator for the economic health of the region's export markets.

Outlook

- The West Midlands Future Business Activity Index increased from 73.8 in October 2023 to 75.7 in November 2023 and was still the most optimistic region for the fifth consecutive month. Optimism from firms was linked to hopes of better demand and economic conditions for the next twelve months along with investment and marketing initiatives.
- Out of the twelve UK regions, the West Midlands was the highest for the Future Business Activity Index in November 2023. The South East was the second highest at 73.1 and the North East was the lowest at 54.0.

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



Source: NatWest PMI, December 2023

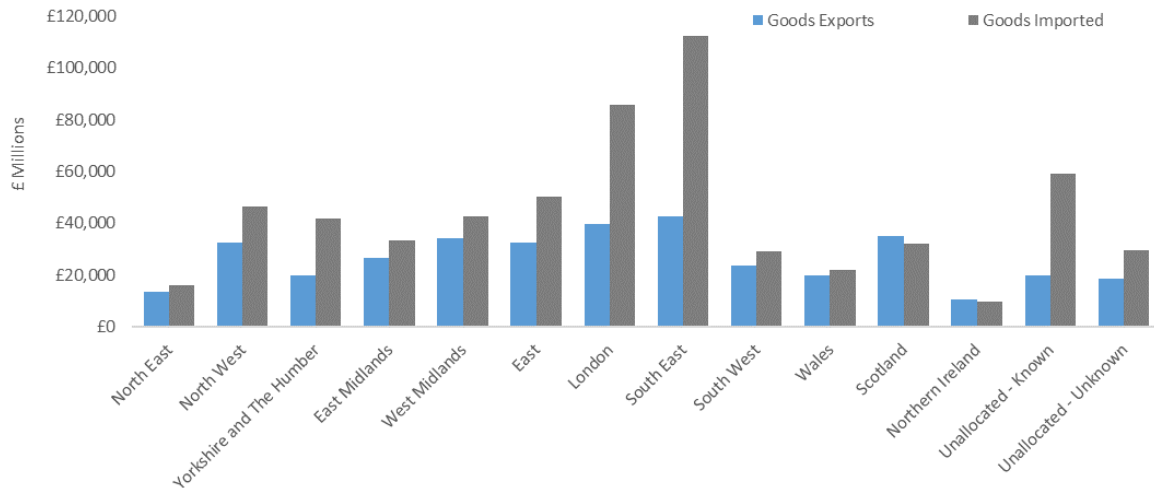
UK Regional Trade in Goods Statistics: Year Ending Q3 2023³; West Midlands

The Economic Intelligence Unit

Key Points:

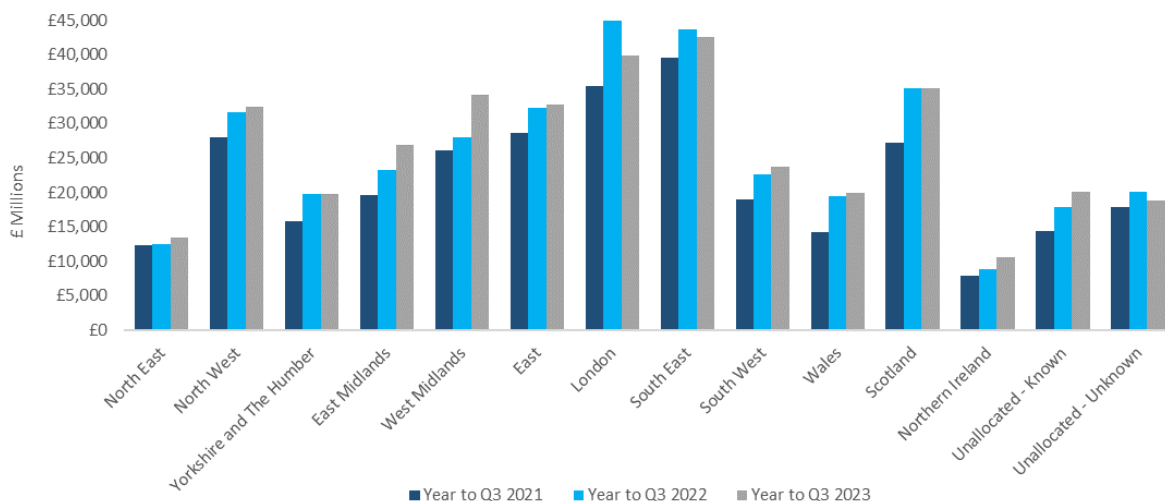
- In the year ending Q3 2023, the West Midlands region exported £34.1bn worth of goods and imported £42.7bn. This represents a trade in goods deficit of £8.5bn, a decrease from the trade deficit in the year ending Q3 2022 which was £13.0bn.

The following chart shows the value of goods imported and exported by region in the year ending Q3 2023:



- Since the year ending Q3 2022, the West Midlands region goods exports increased by nearly £6.2bn (+22.0%) to £34.1bn in the year ending Q3 2023. The UK increased by a slower rate, by 2.7% to £370.0bn.
- As seen in the following chart, there was a mixed picture for annual change across the regions. Notably, the West Midlands region had the highest annual percentage increase.
- The West Midlands accounted for 9.2% of UK exports – fourth highest (after the South East, London and Scotland).

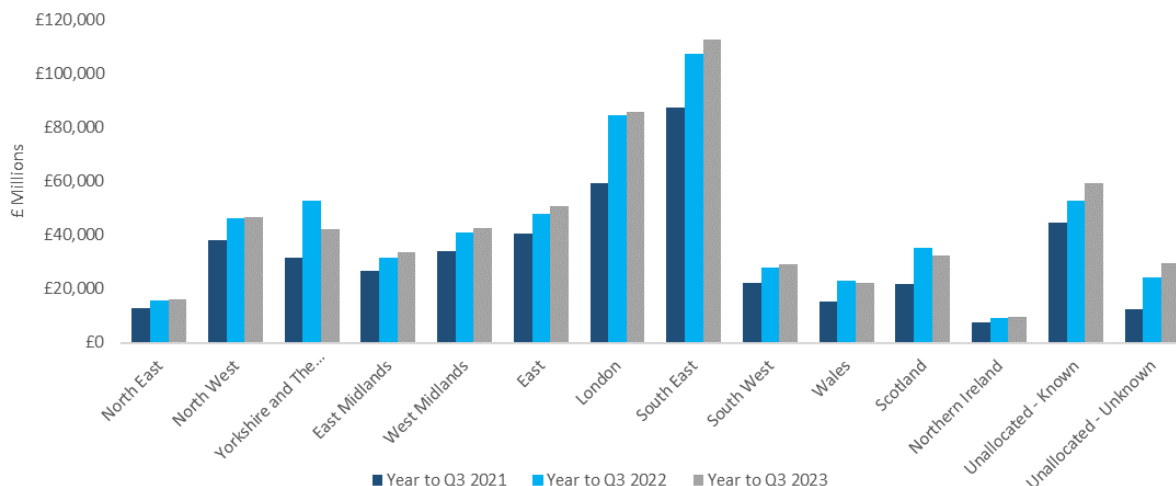
The following chart shows UK exports by region, for the year ending Q3 2021, Q3 2022 and Q3 2023:



- In the year ending Q3 2023, goods imports to the West Midlands area region worth £42.7bn, an increase of £1.7bn (+4.2%) since year ending Q3 2022. UK-wide total imports increased by 2.2% to £611.8bn.

³ Source: HM Revenue & Customs, UK Regional Trade in Goods Statistics Quarter 3 2023 – Released December 2023.

The following chart shows UK goods imports by region, for the year ending Q3 2021, Q3 2022 and Q3 2023:



SITC Section

- The largest SITC section for goods exports in the West Midlands region was machinery and transport at £24.0bn – 70.4% of total; of which £15.1bn (62.7%) went to non-EU locations. Since the year ending Q3 2022, overall, this SITC section increased by £5.7bn (+31.0%), reflecting a recovery in the automotive sector and wider manufacturing industry.
- The largest SITC section for goods imports to the West Midlands region was machinery & transport at nearly £21.2bn, which is 49.6% of total imports (of which 63.7% or £13.5bn of imports for this section was from the EU). This section overall has increased since the year ending Q3 2022 by £2.9bn (+15.7%).

The following table shows a breakdown of goods exported and imported by SITC section and the percentage change between year ending Q3 2022 and Q3 2023:

Figures in Millions	West Midlands Region			UK		
	Year to Q3 2022	Year to Q3 2023	% Change	Year to Q3 2022	Year to Q3 2023	% Change
Total Exports by SITC Section						
0 Food and Live Animals	£780	£803	2.9%	£15,123	£15,923	5.3%
1 Beverages and Tobacco	£75	£64	-14.7%	£8,630	£8,982	4.1%
2 Crude Materials	£1,198	£1,065	-11.1%	£10,315	£9,004	-12.7%
3 Mineral Fuels	£209	£173	-17.2%	£46,984	£38,439	-18.2%
4 Animal and Vegetable Oils	£41	£27	-34.1%	£759	£656	-13.6%
5 Chemicals	£1,485	£1,444	-2.8%	£59,768	£60,504	1.2%
6 Manufactured Goods	£3,437	£3,522	2.5%	£41,228	£34,483	-16.4%
7 Machinery and Transport	£18,346	£24,038	31.0%	£122,537	£144,824	18.2%
8 Miscellaneous Manufactures	£2,408	£2,994	24.3%	£40,684	£42,866	5.4%
9 Other commodities nes	£7	£6	-14.3%	£14,131	£14,299	1.2%
Total Exports	£27,987	£34,137	22.0%	£360,159	£369,979	2.7%
Total Imports by SITC Section						
0 Food and Live Animals	£2,621	£2,940	12.2%	£45,148	£50,069	10.9%
1 Beverages and Tobacco	£323	£321	-0.6%	£7,692	£8,188	6.4%
2 Crude Materials	£848	£695	-18.0%	£15,246	£13,386	-12.2%
3 Mineral Fuels	£1,675	£1,060	-36.7%	£104,208	£85,090	-18.3%
4 Animal and Vegetable Oils	£168	£152	-9.5%	£2,347	£2,265	-3.5%
5 Chemicals	£2,620	£2,551	-2.6%	£72,784	£70,074	-3.7%
6 Manufactured Goods	£8,741	£8,325	-4.8%	£66,328	£62,839	-5.3%
7 Machinery and Transport	£18,274	£21,151	15.7%	£188,895	£219,521	16.2%
8 Miscellaneous Manufactures	£5,668	£5,470	-3.5%	£80,970	£79,527	-1.8%
9 Other commodities nes	£4	£4	0.0%	£15,255	£20,856	36.7%
Total Imports	£40,942	£42,668	4.2%	£598,874	£611,815	2.2%

Country Group

- By Country Group⁴, the highest value of goods exports from the West Midlands region was to the EU at £14.7bn, accounting for 43.1% of the total. The value of goods exports to the EU has increased by £1.5bn (+11.4%) since the year ending Q3 2022.

⁴ Country Groups: Asia & Oceania, Eastern Europe (excl. EU), European Union, Latin America & Caribbean, Middle East & North Africa (excl. EU), North America, Sub-Saharan Africa, Western Europe (excl. EU) and undefined.

- The highest value of imports to the West Midlands region was from the EU at £25.7bn, which accounted for 60.2% of the total. Goods imports from the EU increased by nearly £2.8bn (+12.0%) when compared to the year ending Q3 2022.

The following table shows a breakdown of goods exported and imported by Country Group and the percentage change between year ending Q3 2022 and Q3 2023:

Figures in Millions	Midlands Region			UK		
	Year to Q3 2022	Year to Q3 2023	% Change	Year to Q3 2022	Year to Q3 2023	% Change
Exports by Country Group						
Asia & Oceania	£4,697	£6,474	37.8%	£57,728	£57,346	-0.7%
Eastern Europe (excl EU)	£494	£492	-0.4%	£4,788	£4,073	-14.9%
European Union	£13,209	£14,713	11.4%	£187,766	£188,658	0.5%
Latin America and Caribbean	£462	£532	15.2%	£5,821	£5,955	2.3%
Middle East and North Africa (excl EU)	£1,475	£2,144	45.4%	£18,126	£22,083	21.8%
North America	£6,236	£8,156	30.8%	£55,894	£63,238	13.1%
Sub-Saharan Africa	£350	£383	9.4%	£5,892	£5,813	-1.3%
Western Europe (excl. EU)	£1,060	£1,240	17.0%	£15,632	£15,446	-1.2%
Undefined Country Group	£3	£4	33.3%	£8,511	£7,368	-13.4%
Total Exports	£27,987	£34,137	22.0%	£360,159	£369,979	2.7%
Imports by Country Group						
Asia & Oceania	£11,160	£10,800	-3.2%	£127,676	£122,566	-4.0%
Eastern Europe (excl EU)	£538	£176	-67.3%	£7,557	£1,945	-74.3%
European Union	£22,913	£25,670	12.0%	£286,245	£318,813	11.4%
Latin America and Caribbean	£654	£591	-9.6%	£9,596	£8,463	-11.8%
Middle East and North Africa (excl EU)	£900	£886	-1.6%	£25,549	£20,624	-19.3%
North America	£2,391	£2,439	2.0%	£57,509	£68,339	18.8%
Sub-Saharan Africa	£347	£229	-34.0%	£10,016	£9,837	-1.8%
Western Europe (excl. EU)	£2,040	£1,877	-8.0%	£68,553	£52,781	-23.0%
Undefined Country Group	-	-	-	£6,172	£8,446	36.8%
Total Imports	£40,942	£42,668	4.2%	£598,874	£611,815	2.2%

WMCA Labour Market and Claimant Count Headlines⁵

The Economic Intelligence Unit

Economic Activity

Overall, for the WMCA area, the economic activity rate was 75.3% in the year ending September 2023, an increase of 1.4 percentage points (pp) since the year ending September 2022. The UK economic activity rate was 78.7% and increased at a slower rate of 0.5pp.

Employment Rate

The WMCA area employment rate was 70.3% in the year ending September 2023, this was an increase of 1.4pp since year ending September 2022. While the UK employment rate increased by 0.3pp to 75.7%.

Economic Inactivity

The WMCA area economic inactivity rate was 24.7% in the year ending September 2023, a decrease of 1.4pp since the year ending September 2022. The UK economic inactivity rate decreased by 0.5pp to 21.3%.

Economic Activity, Employment Rate and Economic Inactivity Summary:

	Economic Activity Rate: Year to Sept 2023	Change Compared to Year to Sept 2022	Employment Rate: Year to Sept 2023	Change Compared to Year to Sept 2022	Economic Inactivity Rate: Year to Sept 2023	Change Compared to Year to Sept 2022
Birmingham	72.4%	1.6pp	66.9%	1.9pp	27.6%	-1.6pp
Coventry	77.2%	2.4pp	72.4%	1.9pp	22.8%	-2.4pp
Dudley	80.6%	-0.3pp	77.5%	0.2pp	19.4%	0.3pp
Sandwell	74.5%	6.5pp	70.2%	6.2pp	25.5%	-6.5pp
Solihull	80.9%	1.0pp	77.9%	2.8pp	19.1%	-1.0pp
Walsall	77.2%	-3.7pp	70.2%	-5.3pp	22.8%	3.7pp
Wolverhampton	73.8%	-0.5pp	68.4%	-0.5pp	26.2%	0.5pp
WMCA	75.3%	1.4pp	70.3%	1.4pp	24.7%	-1.4pp
UK	78.7%	0.5pp	75.7%	0.3pp	21.3%	-0.5pp

Modelled Unemployment Rate

Since the year ending September 2022, the WMCA area modelled unemployment rate has decreased by 0.2pp to 6.5% in the year ending September 2023. England's modelled unemployment rate increased by 0.1pp to 3.8% in the year ending September 2023.

Modelled Unemployment Rate Summary:

	Year to September 2022	Year to September 2023	Annual Change
Birmingham	8.0%	7.3%	-0.7pp
Coventry	5.5%	5.4%	-0.1pp
Dudley	4.3%	4.0%	-0.3pp
Sandwell	6.2%	5.6%	-0.6pp
Solihull	4.6%	3.6%	-1.0pp
Walsall	5.4%	6.0%	0.6pp
Wolverhampton	6.3%	6.2%	-0.1pp
WMCA	6.7%	6.5%	-0.2pp
England	3.7%	3.8%	0.1pp

Claimant Counts

There were 123,975 claimants in the WMCA area in December 2023. Since November 2023, there has been an increase of 1.3% (+1,535), while the UK increased by 1.4%. When compared to December 2022, claimants have increased by 2.6% (+3,180), with the UK increasing by 2.7%.

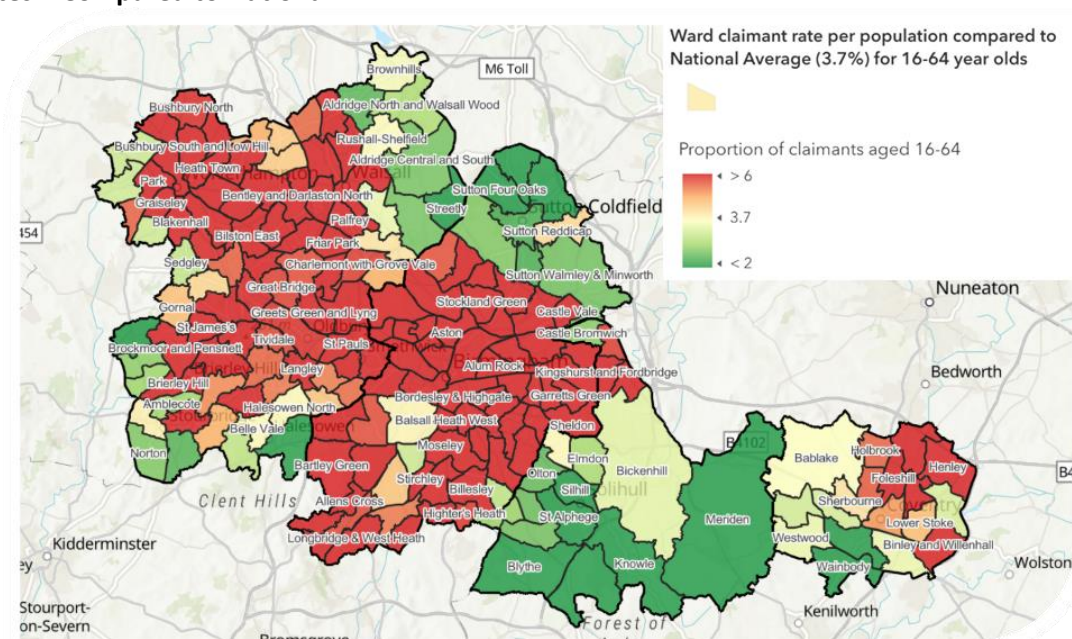
⁵ Sources: Office for National Statistics (ONS), Annual Population Survey, released January 2024 and ONS/ Department for Work and Pensions, Claimant Counts, released January 2024 (figures for previous months are revised).

Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 6.7% compared to 3.7% for the UK in December 2023.

Claimant Count Summary:

	December 2022	November 2023	December 2023	Monthly Percentage Change	Annual Percentage Change
Birmingham	60,820	62,540	63,725	1.9%	4.8%
Coventry	11,725	12,195	12,245	0.4%	4.4%
Dudley	9,170	8,985	9,085	1.1%	-0.9%
Sandwell	13,400	13,280	13,385	0.8%	-0.1%
Solihull	4,040	4,085	4,110	0.6%	1.7%
Walsall	9,395	9,445	9,525	0.8%	1.4%
Wolverhampton	12,250	11,915	11,895	-0.2%	-2.9%
WMCA	120,795	122,440	123,975	1.3%	2.6%
UK	1,515,210	1,535,890	1,556,660	1.4%	2.7%

Claimant Rates – Compared to National



Youth Claimants (Aged 18-24)

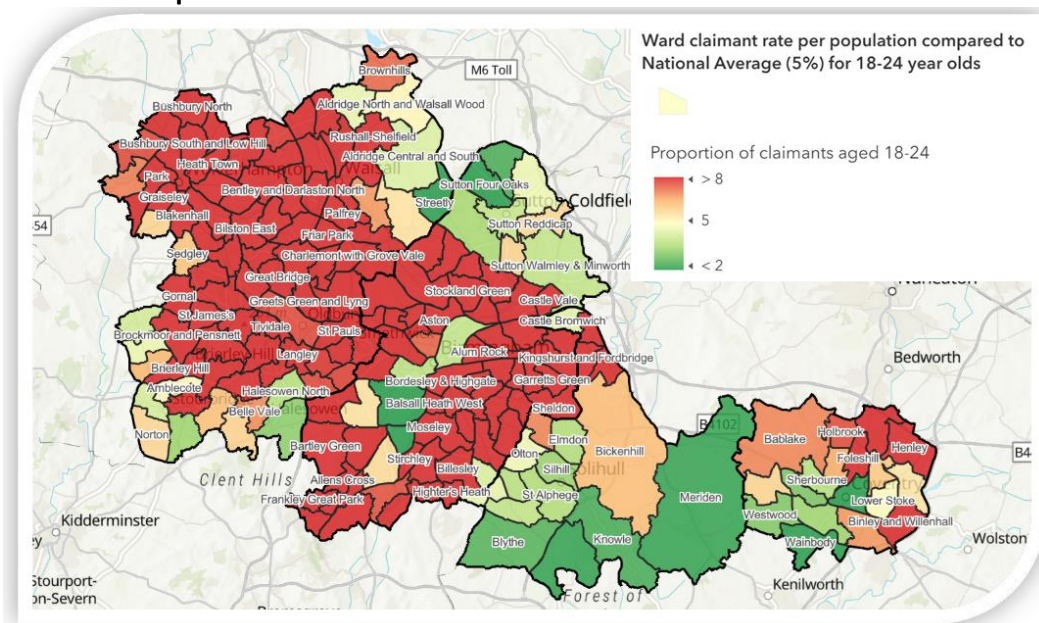
There were 24,110 youth claimants in the WMCA area in December 2023. Since November 2023, there has been an increase of 0.9% (+215) in youth claimants while the UK increased by 0.1%. When compared to December 2022, youth claimants have increased by 10.7% (+2,340), with the UK increasing by 6.8%.

Overall, for the WMCA the number of claimants as a proportion of residents aged 18-24 years old was 8.5% compared to 5.0% for the UK in December 2023.

Youth Claimant Count Summary:

	December 2022	November 2023	December 2023	Monthly Percentage Change	Annual Percentage Change
Birmingham	10,780	12,025	12,155	1.1%	12.8%
Coventry	2,010	2,190	2,245	2.5%	11.7%
Dudley	1,750	1,820	1,845	1.4%	5.4%
Sandwell	2,500	2,680	2,670	-0.4%	6.8%
Solihull	750	830	810	-2.4%	8.0%
Walsall	1,850	2,050	2,085	1.7%	12.7%
Wolverhampton	2,130	2,300	2,305	0.2%	8.2%
WMCA	21,770	23,895	24,110	0.9%	10.7%
UK	257,755	275,190	275,375	0.1%	6.8%

Youth Claimant Rates – Compared to National



Entrepreneurial Ecosystems in Cities and Regions: Emergence, Evolution and Future

Fumi Kitagawa, WM REDI

Professor [Fumi Kitagawa](#) provides an overview of the edited volume published by Oxford University Press: *Entrepreneurial Ecosystems in Cities and Regions: Emergence, Evolution and Future*, with her co-editors – [Robert Huggins](#), [Daniel Prokop](#) (Cardiff University), [Christina Theodoraki](#) (TBS Business School) and [Piers Thompson](#) (Nottingham Trent University).

Entrepreneurial Ecosystems in Cities and Regions

Over the last decade, there has been growing interest in the concept of entrepreneurial ecosystems as a means of better explaining the success or otherwise of cities and regions. From both a scholarly and policy perspective entrepreneurial ecosystems are considered to be a way of re-energising economies – particularly in the wake of multiple crises – as well as sustaining previous success or avoiding stagnation and relative decline. The body of research on entrepreneurial ecosystems is building rapidly, and concerns have been raised about the use of the term entrepreneurial ecosystems in a way that places it in danger of losing its focus and therefore its meaning. This book, therefore, seeks to ensure that the notion of entrepreneurial ecosystems does not become consigned to the dustbin of redundant scholarly concepts.

To achieve this, the aim of this edited volume is to bring together the wide-ranging intellectual explorations on the notion of ecosystems of entrepreneurship within cities and regions. The book – consisting of [28 chapters](#) with over 60 contributors – is the result of a series of truly collaborative initiatives that have resulted in the **emergence** and **evolution** of an international ecosystem of scholars across cities, regions, countries, and continents, pointing to the **future** avenues of such scholarly endeavours. The chapters within the book are curated into three parts covering the **emergence**, **evolution**, and **future** of the concept and the research that seeks to provide us with a better understanding of how it can be appropriately and usefully applied.

The book presents an agenda building upon the early explosion of interest within academic, policy, and practice circles by providing new and important insights contributing to knowledge, directing future investigations, and increasing the effectiveness of research-based policy and practice. In essence, it develops a framework and evidence base for establishing a robust and sustainable concept that can help shape a fuller understanding of how cities and regions around the world can use entrepreneurship and innovation as a catalyst for their future economic, social, and environmental development.

The Emergence of Entrepreneurial Ecosystems

In Part I of this volume, the eight chapters ([Geoffrey Borchhardt and Olav Sorenson](#); [Michael Fritsch, Maria Greve, Michael Wyrwich](#); [Meiling Hong and Ben Spigel](#); [Colin Mason](#); [André Nana, Eric Michaël Lavolette, Christina Theodoraki](#); [Shauna Brail and Shiri Breznitz](#); [David B. Audretsch and Christina Theodoraki](#); [Maryann Feldman and Joonho Oh](#)) focus on the **emergence** of the entrepreneurial ecosystem both as a concept and phenomenon. The chapters investigate what we know about entrepreneurial ecosystems and what we do not know and depict **what** entrepreneurial ecosystems are—the types of actors and factors associated with entrepreneurial activities—and **how** and **why** ecosystems can increase the performance and survival of entrepreneurial firms. These chapters open up discussions on the conceptual underpinnings of the entrepreneurial ecosystem, given the diverse role of heterogeneous actors within them. As these chapters indicate, the ‘contexts’ for entrepreneurship vary across places resulting in a spatial diversity of policies. The configurations of the ecosystem also vary with temporal changes. For instance, a significant increase in the number of entrepreneurial actors interacting and providing support, mentoring, and resources on a collaborative basis may result in a positive entrepreneurial culture emerging over time. This may lead to questions such as: **how does a regional culture of entrepreneurship emerge and what can policy do to stimulate the development of such a culture?**

The Evolution of Entrepreneurial Ecosystems

In Part II of this volume, the ten chapters (*Mirella Theresia Schrijvers, Niels S. Bosma, and Erik Stam; László Szerb, Esteban Lafuente, and Éva Komlósi; Max Herbertson and Neil Lee; Hiroyuki Okamoto, Fumi Kitagawa, Hiro Izushi; Janna Alvedalen and Bo Carlsson; Katharina Scheidgen and Michaela Hruskova; Yasuyuki Motoyama; Elizabeth A. Mack, Heike Mayer, Isabella A. Catalano; Aki Harima; Andrew Johnston*) examine the *evolution* of entrepreneurial ecosystems. Entrepreneurial dynamics are not necessarily well understood, especially in understudied contexts such as peripheral places. Furthermore, the literature to date requires a greater engagement with the methodologies and metrics to study the evolutionary aspects of entrepreneurial ecosystems, encouraging plurality that leads to novel methods that help disentangle the inherent complexities. The contributions to this part of the book offer a significant advancement of our understanding of the evolution of entrepreneurial ecosystems in addressing relevant questions and challenges. In particular, the evolution of the entrepreneurial ecosystems concerns research questions related to change and dynamics, with a key focus on the following issues: ***How do different attributes and elements develop, and when? How do networks of actors build their relations and coherence, and how do these networks expand, mutate, and dissipate at different stages of entrepreneurship development? How does entrepreneurial entry and growth differ across entrepreneurial ecosystems at different stages of development? How do governance structures determine entrepreneurial ecosystem evolution?***

The Future of Entrepreneurial Ecosystems

In Part III, the nine chapters (*Martin Bliemel, Allan O'Connor, Lisa Daniel, Saskia de Klerk, Margarietha de Villiers Scheepers, Morgan Miles; Richard T Harrison and Augusto Rocha; Rhiannon Pugh, Jana Schmutzler De Uribe, Manuel Gonzalo; Agata Kapturkiewicz and Heli Helanummi-Cole; Allan O'Connor, Rob Hallak, Claudine Soosay, Joe Mandrell; Robert Huggins, Yuxi Zhao, Piers Thompson; Haifeng Qian and Wenying Fu; Thomas S. Lyons and Dustin Holmes; Jonathan Potter and Helen Lawton Smith*) address the *future* of the entrepreneurial ecosystems concept. While past and present studies have been mainly focused on definitions, challenges, and the fundamental composition of an entrepreneurial ecosystem, it is argued that future developments should stress its dynamic and interdisciplinary nature. The latter offers various perspectives, including social interactions, demographic considerations (such as women and immigrants), governance approaches, systemic analyses, evolutionary dynamics, holistic views, and strategic angles. The aim of Part III of the book is to provide a critical overview of the state-of-the-art entrepreneurial ecosystem research stream and reveal selected future avenues on promising topics to advance scholarly and policy-oriented discussion. Specifically, the future of entrepreneurial ecosystems hinges on the following questions: ***What spatial and context specificities shape entrepreneurial ecosystems? How do the micro-dynamics and interdependencies within the entrepreneurial ecosystem contribute to the agency of actors and foster value creation and productive entrepreneurship? How do typologies, contextual factors, and spatial specificities contribute to understanding the trajectories and outcomes of entrepreneurial ecosystems?***

The journey of the book

It is worthwhile mentioning the original roots of the book. It was initiated as part of a research project funded by the UK's Economic and Social Research Council. The project ran between 2019 and 2021 and it sought to address the topic of 'Entrepreneurial and Innovation Ecosystems in the UK and Japan: Place-Based Policy Scenarios and Options'. The first workshop, on '***Measuring Entrepreneurial and Innovation Ecosystems***', was hosted by Adam Smith Business School at the University of Glasgow in collaboration with the University of Edinburgh Business School; and the second workshop, '***Place-Based Ecosystems: Making Connections between Entrepreneurship and Innovation***', was held in Tokyo, hosted by the National Graduate Institute for Policy Studies (GRIPS), enabling a close dialogue to emerge between academic, policy, and business representatives across the two countries. Throughout the two workshops, it became apparent that more a granulated understanding of ecosystem thinking is required, with greater consideration of the institutional context given the heterogeneous nature of places and complex interactions between actors and networks.

Building on the UK–Japan collaborative efforts, the project team at Cardiff University took a new initiative to further share, exchange, and develop research and ideas concerning the entrepreneurial ecosystem concept across a wide range of stakeholders. Hosted by Cardiff University's School of Geography and Planning and Centre for Innovation Policy Research, a series of online workshops were held in the spring of 2021 under the theme '***The Evolution, Persistence and Success of Entrepreneurial Ecosystems***'. The online format of the workshop series not only enabled

the team to overcome the restrictions in place due to COVID-19, but also opened up geographical boundaries through international exchange and networking. Across the five workshops, more than 200 participants from a wide range of locations were engaged. The workshop series created energy and enthusiasm, attracting many PhD students and early career researchers, as well as more experienced academics, along with policymakers, entrepreneurs, and investors.

The set of presentations and discussions from these workshops (both online and in-person) between 2019 and 2021 laid the foundation for the edited volume through an extended network of international scholars. As a whole, the chapters in this edited volume provide a wealth of new insights on the concept of entrepreneurial ecosystem shedding light on a range of questions as indicated above. These questions provide a deeper understanding of the entrepreneurial process as a socially embedded phenomenon that is of huge global significance in the twenty-first century. The extent to which cities and regions can remain resilient and sustainable within a global economic environment with growing geopolitical upheaval will be a fundamental factor determining global economic evolution, and entrepreneurship and the ecosystems through which it occurs will undoubtedly play a major role.

Place Matters: Universities and Local Innovation Systems

Fumi Kitagawa and Simon Collinson, WMREDI and Tomas Ulrichsen, University of Cambridge

In a series of blogs, Simon Collinson, Fumi Kitagawa and Tomas Ulrichsen examine the role of universities in regional development.

The blogs are co-authored by the Policy Evidence Unit for University Commercialisation and Innovation (UCI) at the University of Cambridge Institute for Manufacturing (IfM) and the West Midlands Regional Economic Development Institute (WMREDI) at City-REDI, University of Birmingham.

Read the other blogs from the series –

[Enhancing University Contributions to Local Growth by Targeting High-Potential Firms and Industries](#)

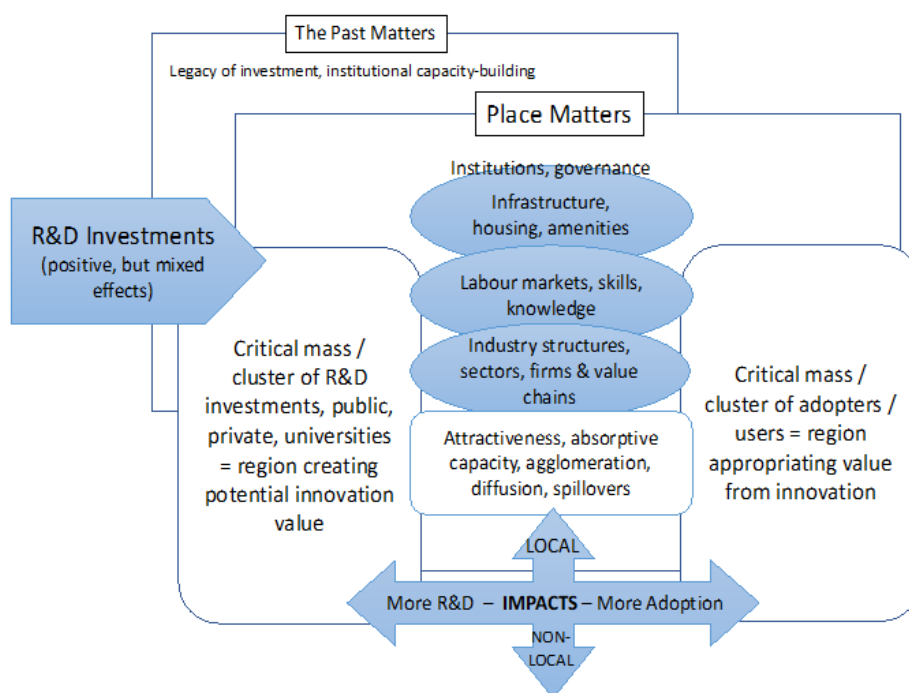
[Unleashing the Regional Innovation Potential of Universities](#)

[Universities’ Role in Helping Regions Transition From Legacy Industries Into New Areas](#)

The role of universities in regional development

Regional economies vary in their potential to grow along particular pathways, leading to higher or lower levels of productivity and/or inequality and/or progress towards net-zero targets. Amongst the wide variety of factors which contribute to this growth potential, including infrastructure, skills, levels of inward investment or the innovative capabilities of local firms, the presence of universities is an important one. This is particularly the case if R&D-led growth is the target of public sector investments by government.

Investments in R&D, from public or private sources, into universities or other parts of the R&D ecosystem, generally have a positive effect on economic growth, but the level of the impacts, and the eventual beneficiaries of this investment, are moderated by other characteristics of the local economy. Place matters, and the past matters, in terms of the growth pathway a region is developing along.



Collinson and Billing, 2020

Figure 1: R&D Investments, Local Value Appropriation and Regional Growth

This leads us to question, which university-firm combinations represent areas of growth potential, in different regions?

There has been a growing interest at the national and local levels of government in tackling the challenges and trade-offs between improving the productivity and competitiveness of firms, reducing inequality and deprivation in low-income communities and making economic growth more sustainable. All of these challenges are connected and vary by region, in terms of the root causes and the resulting opportunities for different kinds of economic growth and social development.

Current government thinking is rightly focused on improving regional innovation systems, partly by making targeted investments in R&D-led growth at the local level. There are two particular challenges here. First, mapping existing clusters is easier than predicting the future growth potential of clusters, which varies depending on the place and the emergent industry sector in question. Second, differentiating investments in clusters which benefit the local economy by raising average productivity in local firms, and/or increasing opportunities for lower-income communities (inclusive growth), from investments where the value appropriation takes place elsewhere (via spillovers, interregional value chains, equity transfer etc.), is complex. There are gaps in our understanding of 'growth potential' and the specific contributions that University-based R&D can make to catalyse and/or complement the existing growth potential in particular places.

It is critical to have a better understanding of how particular place-based innovation ecosystems provide growth opportunities where value appropriation is predominantly local. A system-wide, interdisciplinary approach is needed to answer any of these questions. We need to be able to connect inputs, including the components of existing local innovation ecosystems (skills, firms, university R&D assets etc.) and new R&D investments or catalysts, more precisely with outputs and outcomes that benefit the region.

The subsequent blogs in this series expand on these themes, building particularly on the work of Richard Lester (2005), [***Universities, Innovation, and the Competitiveness of Local Economies***](#). We examine how firms and industries interact differently with universities, directly impacting the creation/lack of local value appropriation and multiplier effects. We also explore how universities vary in the degree to which they prioritise regional impact compared to other strategic themes, and the alignment or misalignment between university objectives (and assets, programmes, expertise etc.) and local needs. Finally, we look at the potential for universities to help regions transition from legacy industry structures into new growth markets partly via intermediaries such as catapults, science parks and innovation accelerators focused on R&D-led growth.

Enhancing University Contributions to Local Growth by Targeting High-Potential Firms and Industries

Fumi Kitagawa and Simon Collinson, WMREDI and Tomas Ulrichsen, University of Cambridge

In a series of blogs, Simon Collinson, Fumi Kitagawa and Tomas Ulrichsen examine the role of universities in regional development.

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In the second blog from the series, the authors reflect on how particular kinds of local engagement between universities and firms can contribute to regional economic growth.

Read the other blogs from the series:

[Place Matters: Universities and Local Innovation Systems](#)

[Unleashing the Regional Innovation Potential of Universities](#)

[Universities' Role in Helping Regions Transition From Legacy Industries Into New Areas](#)

Our series of blogs examines the different challenges and approaches to harnessing universities more effectively for better, more balanced economic growth across UK regions. Although the evidence shows that universities add significant value to regional economies, much of this contribution is arguably automatic or 'unconscious', or at least not precisely targeted. One area where universities are encouraged to play a stronger role is in support of local industrial strategies, through more or better engagement with firms in their regions. Related commentary and analysis, however, usually fail to clarify which firms should be the focus of this engagement, and why. This is also a challenge faced by other stakeholders including government business support agencies and public R&D funders. Failure to accurately target those firms and sectors that have the most potential to contribute to local economic growth risks wasting public funds which are in short supply already.

Local industrial strategies 'comprising a range of measures to build on local strengths and deliver on economic opportunities' ([HM Government, 2018](#), and similar iterations before and after this version), have suffered from the same problem ([Shutt and Liddle, 2020](#)). When asked to put forward lists of industries or clusters which represent distinctive, local development opportunities for targeted support, regional agencies struggle. They tend to provide very similar lists of target industries, such as advanced manufacturing, life sciences, creative and digital, for central government investment. The selected priority areas can sometimes just mirror the thematic preferences of central government agencies, as investors, rather than the outcome of a locally driven selection mechanism. However, regional and national agencies also acknowledge that the data and evidence available to base such decisions on currently lacks the level of depth and robustness to guide a more precise approach.

There are some clear starting points for improving on this and the following discussion focuses on two: (1) creating more promising growth prospects by shaping the regional industrial structure and underlying portfolio of firms and, (2) targeting sectors and firms which have higher local multiplier effects and more local value appropriation. Throughout we will reflect on how particular kinds of local engagement between universities and firms can contribute to these outcomes.

1) Regional Industry Structures and Firm Portfolios

Universities' engagement with local firms varies by place, partly because each region hosts a unique combination of firms. This place-specific industry portfolio in turn influences the future potential growth trajectory of any region.

Firm size, age and sector are important, and fairly simple indicators can help characterise regional variation in these terms.

Location quotients and measures of regional specialisation or economic complexity provide one set of insights into how different kinds of combinations of firms give rise to different kinds of growth. Briefly, research shows that 'UK local authorities with higher economic complexity (but not necessarily diversity) will tend to have higher per capita earnings, growth rates and greater ability to develop further industries with greater earnings potential' ([Mealy and Coyle, 2022](#)). Higher complexity and higher growth places also tend to specialise in knowledge-based services industries, such as finance, insurance, ICT, professional, scientific and technical activities. These contrast to lower growth regions which are more likely to have concentrations of agriculture, manufacturing or mining activities.

The key point here is that sector specialisation and particular kinds of economic complexity matter, and some lower-growth regions would benefit from significant changes to their local industry portfolio. Arguably, industrial strategies that focus on 'building on existing local strengths' are contributing to the path-dependencies underlying the 'Matthew Effect', i.e., the rich places are getting richer, and the poorer places are increasingly worse off. This is one area where more precise targeting could enhance the contribution of universities to local growth, by directing particular kinds of engagement with particular kinds of firm. Collaborative research, specific teaching programmes and efforts to retain students in the local region, with a particular focus on knowledge-based services industries, could all be aligned with local growth strategies.

The Role of Universities in Supporting Local Industry Transitions

[Lester \(2005\)](#), amongst others, outlined a series of ways that universities can contribute to the shaping of industry portfolios. We discuss this framework (see Figure 2 in blog number 3 in this series) in which university contributions to local economies undergoing different types of industrial transformation are broken down into:

1. Support for emerging industries (Type 1), through leading science and technology development, technology transfer and licensing, promoting start-ups and spin-outs in emerging sectors etc.
2. Importation/transplantation of industries (Type 2), through skills development and retention, and technical support for local firms.
3. Diversification of existing industries into technologically related new ones (Type 3), perhaps using assets and capabilities from mature or legacy industry sectors to create an advantage in new sectors.
4. Upgrading of existing industries (Type 4), by increasing investment and skills and enhancing innovation-related capabilities to move up the value chain in current industries.

The abovementioned research on portfolio diversity and complexity ([Mealy and Coyle, 2022](#)) suggests that Type 4, building on local strengths, is far less promising than Types 1-3, which entail some level of intervention to change the mix of firms in the region.

Although this has not been measured accurately, there is evidence suggesting that technology transfer offices (TTOs), innovation 'intermediaries', 'catapults' and 'accelerators' which connect universities and firms can support industry transitions. We have examined the activities of two examples in the West Midlands, the [Manufacturing Technology Centre](#) (MTC, in Ansty) and the [Warwick Manufacturing Group](#) (WMG, Warwick University) in an attempt to develop the evidence base and contribute to a wider literature on the impacts of these organisations. (See [Billing et al., 2023](#)).

2) Maximising Local Value Appropriation

To further improve the targeting of interventions for local economic development we need to consider which industry sectors, clusters or firms give rise to growth benefits that stay in the region as opposed to flowing out to other regions (or out of the UK entirely). This might seem an odd question to anyone unfamiliar with the dynamics of regional growth. But we know that, depending on the context, £1 of investment can result in more or less than £1 of local added value.

Other research studies have observed this and called for more place-based approaches and the need for local 'capture of co-created value' ([Bailey, Pitelis and Tomlinson, 2018](#)) but lack the empirical methods to support

targeted interventions. We are developing and combining two promising approaches at City-REDI, which could help differentiate regions and support more precise interventions.

Modelling

The first approach involves using interregional input-output models to examine net gains and losses across connected local economies. The City-REDI SEIM, or [Socio-Economic Impact Model](#), for example, provides estimates of net benefits from local investments or policy interventions, comparing across regions. It has been used to examine a range of events, investments and interventions, from the economic impact of the Commonwealth Games on the Birmingham city-region ([Lyons, 2022](#)), to the impact of a rise in corporate insolvencies on West Midlands households (Collinson, Lyons and Ma, 2023) and the different levels of local economic contribution across regions that results from student spending.

The latter provides a simple example, where the model was used to estimate the local economic impacts of £1 (or £1 million) of student expenditure, it has shown significant differences by UK region. The largest direct [Gross Value Added](#) (GVA) multiplier is 17% higher than the smallest one, and jobs multipliers show wider variations with the maximum at 12.5 jobs per £1 million expenditure being more than twice the minimum. Greater Manchester, the West Midlands and parts of London and the South East benefit the most. Spill-over effects are also significantly different with Cornwall and the Isles of Scilly receiving under £0.2 locally for each £1 spent and Inner London receiving almost the entire £1. London comes out top in most of these kinds of analysis in the UK as a major beneficiary of added value from economic activity in other regions because it hosts the most firms, including suppliers and contractors as well as business owners ([Carrascal Incera, Kitsos and Gutierrez Posada, 2022](#)). In effect, this means either (a) that supporting growth in student numbers should be higher on the priority list for some regions than others, and/or, more relevant for this discussion, (b) places that have large numbers of students should aim to appropriate more value from their spending by developing local supply chains.

Overall, inter-regional models provide insights into which regions benefit most (or least) from flows of goods, services and capital, and how this varies by industry sector. It provides strong insights into how place-based policies can be customised to be more effective in terms of securing more added value locally.

Multipliers

Our second approach complements the above models by estimating local employment multiplier effects created by particular investments. It can also be used to estimate future changes in regional output and productivity. There is significant variation between sectors, firms and particularly the specific functions or activities of firms, in terms of local impacts. A new distribution depot will employ lower-skilled, lower-paid workers compared to a new R&D centre, but usually more. The former can help reduce unemployment but does not improve average productivity. The latter creates higher-average productivity and larger consumption multipliers through employing higher-paid workers, but it can also displace lower-income workers (e.g., through house-price inflation) and therefore enhance inequality.

Another important dimension of these multiplier impacts is the degree of local 'embeddedness' of a firm, including upstream and downstream linkages ([Collinson et al., 2020](#)). Local impact varies according to both the total volume of direct and indirect economic activity, including employment, generated by a firm / an investment, and the proportion of this activity which takes place within the regional economy. It can be helpful to think about four key ratios, which we combine to produce a 'Local Contribution Index' (LCI):

- Local employees as a percentage of total employees
- Local sales as a percentage of total sales
- Local customers as a percentage of total customers
- Local ownership as a percentage of total ownership

A weighted average provides a ranking of firms in terms of their local embeddedness and expected multiplier effects. The direct and indirect employment and spending that result from the economic activity created by a new investment, and where this spending takes place, are key factors determining local economic contribution. This comes directly from jobs in the firms that are part of the cluster, and indirectly from local companies contracted by

firms in the cluster (suppliers, cleaners, consultants etc.) who experience a growth in demand. A wider set of multipliers occurs when these employees spend locally, supporting additional jobs in local service providers, like restaurants, retailers, hairdressers and so on (which in turn have suppliers). The more of this economic activity that occurs locally, the more the region benefits from the capital investment at the start of the multiplier sequence. When we account for displacement effects (new jobs at the expense of jobs lost in nearby areas) and other complexities, for some types of investments, firms or sectors the local effects are significant, for others they are negligible. You can also see fairly easily that small firms will have a smaller volume of impact, but more of it will be local.

Automotive vs. Gaming?

As an example, if we compare the local impact of a large automotive cluster in the West Midlands with the creative gaming industry in Leamington Spa, the differences become clearer. The flagship firm JLR employs around 36,000 people in the UK and most of them are based in the West Midlands. But it supports an estimated 216,000 indirect jobs, largely locally via tiered supply chains. The extent of the loss, if JLR and other automotive manufacturers relocated elsewhere or collapsed the impact would be significant, and it would be largely focused on the region (Qamar, Collinson and Green, 2023).

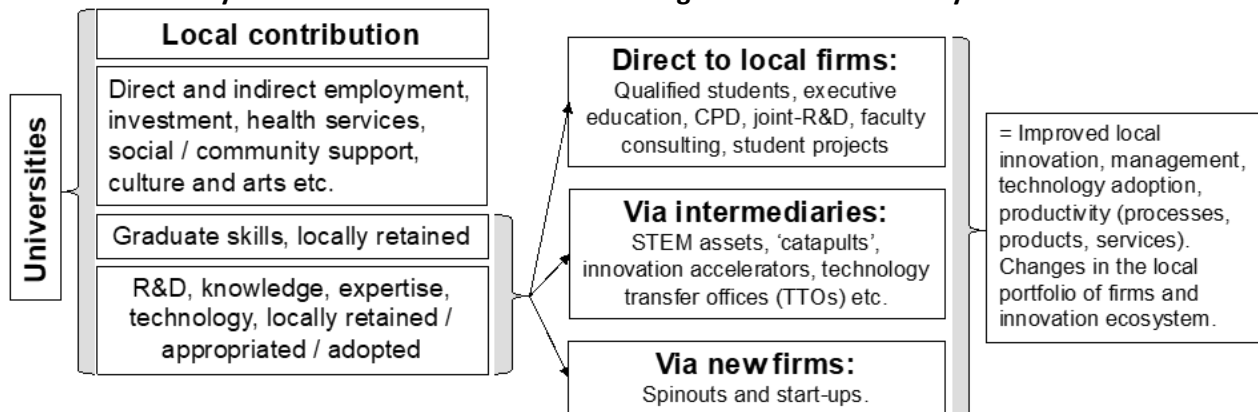
The scale of employment in the computer gaming cluster in Leamington Spa ('Silicon Spa'), which is comprised of almost 50 game development studios, is obviously far smaller. With an estimated 2,500 employees (but this accounts for 12% of the UK gaming industry) it is one of only two locations outside of London where this industry sector contributes over £100 million GVA (Davies and Collinson, 2023).

If we account for the difference in the scale of the local economic impacts, there are still important differences in the type of economic benefits flowing to the respective local areas. Growth in gaming-related jobs will increase the average GVA, compared to automotive manufacturing. One estimate suggests that the average GVA per head is £83,800 as against the UK average of £62,100 which is higher than the average in automotive manufacturing. The spending multiplier per job is also likely to be higher, but little of the gaming 'supply chain' is local and much of the ancillary economic activity is online. The wider economic dependence on this type of cluster is far smaller than for JLR, not just because of the volume and type of jobs, but because of the very different nature of the value created and its connection with the location. Policy interventions need to be developed, customised and delivered with these considerations in mind.

Where and How Universities Can Help

So, universities, in combination with other stakeholders, could more precisely target areas of growth, helping to attract specific kinds of inward investment, promoting starts ups and spinouts in selected industries, or helping existing firms to transition into new growth areas. A simple logic chain appears below, in Figure 1.

Figure 1: Local Pathways for Universities' Contribution to Regional Innovation Ecosystems



Collinson, 2023

But alongside doing more, the evidence suggests that focusing on particular firms, industries and economic activities, would yield greater long-term benefits for regions.

As a starting point, the above examples demonstrate that one of the contributions universities can provide, following the City-REDI example, is evidence and insight into the unique challenges and opportunities each region faces. This kind of objective, robust and data-driven policy support fills a current (capacity and capability) gap for local authorities in the UK, undermining their ability to be precise in investment asks of central government.

But the bigger gain would come from better aligning university assets, science, technology and R&D capabilities to the demand-side of innovation needs in local firms. As the UK government, via the Department for Science, Innovation and Technology (DSIT), UK Research and Innovation (UKRI) and other bodies, develops a stronger place-based approach to innovation and growth, support structures and incentive mechanisms should incorporate the above insights to target their efforts. This includes university-industry partnerships, technology transfer offices (TTOs), STEM assets, such as the MTC and WMG in the West Midlands region, and Small and Medium-sized Enterprises (SME)-support and scale-up programmes. The incentives that might be required to focus universities on these outcomes are also an important consideration. Most of the above have an element of public funding, and this enables some degree of locally customised targeting to be introduced. Recently announced government initiatives in England, such as the pilot £60 million '[Regional Innovation Fund](#)' (discussed in the next blog in the series), provide the opportunity to do just this.

Unleashing the Regional Innovation Potential of Universities

Fumi Kitagawa and Simon Collinson, WMREDI and Tomas Ulrichsen, University of Cambridge

In a series of blogs, Simon Collinson, Fumi Kitagawa and Tomas Ulrichsen examine the role of universities in regional development.

The blogs are co-authored by the Policy Evidence Unit for University Commercialisation and Innovation ([UCI](#)) at the University of Cambridge Institute for Manufacturing (IfM) and the West Midlands Regional Economic Development Institute ([WMREDI](#) at [City-REDI](#)), University of Birmingham.

In the third blog from the series, Tomas Ulrichsen discusses how universities can invest in their innovation and wider knowledge exchange activities to boost the innovation performance of their regions for the benefit of their local communities.

Read the other blogs from the series:

[Place Matters: Universities and Local Innovation Systems](#)

[Enhancing University Contributions to Local Growth by Targeting High-Potential Firms and Industries](#)

[Universities' Role in Helping Regions Transition From Legacy Industries Into New Areas](#)

The UK government has set ambitions to reduce the significant disparities in economic and societal prosperity that exist across the UK to increase the opportunities and life chances for all UK citizens. Tackling the long-standing productivity challenges facing the country and unleashing the economic potential of towns, cities, and rural communities. Places that have, for too long, been left behind the most prosperous parts of the UK, many of which are located in the Golden Triangle between Oxford, Cambridge and London.

In the first blog from this series, we argued that the solution in parts of the country will require investments in strengthening the regional innovation system to enable it to not just create new sources of value but also to raise its ability to appropriate more of this value locally. With universities often one of the largest employers in their local economies, and organisations that provide some of the critical knowledge-based resources for innovation to thrive, university research and knowledge exchange (KE) funders such as Research England (part of UK Research and Innovation), university leaders, and local governments and others, are being challenged to find ways of better mobilising the university system to help deliver on these important ambitions.

In early October 2023, the Secretary of State for Science, Innovation and Technology announced [a new pilot Regional Innovation Fund](#) to enable universities in weaker regions to better contribute to delivering this agenda. It provides £60 million to universities to support local innovation, commercialisation, and economic growth, with the funding prioritising regions with lower R&D investments and universities with strengths in delivering local growth and regeneration activities. In England, this funding is being channelled through [Research England](#).

The arrival of this additional funding raises important questions for funders and university leaders alike about **how, in practice, universities can invest in their innovation and wider KE activities to boost the innovation performance of their regions for the benefit of their local communities.** Below we set out some thoughts.

Generating innovations and creating potential value for their region

Perhaps the most talked about roles of universities in unleashing regional innovation centres on their contributions to the generation of new innovations, typically through their research, and research-related KE activities ([Kitson, 2019](#)). This includes, for example, building global centres of research excellence in key technology areas (e.g. quantum, artificial intelligence, energy technologies, and bioinformatics and genomics), working closely with large,

R&D-intensive companies on their next-generation products and services, and commercialising breakthrough technologies and ideas through spinouts and IP licensing activities.

These activities help to create seeds of potential value that need to be invested in and further developed to translate these opportunities into economic value. In many cases, much of the downstream value realised from these activities will be outside the university's local economy, and often overseas. Once a critical mass is reached, these activities can become an important factor in the development and success of high-technology clusters (as it has been for Cambridge), helping to attract inward investment, talent and other key resources to the area.

Strengthening the ability of a region to appropriate value from innovations

This 'innovation generation' focus on universities' roles in regional economic development is only part of the story. The ability of a region to appropriate value from innovation is critically important for ensuring local communities realise benefits from innovation. In the first blog, we noted that a critical mass of local firms with sufficient capabilities to exploit knowledge and translate it into value-adding opportunities for the business is crucial here. We set out a framework capturing many of the key factors that can help to deliver this, not least:

- Strong local institutions and governance;
- Availability of general and innovation-specific infrastructure, amenities and support;
- A dynamic labour market and skills base;
- A vibrant knowledge base;
- The strength and availability of local supply chains and complementary assets;
- The attractiveness of the area and quality of life.

Firms also benefit from being part of a cluster which, among other things, can facilitate the diffusion of ideas, knowledge and talent. Our first blog highlighted that the development of local areas is often strongly path-dependent, with strong effects of legacy investments and existing capabilities.

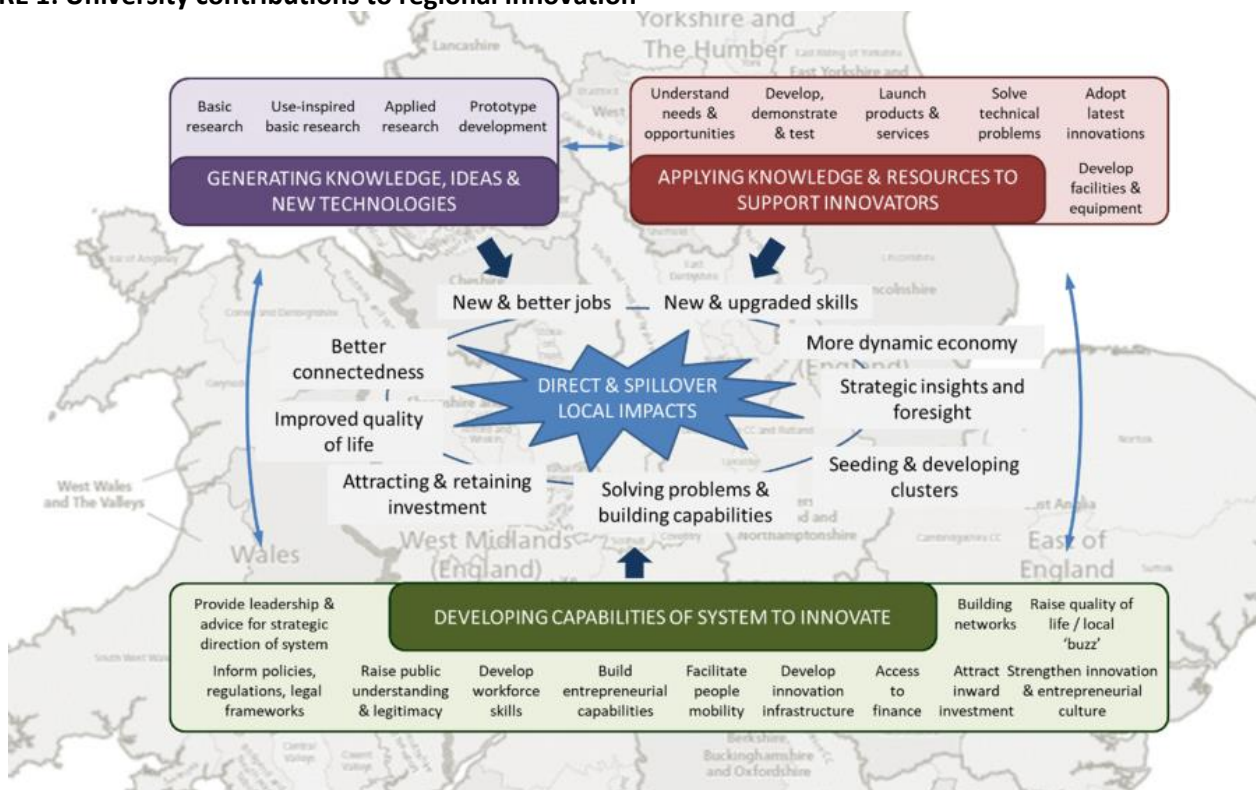
In all these areas, universities have the potential to contribute. Over the past few decades, we have seen universities across the UK become much more active in helping local firms – particularly Small and Medium-sized Enterprises (SMEs) – to build up their capabilities to innovate and realise value from innovation. Examples include the emergence of KE initiatives providing technical and management training; helping companies to identify new opportunities for innovation and open up new market opportunities; helping companies to demonstrate, test and launch their innovations; helping partners to adopt the latest technologies and processes; and working together to solve technical problems hampering their innovation efforts.

We also see universities working with local partners – including, for example, local government, business groups, innovation support organisations, and other education providers – to strengthen the underpinning conditions and improve the resources available for innovation in the area ([Ulrichsen and Kelleher, 2022](#)). Examples here include (co-)investing to build innovation districts, incubation and scale-up spaces; seeding networks to better connect different organisations involved in innovation; leveraging their convening power to bring disconnected actors together around common challenges; and investing to better align skills provision with current and future local industry and innovation needs. We have also seen a growing involvement of universities in supporting the development of local innovation strategies and strengthening local efforts to attract inward investment to the region.

For many areas, it is these wider efforts that will be particularly important for delivering a step change in their local economic performance.

As FIGURE 1 below shows, the university's contributions to regional innovation are multi-faceted, developing new knowledge and technologies, leveraging existing knowledge and resources to help innovators solve problems, and strengthening the innovation system by building the networks, infrastructure and capabilities to innovate.

FIGURE 1: University contributions to regional innovation



An increasingly strategic agenda for university leaders

A recent survey of university KE leaders showed that, when looking forward from 2021 to the economic recovery and future, most placed significant strategic importance on working within their local economies to increase innovation and economic prosperity locally (Ulrichsen and Kelleher, 2022). This was equally true of large research-intensive universities with global missions as well as more teaching-driven, regionally focused institutions. It was also one of a number of strategically important priorities.

Above we highlighted many ways through which universities can contribute to boosting local innovation. How a particular university will contribute will depend in part on its strategic ambitions and available resources and capabilities (including skills, knowledge bases, physical and digital infrastructures, social networks and partners etc.).

It will also depend on the specific conditions, opportunities and challenges in their local economies. Richard Lester – in his seminal work on university roles in local innovation systems (Lester, 2005) – showed how the industrial dynamics at play locally were a particularly important factor in shaping how universities contribute. He highlighted key differences between local economies seeding new industries, those working to attract industries from elsewhere, economies seeking to diversify into related markets, or those needing to upgrade to survive (FIGURE 2).

FIGURE 2: Differentiating university contributions to local economies undergoing different types of industrial transformation

Type 1: Emerging Industries	Type 2: importation/transplantation of industries	Type 3: Diversification of existing industries into technologically related new ones	Type 4: upgrading of existing industries
<ul style="list-style-type: none"> • Forefront science and engineering research • Technology licensing policies • Promote/assist entrepreneurial businesses (incubation services, etc.) • Cultivate ties between academic researchers and local entrepreneurs • Creating an industry identity 	<ul style="list-style-type: none"> • Education/manpower development • Responsive curricula • Technical assistance for sub- 	<ul style="list-style-type: none"> • Bridging between disconnected actors • Filling ‘structural holes’ • Creating an industry identity 	<ul style="list-style-type: none"> • Problem-solving for industry through contract research, faculty consulting, etc. • Education/manpower development • Global best practice scanning

<ul style="list-style-type: none"> ○ Participate in standard-setting ○ Evangelists ○ Convene conferences, workshops, entrepreneurs' forums... 	<p>contractors, suppliers</p>		<ul style="list-style-type: none"> ● Convening foresight exercises ● Convening user-supplier forums
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Source: Lester, R. (2005) *Universities, Innovation, and the Competitiveness of Local Economies: summary report from the local innovation project – phase I*, Cambridge, MA: Industrial Performance Centre, MIT.

Crucially, it is likely that not all universities will be able to meet the full range of innovation needs of their local economy, particularly where they are larger and more complex. The diversity of universities in a region can be an important asset for improving the economic fortunes of the area.

We must appreciate that universities have very different knowledge bases, expertise and infrastructure which they can leverage to support different points along the innovation journey. For example, while universities like Cambridge and Oxford pursue large amounts of more fundamental research that push the frontiers of science and unlock breakthrough inventions, others have much greater capabilities in applied research, solving manufacturing challenges, and delivering product development/engineering solutions. Combined, they have the potential to provide a more complete and integrated set of support that can help partners not just seed new sources of value through innovation, but help them solve critical scale-up challenges and build the capabilities to anchor more of the value here in the UK and in a particular region.

Looking forward

Funders like Research England – whose remit is to create and sustain the conditions for a healthy and dynamic research and KE system in the English higher education sector, and allocate much of their funding via formula – are grappling with how to develop effective and targeted funding programmes to boost the regional innovation performance of weaker economies across the UK. One major challenge here is the lack of high-quality and up-to-date data and evidence on the scale of need, how universities contribute to their regions, what works in different contexts, and the impact of these efforts.

[Research England \(RE\) has committed to developing its capability as a national centre for KE data, metrics and evidence](#) to improve its ability to fund KE effectively, support the development and impact of the English university system, and demonstrate the value of the university system. This is being formally supported by the Policy Evidence Unit for University Commercialisation and Innovation (UCI) at the University of Cambridge, with Tomas Ulrichsen as National Adviser. In October 2023, RE’s Executive Chair, [Professor Dame Jessica Corner asked that early attention be given to improving local and regional growth metrics](#).

For university leaders, there are important challenges around translating strategic priorities around supporting economic growth in their regions into actionable initiatives and activities on the ground delivering impacts. It will also benefit from greater efforts to better connect capabilities from different universities, innovation intermediaries, further education colleges, businesses large and small, local government, professional services and others, to drive a more coordinated and system-wide effort to boost innovation for regional economic benefit. This, however, takes resources and commitment from across the system to a common goal. Our survey of university KE leaders from 2021 suggested that most, while seeing strategic opportunities in this area, also believed they lacked the necessary financial and non-financial resources to do so. The pilot Regional Innovation Fund will help.

Wider research being undertaken by UCI is also finding that universities can struggle to adapt and reconfigure operationally to deliver on major new strategic priorities, particularly where these significantly push the boundaries of their more traditional focus. Here, we need greater ‘dynamic’ capabilities and tools at the university level to deliver strategic change.

Universities' Role in Helping Regions Transition From Legacy Industries Into New Areas

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In the last piece from this blog series, the authors continue to discuss the role of universities in relation to **place-based** industrial policies. They are particularly interested in identifying how universities help the region pivot from **legacy industries** into emerging and new technology areas.

Read the previous blogs from the series:

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Regional diversification and the roles of universities

Industrial path development and regional diversification have become a core theme in the regional innovation policy as well as scholarly literature ([Grillitsch and Asheim, 2018](#)). Questions are asked: **when, how and under which circumstances do new regional economic activities emerge?** There seems to be a consensus that regional industrial path development is **place-specific**. With industrial and innovation policies like **smart specialization** which aim at boosting economic growth by diversification towards more complex and higher-value economic activities, the significance of a **place** in industrial and innovation policy discourse has become increasingly evident ([Bailey et al., 2023](#)). However, as Andrew Johnson and his colleagues point out ([Johnson et al., 2023](#)), so far, there has been little systematic examination of the roles of universities in place-based industrial strategies and regional diversification.

In this respect, let's ask further questions: **how do universities help new industrial path development for a region? What are the challenges and how can they be overcome? What kind of policy would help such processes?** We need to recognise the diversity of places, and heterogeneous nature and different types of universities as part of the possible diversification of local innovation systems. Each university has a unique set of missions, history, capabilities and resources ([Kitagawa et al., 2016](#)). Different types of universities play different roles in facilitating innovation-led growth pathways in their regions ([Uyarra, 2010](#)). Each region has a different history and socio-political culture, and the roles of the university would depend on which industrial transition pathway is being followed in the specific regional context. We should also remember that the extent to which industrial partners see universities as **credible partners** substantially varies depending on complex factors, including the nature of industry and complementarity of technologies as well as individual perceptions ([Perkmann et al, 2011](#); [Johnson and Huggins, 2018](#)).

Re-visiting Lester's Four Types of Growth Pathways

As our earlier blog pieces articulated drawing on Lester's (2005) seminal work, [Universities, Innovation, and the Competitiveness of Local Economies](#), universities can contribute to the local innovation-led growth pathways in a number of ways, summarised as an idealised set of **Four Types**:

1. Support for emerging industries (**Type 1**), through leading science and technology development, technology transfer and licensing, promoting start-ups and spin-outs in emerging sectors etc.
2. Importation / transplantation of industries (**Type 2**), through skills development and retention, and technical support for local firms.
3. Diversification of existing industries into technologically related new ones (**Type 3**), perhaps using assets and capabilities from mature or legacy industry sectors to create an advantage in new sectors.
4. Upgrading of existing industries (**Type 4**), by increasing investment and skills and enhancing innovation-related capabilities to move up the value chain in current industries.

All four **Types** would matter for a new regional path creation, and they co-exist (as Lester put it: *in practice, the distinctions between them are not always clear*). At the same time, we need to be aware of the different characteristics of each of the regions and the variety of roles that different types of universities and other innovation actors may play in each of the regional path creation.

Let's revisit each of these four **Types** of regional path creation and think about the different roles universities can play. It is generally expected that universities will contribute to innovation-led regional growth through science-based knowledge, R&D and knowledge spillover effects, which is emphasised in a series of industrial strategies in the UK in recent years with a set of priority technologies. These activities tend to facilitate **Type 1** pathway, including licensing, spin-off and start-up creation, which may be largely driven by research-intensive universities/technology-focused departments. For **Type 2** pathway, which involves "the relocation of industries into the region", universities need to respond to the needs of the relocating firms by "developing new, customized curricula and continuing education programs". For **Type 3** transitions involving "diversification out of existing local industries into technologically related new ones", cultivating technological links between disconnected actors is essential including building links to local supplier and sub-contractors. **Type 4** activities relate to upgrading of innovation processes, which tend to be led by industry while local universities may contribute to "technical problem-solving through contract research and faculty consulting, develop industry-relevant degree and continuing education programs, create student internship". In these transition pathways (**Type 2, 3 and 4**), the roles of less research-intensive and teaching-oriented universities with strong local connections are particularly important, which are less captured in academic literature. A strong alignment between the regional needs and the institutional strategies of less research-intensive universities is noted in some studies ([Abreu et al., 2009](#); [Hewitt-Dundas, 2012](#)) with particular evidence among former polytechnics (post-1992 universities) in the UK. Universities also collaborate with other actors, such as Further Education Colleges, and innovation intermediary organisations (e.g. Research and Technology Organisations, Catapult Centres to bridge the gaps in technological support and fill in skill needs. Examples include Catapult Centres in the West Midlands region such as [the Manufacturing Technology Centre \(MTC\)](#) and [WMG, University of Warwick](#) (formerly Warwick Manufacturing Group) ([Billing et al., 2023](#)).

Increasing Regional Innovation Capacity

The concept of "innovation capacity" both at the regional and national levels is relevant here, including not only the supply-side of knowledge generation and diffusion but also the demand-side and absorption of knowledge. In terms of regional development and ecosystem management perspective, the knowledge application and exploitation subsystem of private firms and their networks is of vital importance for the performance of any innovation systems ([Vallance et al., 2018](#)). Businesses in **innovation-prone regions** can overcome external shocks by diversification strategies, developing new products, technologies, or services, and fostering more innovative approaches. A critical question is: **How would universities in less-innovation prone regions help diversify and develop a new industrial pathway leading to innovation-led regional growth?** It is acknowledged that the absorptive capacity of firms in periphery or less innovation-prone regions is seen as a critical factor in the effectiveness of knowledge spillover and commercialisation policies. This is the case for less **innovation-prone** regions. **Type 4** transition would be of particular importance to the regions with fewer opportunities related to science-based industry formation.

Jennifer Clark argues that for old manufacturing regions, the diversification challenge is increasingly one related to "technology adoption into an incumbent system" rather than the emergence of a wholly new system, which corresponds to Lester's **Type 3** and **4** transitions. Clark points out that there has been too much emphasis on **product innovation** in "high-tech manufacturing" in the current policy discourse (e.g. start-up firms, technology transfer and entrepreneurship) whilst the emphasis on **process innovation** is on adaption and "technology uptake" within existing

systems rather than disruptive shifts in organisational models and markets. She highlights the role of “regional intermediaries” for manufacturing regions in the US to diversify into a new pathway, addressing interrelated domains of issues such as supply chain, labour market and innovation ([Clark, 2014](#)).

Universities and Regional Diversification Pathways

Two recent developments in the UK can be seen as interesting propositions for the future of universities and regional diversification pathways.

First, the UK Government (2023) recently published “[Independent Review of University of Spin-Off Companies](#)” recommending universities to work with their local spin-out ecosystems, amongst other recommendations. The creation of university spin-off firms (USOs) has been of growing interest to both policymakers and researchers (e.g., [Caputo et al., 2022](#); [NCUB, 2022](#); [Ulrichsen, Roupakia and Kelleher, 2022](#)). This is because of assumptions about their contributions to the exploitation of academic knowledge and their impact on regional economies, including employment growth, the emergence of new clusters, wider economic impacts and demonstration effects on local businesses and institutions (**Type 1**). Arguably, by developing USOs and creating a supportive infrastructure for academic entrepreneurship, the university may have an impact on the local innovation and entrepreneurial ecosystem by diversifying into new technologies and capabilities ([Benneworth and Charles, 2005](#)). Both USOs and graduate start-up creation may be a strategy for universities in periphery regions. However, the challenge remains in terms of **how to retain and scale the venture firms**. Much more effort needs to be placed on **how the region captures value from these companies** – either directly through enabling them to scale locally or by efforts to find ways for the university entrepreneurship activity to catalyse other effects. This may be done through foreign direct investment (FDI) and talent/skills development (**Type 2**); aligning products/services of academic spinouts/start-ups to the needs of existing firms in the region (**Type 4**); and helping to create a more entrepreneurial culture so you get more start-ups and seed a new cluster (**Type 3**). Long-term vision and investment for the local innovation and entrepreneurial ecosystem are needed, and this would take a long time. At the national level, policymakers may consider placing a greater emphasis on building inter-regional networks to partially alleviate the issues faced by peripheral regions without necessary connections to resources in their localities ([Prokop and Kitagawa, 2022](#)).

Secondly, more specifically related to **Type 2** transition, there are initiatives to help universities contribute to local innovation and diversification by attracting FDI. A pilot project is currently underway in the [Midlands](#) where universities are working together to attract FDI – the universities are taking a ‘**hunt in packs**’ approach, **by scaling-up their strengths, ambitions and offer to investors**. The Midlands Pilot focuses on sectors where the region’s universities have research and innovation strengths and expertise that, when combined, are genuinely world-leading. These include transport technologies, agri-food, zero-carbon energy, health and life sciences and the creative and digital industries. The ambition is to attract resources to areas outside London and Southeast where currently both public and private R&D funding is concentrated. This is articulated in a recent report: “[The role of universities in driving overseas investment into UK Research and Development](#)” (HEPI, 2023).

Towards and beyond place-based strategies

Policymakers at local and regional levels need to develop place-based strategies in relation to the research and innovation resources available in the local innovation ecosystem, where different universities may play a differentiated role. Collaborations between different types of universities in the region need to be encouraged, in terms of innovation skills development, for instance. However, due to the uneven regional distribution of public research funding, there is a danger that “place-based interventions may merely lock in pre-existing inequalities” ([Johnson et al., 2023](#), p. 1084) across and within regions. To avoid such a lock-in situation, policymakers need to enable the “importation and embedding of non-local knowledge” (*ibid*) by promoting collaborative partnerships for businesses encompassing different spatial scales with different types of universities.

Overall, it is important to remember that the quality of governance matters for innovation-led growth. Place-based industrial policies would connect entrepreneurial opportunities with innovation and restructuring, increase connectivity between actors within the ecosystem, and then, release new opportunities by creative destruction, which will lead to a new ecosystem creation. Universities are important actors for innovation-led growth. Overall, a university’s ability and willingness to engage with the private sector and other stakeholders will condition the

outcomes and performance of any innovation systems (Lester, 2005). However, it is only possible for universities to create value in the local innovation systems by working with other key actors and building networks within and beyond the local ecosystem.

International Students in the West Midlands: Economic Impact and the Challenges of Graduate Retention

Dimas Almaruf, WMREDI

Summer intern Dimas Almaruf presents the second part of a two-part series of blogs on the economic impact of international students in the UK. Part II discusses the challenges faced by international students upon their graduation from British universities.

View part I - [International Students in the West Midlands: The Costs, Benefits, and Housing Implications](#)

Introduction

International students play a crucial role in the United Kingdom’s higher education system and its overall economy. They not only contribute to the cultural diversity of universities but also make substantial financial contributions through tuition fees and various taxes. In this blog, we delve into the economic impact of international students in the UK, particularly in the West Midlands region, and explore how their presence affects employment opportunities and tax revenues.

Tuition Fee Income

One of the most significant financial contributions made by international students is through tuition fees. The data from [HESA \(2023\)](#) reveals some fascinating insights. Before 2020, EU students paid the same tuition fees as UK students. However, after Brexit, EU students were categorized as international students, resulting in increased fees. As a result, tuition fee income from non-EU students consistently outstrips that from EU students.

In 2021, higher education providers in the West Midlands received tuition fee contributions from non-EU students a substantial £551.9 million, while EU students’ fee contributions amounted to a comparatively modest £58.9 million. This divergence highlights the financial significance of international students to UK higher education institutions. Additionally, the impact of Brexit is evident, with income from EU students declining from £102 million in 2020 to only £58 million in 2021. This suggests that the UK’s departure from the EU may have affected the enrolment of EU students in British universities, including those in the West Midlands as implied in Figure 1. In addition to Brexit, the tuition income from non-EU students also experienced a decline of 7.9% in 2021 which is likely due to the Covid-19 pandemic. However, this decline in non-EU student’s tuition income is significantly lower than that for EU students.

Figure 1– Tuition fees income of higher education providers in the West Midlands



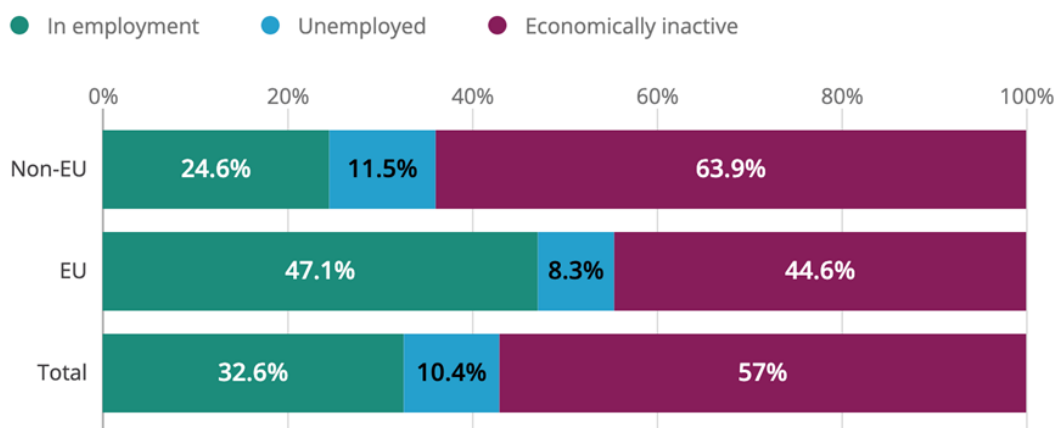
Source: HESA (2023)

Impact on Employment

The Office for National Statistics (ONS) reported a 6% decrease in job vacancies in the UK in June 2023 compared to April of the same year. This decline in job opportunities affected a wide range of industries, including manufacturing, construction, and public administration. This trend underscores the broader impact of reduced employment opportunities in the UK during that period, which had implications for international students seeking employment.

Figure 2, based on ONS data from 2021, provides insights into the employment status of international graduates in the UK. It shows that 32.6% of international graduates were employed by UK-based employers, while 57% were economically inactive due to pursuing higher education or voluntary work. This data highlights the valuable role of international students in filling employment gaps in the UK, especially through initiatives like the [Graduate Route visa scheme](#).

Figure 2 – Employment status of international students, 2021, England and Wales



Source: ONS (2023)

The Graduate Route visa, introduced in July 2023, allows international students to stay in the UK for employment purposes after completing their studies. This scheme has seen substantial uptake, with 98,394 individuals granted this visa, including a significant increase in applications from EU-domiciled graduates. However, challenges, such as short visa validity and limited sponsor licenses, present obstacles for international graduates seeking employment.

UK Tax Revenues from International Students

Beyond tuition fees, international students make significant contributions to the UK's tax revenue. The UK Exchequer report in 2019 estimated these contributions, primarily from income tax, National Insurance contributions, and Value Added Tax (VAT). Graduates' income tax contributions are substantial, with an average of approximately £36,000 per EU-domiciled graduate and £34,000 per non-EU-domiciled graduate over their first decade of employment in the UK.

Moreover, international graduates contribute through National Insurance (NI) contributions. The total estimated NI employee contributions are £716 million for EU-domiciled graduates and £1,043 million for non-EU-domiciled graduates. Additionally, NI employer contributions generated £266 million from EU-domiciled graduates and £449 million from non-EU-domiciled graduates.

VAT revenues are another source of income. The 2016/2017 cohort of international students contributed £592 million in VAT payments, with £220 million from EU-domiciled graduates and £372 million from non-EU graduates.

Table 1 – Aggregate of post-graduation tax revenues generated by international graduates in the 2016/2017 cohort

Level of study	Average £ per graduate			Total		
	EU	Non-EU	Average	EU	Non-EU	Total
Other undergraduate	£99,000	£98,000	£98,000	£58m	£105m	£163m
First degree	£97,000	£96,000	£97,000	£554m	£565m	£1,119m
Master's	£122,000	£105,000	£109,000	£451m	£1,140m	£1,591m
Postgraduate research	£133,000	£132,000	£132,000	£119m	£181m	£300m
Average	£108,000	£104,000	£106,000			
Total				£1,181m	£1,992m	£3,173m

Source: [London Economics \(2019\)](#)

In total, as presented in Table 1, international students from the 2016/2017 cohort contributed an estimated £3,173 million to the UK Exchequer through income tax, NI contributions, and VAT payments during their first 10 years of employment in the UK. These figures emphasize the significant financial impact of international students on the country's public finances.

Graduate Earnings

The Department for Education's (DfE) Longitudinal Education Outcomes (LEO) report (2023) highlights that the median earnings of graduates in the UK have increased significantly over the years. Five years after graduation, first-degree graduates earn a median of £28,000, while postgraduate graduates earn £35,000.

The data also shows that international graduates tend to earn higher salaries than their UK counterparts. For example, non-EU international graduates earn a median of £35,400 five years after graduation. This underscores the value of international students not only to the UK's economy but also to its workforce.

Table 2 – Graduate earnings five years post-graduation in West Midlands

	UK	EU	Non-EU
First degree			
Graduates	24,440	630	1,090
Lower quartile	£20,100	£20,700	£19,300
Median earnings	£27,000	£27,400	£29,700
Upper quartile	£35,000	£35,000	£41,000
Level 7			
Graduates	8,670	385	2,390
Lower quartile	£24,800	£24,500	£19,000
Median earnings	£33,600	£34,300	£30,800
Upper quartile	£42,700	£44,500	£41,000
Level 8			
Graduates	690	105	225
Lower quartile	£31,800	£30,600	£34,300
Median earnings	£39,100	£36,900	£40,500
Upper quartile	£51,500	£44,000	£46,000

Source: [Department for Education \(2023\)](#)

Overcoming Challenges: Changes in Immigration Policy

While international students offer significant advantages to the UK, several challenges persist. Changes in immigration policies can influence the inflow of international students. Brexit has led to new visa and enrolment requirements, impacting the number of students coming from the European Union. Moreover, the competition among universities to attract international students can make finding suitable work-integrated learning opportunities, such as internships, challenging.

The government reinstated the Graduate Route visa in 2021 to allow international students to stay in the UK for up to three years after they graduate from British universities. During this period graduates can work any jobs without sponsorship from the employers. This strategy was taken by the government to increase the talent retention rate in the UK. According to the [Home Office \(2023\)](#), more than 66,000 graduates have been granted the Graduate Route visa since 2021 and 64% of them are graduates domiciled in China, India, and Nigeria—this resonating with the top three education exporters in the UK that have been discussed [in the previous article](#).

However, the new Graduate Route visa is still unpopular within the employers' community. [HEPI \(2023\)](#) reported that 27% of UK employers were not familiar with the visa. In addition to that, some employers expressed that they would prefer to hire local graduates since the visa is only valid for two to three years max, which is seen as not sustainable for the business.

Conclusion

International students in the UK are instrumental in driving innovation, increasing productivity, fostering cultural diversity, and enhancing community engagement, not to mention the significant economic contribution they have made to the regional and national economy. Recognising and addressing their unique needs and challenges is essential to ensure a bright future for both the students and the nation.

The international student community will continue to be a dynamic force in the UK, enriching its innovation landscape, elevating productivity, and contributing to a multicultural society. They are more than just learners; they are the architects of a brighter and more diverse future for the UK. Thus, the government needs to address obstacles that hinder international students from starting their careers in the UK. One way to solve the problem is by having extensive socialisation regarding the new Graduate Route visa to UK organisations, ensuring the business community that hiring international graduates is like taking a free trial before investing in them in the long term with the working visa sponsorship after two or three years.

This blog shares some initial findings of a new project in collaboration with the Birmingham Commonwealth Association considering the impact of international students in the West Midlands. For more information and the latest update contact [Dr Matt Lyons](#).

Companies at Risk of Insolvency in West Midlands Combined Authority (WMCA)

Reen Blacke-Carr, WMREDI

Reen Blake-Carr investigates the number of businesses that are in danger of insolvency in the WMCA and discusses some of the factors that might be causing this issue.

Much like how the UK is [suffering record levels of insolvencies](#) from multiple economic shocks like Covid, the cost-of-living crises and rampant inflation -so has the WMCA. This blog will focus on the local authority areas that make up the WMCA and identify how many businesses are in danger of insolvency and which sectors have the highest rates of businesses in trouble ([see my previous blog on pre-insolvency measures for the 11 core cities](#)).

This blog uses data that has been provided by [Red Flag Alert](#) to assess how many businesses are at risk of becoming insolvent using the Red Flag Measure. This measure indicates companies that are at risk of failing or becoming insolvent. One flag would indicate a company that is in danger but can still change its situation, moving to three flags, the highest level of jeopardy.

The geography used is local authority level and the data is provided by Red Flag alert who obtain their data from sources such as companies house which is constantly updated with the latest figure on number of businesses currently active in the UK.

Companies at risk of insolvency in the WMCA area:

Local Authority	Total Businesses	Businesses with one red flag	% of total businesses with one red flag
Birmingham	94,260	8,214	8.71%
Wolverhampton	20,465	1,633	7.97%
Coventry	26,816	2,195	8.18%
Dudley	22,975	2,069	9%
Sandwell	23,033	1,839	7.98%
Solihull	17,098	1,814	10.6%
Walsall	18,266	1,425	7.8%

Birmingham:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total businesses with one red flag rating
Manufacturing	534	0.56%
Construction	744	0.78%
Wholesale & Retail Trade; Repair of Motor Vehicles and Motorcycles	1,544	1.63%
Accommodation and Food Services	625	0.66%
Information and Communication	604	0.64%
Real Estate Activities	1,125	1.19%
Professional, Technical and Scientific Activities	1,129	1.19%
Administrative and Support service activities	1,009	1.07%

Wolverhampton:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total companies with one red flag rating
Construction	214	1.04%
Wholesale & Retail Trade: Repair of Motor Vehicles and Motorcycles	361	1.76%
Professional, Technical and Scientific Services	184	0.89%

Coventry:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total businesses with one red flag
Construction	239	0.89%
Wholesale & Retail Trade: Repair of Motor Vehicles and Motorcycles	434	1.61%
Real Estate Activities	275	1.02%
Professional, Technical and Scientific services	359	1.33%

Dudley:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total businesses with one red flag
Manufacturing	233	1.01%
Construction	354	1.54%
Wholesale & Retail Trade: Repair of Motor Vehicles and Motorcycles	394	1.71%
Professional, Technical and Scientific services	299	1.30%

Sandwell:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total businesses with one red flag
Construction	389	1.68%
Wholesale & Retail Trade: Repair of Motor Vehicles and Motorcycles	361	1.56%
Transportation and Storage	318	1.38%

Solihull:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total businesses with one red flag
Construction	300	1.75%
Wholesale & Retail Trade: Repair of Motor Vehicles and Motorcycles	247	1.44%
Real Estate Activities	245	1.43%
Professional, Technical and Scientific Services	309	1.8%

Walsall:

Sectors with the most companies with one red flag:

Sectors	Number of Companies	% of total businesses with one red flag
Manufacturing	137	0.75%
Construction	229	1.25%
Wholesale & Retail Trade: Repair of Motor Vehicles and Motorcycles	252	1.37%

Factors behind the risk of insolvency

When looking at the tables above there are several sectors that are at high risk of insolvency in the WMCA region.

Businesses in the real estate sector have experienced challenges with the current economic market due to higher interest rates and borrowing costs. Many potential first-time buyers are unable to afford borrowing costs to buy their first home, with the UK base rate at 5.25%. This also has an impact on current homeowners and their ability to move to new properties. The sector has seen [0.4% drop in activity in the latest quarter](#).

The Professional Services sector has seen many red flags for businesses per Local authority. This could be due to several different factors. Increasing energy prices push up running costs for businesses. At the same time, high levels of Inflation reduce customers' spending, so they no longer use that firm anymore, creating a dual effect of increasing costs whilst reducing income.

Note on blog

A current limitation of this blog is that for readability and size constraints, not all sectors could be added to this blog for each city-region – so the sectors with the highest amount of businesses with one red flag were chosen.

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

The Economic Intelligence Unit

On the 18th January 2024, 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 (at the time of writing, the latest was from the 19th January 2024) social insights on daily life and events, including impacts on health and well-being and the cost of living from the Opinions and Lifestyle Survey (OPN).

Online Job Adverts

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

Nationally, between the 5th and 12th January 2024, total online job adverts increased by 2.7%. On the 12th January 2024, total online job adverts were at 88.0% of their average level in February 2020. Out of the 28 categories (excluding unknown) 24 increased; the largest weekly increase was in charity / voluntary, which rose by 22.8% (to 65.7% of the average level in February 2020). While there were 4 categories that decreased (admin/clerical/secretarial, creative/design/arts & media, education and graduate); the largest weekly decrease was in education, which fell by 6.7% (to 143.0% of the average level in February 2020). There were only 5 categories that were above the February 2020 average level: part-time/weekend (673.5%), education (143.0%), transport/logistics/warehouse (136.2%), whole & retail (135.5%) and domestic help (104.6%).

Between the 5th and 12th January 2024, there were increases for online job adverts across all the regions. The West Midlands online job postings rose by 0.8% and on the 12th January 2024, it was at 84.1% of the average level in February 2020. On the 12th January 2024, there were only 3 regions above their February 2020 levels: Northern Ireland (132.9%), North East (109.7%) and Scotland (100.9%).

Value Added Tax

HM Revenue and Customs VAT returns data for the UK shows that in December 2023 the net number of firms reporting increased turnover fell by 2 percentage points, decreasing to 1% from 3% in November 2023.

Advanced Notification of Potential Redundancies

Calculated as a four-week rolling average, the number of potential redundancies in the week to 7th January 2024 was 11% above the level in the equivalent week of 2023. The number of employers proposing redundancies was 7% below the level in the equivalent week of 2023.

System Average Price (SAP) of Gas

The National Gas Transmission, Elexon report there was a weekly increase of 4% in the SAP of gas in the week to 14th January 2024. When compared to the equivalent period in the previous year it was 50% lower. However, when compared to the pre-coronavirus baseline, the SAP of gas was 240% higher. Also, in the week to 14th January, the System Price of electricity increased by 22%. When compared to the equivalent period in the previous year it was 33% lower. However, when compared to the pre-coronavirus baseline, the System Price of electricity was 168% higher.

Business Insights and Conditions Survey

The final results from Wave 99 of the Business Insights and Conditions Survey (BICS) based off the 5,309 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 20.3% (1,078) and 3,266 businesses that are head quartered in the West Midlands, with a response rate of 19.4% (634). Please note, the survey reference period was 1st to 31st December 2023 with a survey live period of 27th December 2023 to 7th January 2024. 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

31.4% of responding West Midlands businesses reported to exporting within the last 12 months, 4.0% reported to exporting over 12 months ago. While 48.8% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 8.0% reported to never exporting previously but have goods or services that could be developed for exporting.

50.7% of West Midlands businesses reported that exporting stayed the same in December 2023 when compared to December 2022. With 23.6% of West Midlands businesses reporting to have exported less and 11.0% reported to exporting more.

55.1% of West Midlands businesses reported that importing stayed the same in December 2023 when compared to same month in the previous year. 14.6% of West Midlands businesses reported to importing less and 11.0% reported to importing more.

Supply Chains

61.3% of responding West Midlands businesses reported to getting the materials, goods or services needed from the EU in December 2023. A further 5.1% were able to get the materials, goods or services needed from the EU but had to change suppliers or find alternative solutions. While 1.7% were not able to get the materials, goods or services needed.

79.8% of responding West Midlands businesses reported to getting the materials, goods or services needed from within the UK in December 2023. A further 6.6% were able to get the materials, goods or services needed from within the UK but had to change suppliers or find alternative solutions. While 2.1% were not able to get the materials, goods or services needed.

Global Supply Disruption

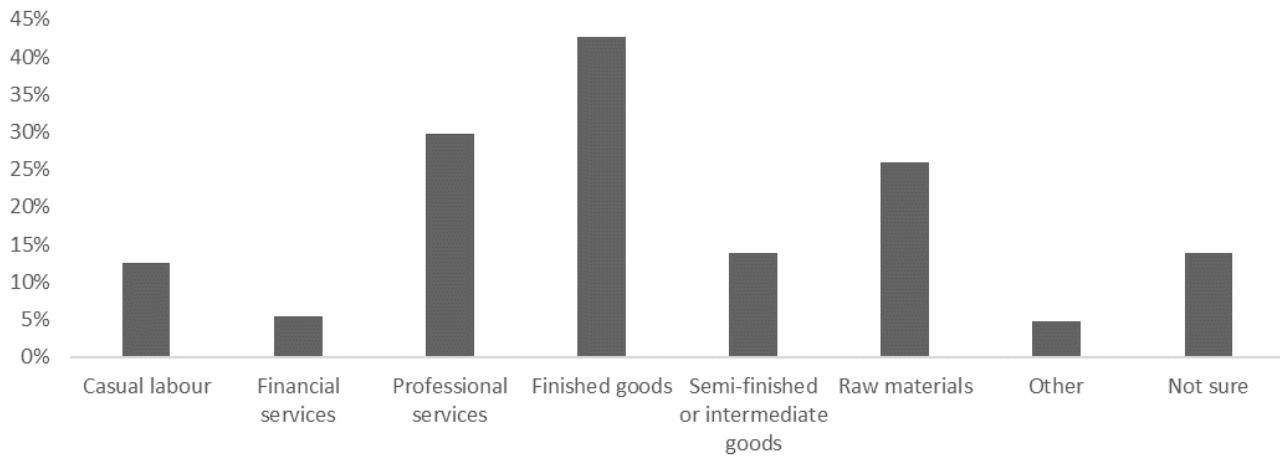
4.8% of responding West Midlands businesses reported global supply chain disruption in December 2023. While 64.2% reported no disruption.

Intra-UK Purchases and Intra-UK Sales

In the last 12 months, 27.6% of responding West Midlands businesses had purchased goods or services from suppliers in other UK nations (50.0% reported they had not).

42.6% of West Midlands businesses purchased finished goods from suppliers in other UK nations.

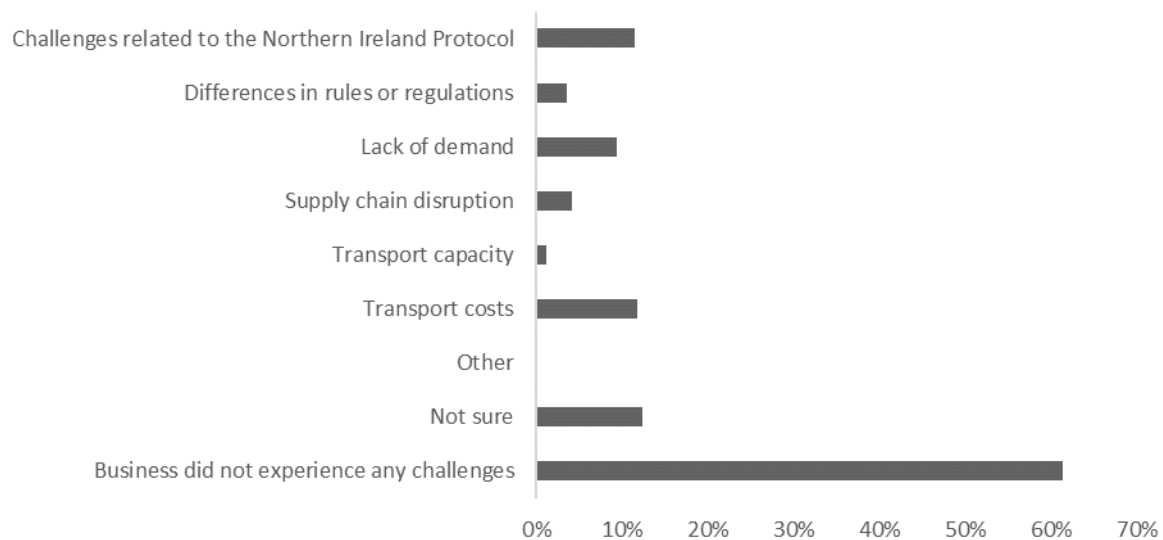
In the last 12 months, goods or services West Midlands businesses had purchased from suppliers in other UK nations:



In the last 12 months, 40.4% of responding West Midlands businesses had sold goods or services to customers in other UK nations (43.8% reported they had not).

11.8% of West Midlands businesses experienced transport costs challenges.

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



Skills

28.3% of responding West Midlands businesses reported a high demand for manual skills in the last 12 months. While 19.6% reported that the West Midlands workforce required extra support / training in management or leadership skills.

The following table shows the skills the West Midlands businesses have had a high demand for in the last 12 months and skills the workforce require extra support or training in:

	Skills in High Demand	Workforce Require Extra Support or Training In
Advanced digital skills	13.5%	11.1%
Basic digital skills	16.8%	9.0%
Customer service skills	25.7%	12.2%
Management or leadership skills	26.8%	19.6%
Manual skills	28.3%	11.8%
Transferable skills	11.8%	7.4%

Other	2.7%	-
None of these options	33.8%	59.5%

Hourly Wage

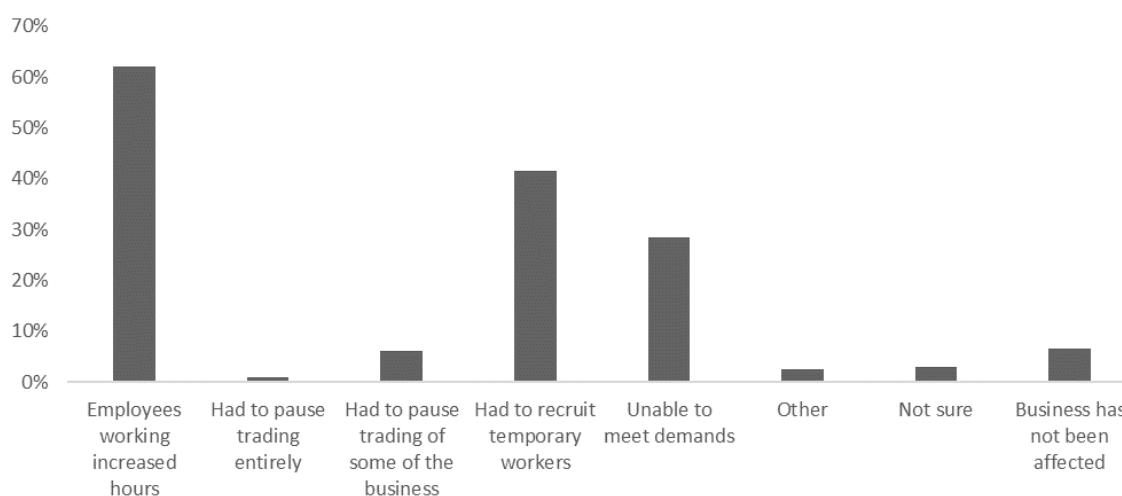
11.4% of responding West Midlands businesses reported on average, in December 2023 when compared to the previous month that employees hourly wage had increased, with 78.0% reporting wages stayed the same and 2.4% reporting a decrease.

Worker Shortages

18.6% of responding West Midlands businesses reported to experiencing a shortage of workers.

62.0% 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:



Public Opinions 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 4th to 14th January 2024.

Artificial Intelligence

39% of respondents agreed or strongly agreed that artificial intelligence (AI) will benefit them, this proportion appears to be remaining stable (38% in the period 1st to 12th November 2023).

16% of respondents reported they were often or always able to recognise when they were using AI; this proportion has also remained stable (15% in the period 1st to 12th November 2023).

Planned Industrial Action (NHS, Travel and Refuse Workers) and Access to Services

78% of respondents reported they had not been affected by industrial action in the past month; the most commonly reported impacts were spending more money on travel (7%), being unable to take part in leisure activities (7%) and being unable to travel for holiday or leisure as planned (6%).

3% of respondents reported that in the past month they were unable to attend a medical appointment because of industrial action, similar to when we last asked this question in the period 29th November 2023 to 10th December 2023 (2%).

Among those who had tried to make contact with their GP in the past month, 37% said it was easy or very easy to make contact, a decrease compared with 45% in the previous period (13th December 2023 to 1st January 2024).

Cost of Living

52% of respondents reported their cost of living had increased over the last month; this proportion has gradually decreased since April 2023 (76% in the period 22nd March to 2nd April 2023).

Where reports of cost of living had increased, the most common reasons continue to be rises in the price of food shopping (90%) or the price of gas and electricity bills (85%).

39% reported there was less variety in shops than usual when food shopping in the last two weeks, an increase compared with 33% in the previous period (13th December 2023 to 1st January 2024).

Headlines

SECTOR	KEY INSIGHTS
<p>Cross Sector</p>	<p>Outlook</p> <ul style="list-style-type: none"> Office for National Statistics (ONS) data has revealed that gross domestic product (GDP) rose by 0.3 per cent in November after declining by the same percentage points in October – outgrowing expectations. But it has declined by 0.2% over the past three months and the ONS said it has shown ‘little growth’ over the past year, leading economists to fear the country could be at risk of recession by the end of the year. The EY ITEM Club’s new Winter Forecast expects the UK economy to grow 0.9% in 2024, up from the 0.7% growth projected in October’s Autumn Forecast. GDP growth expectations for 2025 have also been upgraded from 1.7% to 1.8%, although 2023 growth predictions have been downgraded from 0.6% to 0.3%. Inflation is expected to fall faster than previously expected, reaching the Bank of England’s 2% target by May and averaging 2.4% in 2024. Bank Rate is also expected to fall significantly in 2024, with 100-125 basis points of rate cuts predicted to be made this year. Economic forecasts from the National Institute of Economic and Social Research (NIESR) estimate that GDP flatlined in the fourth quarter of 2023, and forecast GDP to grow by 0.2 per cent in the first quarter of 2024. These forecasts remain broadly consistent with the longer-term trend of low, but stable economic growth in the United Kingdom. All parts of the UK have suffered from economic stagnation since 2010, according to research from Centre for Cities that shows households in some of the richest and poorest cities have been similarly hard hit. Business confidence improved in Q4, with 56% of UK businesses expecting an increase in turnover in the next twelve months, according to the British Chambers of Commerce Quarterly Economic Survey. Despite this boost, most firms continue to report no improvement to sales, cash flow or investment; while other surveys – such as from the FSB – suggest a fall in business confidence in Q4 2024. Further challenges remain with recruitment. The latest NatWest Purchasing Managers Index (PMI) reports West Midlands business activity and sales expanded at their quickest rates in six months during December. The headline Business Activity Index rose from 50.6 in November to a six-month high of 51.5 in December. New research from Lloyds Bank has found that 27 per cent of West Midlands firms are making new year's resolutions to improve their productivity, as businesses signal confidence in "more positive macroeconomic conditions" ahead. The data revealed the top three areas where firms are focusing their attention as they head into the new year, with 34 per cent focusing on staff training, 29 per cent exploring new technology and 28 per cent concentrating on developing their business. Browne Jacobson suggests there is a “huge appetite” from its large and SME corporate clients, with the firm expecting the Midlands region's M&A market to pick up momentum after the first quarter. Furthermore, accountancy and business advisory group BDO continues to experience "robust and resilient deal volume" in the Midlands, saying that "there are so many reasons to be optimistic for 2024". <p>Trading Environment</p> <ul style="list-style-type: none"> There has been a surprise rise in inflation. The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 4.2% in December 2023, unchanged from 4.2% in November 2023. The Consumer Prices Index (CPI) rose by 4.0% in the 12 months to December 2023, up from 3.9% in November, and the first time the rate has increased since February 2023. While inflation has been diminishing as a concern for businesses, it remains top of the list, particularly for sectors more exposed to economic shocks like hospitality and retail. Coupled with trade barriers with the EU and ongoing worker shortages, trading conditions remain tough. Disruption in the Red Sea is leading to a spike in indicators such as shipping container and insurance costs.

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	<ul style="list-style-type: none"> According to EY, private equity in 2023 closed on a strong note, with firms announcing deals valued at US\$124b, making it the most active quarter of the year by value. PE remained resilient in 2023, as firms opportunistically deployed capital across a range of verticals, asset classes, and transaction types. Higher interest rates will continue to elevate the value of operational value-add. Adoption of Generative AI could facilitate growth and opportunities for private equity firms. However, according to new research, buyout activity across the Midlands private equity industry dropped significantly during 2023, with the pendulum swinging back from the record activity levels experienced in the aftermath of the post-Covid period. The 28 buyouts completed in 2023, with a cumulative value of £1.2bn, represent a fall from the two highest annual values of the post-2008 period, with deals worth £5.9bn completed last year and deals worth £6.1bn in 2021. The levels of 'critical' financial distress jumped dramatically in Q4 2023, up 25.9% on the prior quarter (Q3 2023: 37,772), leaving more than 47,000 businesses near collapse in the UK at the start of 2024, according to the latest figures from Begbies Traynor's Red Flag Alert. In Q4 2023, critical financial distress grew rapidly in the Construction (+32.6%), Health & Education (+41.3%), Real Estate & Property Services (+24.7%) and Support Services (+23.6%) sectors. These figures are translated into insolvencies which are the highest for December in four years and reflect the final month of a difficult year for businesses. Corporate insolvencies have decreased by 18.9% in December 2023 to a total of 2,002 compared to November's total of 2,470, they are up by 1.9% compared to December 2022's figure of 1,965. Personal insolvencies decreased by 20.3% in December 2023 to a total of 6,584 compared to November's total of 8,262, and decreased by 20.2% compared to December 2022's figure of 8,254. December was tough for many firms as they faced additional expenses at a time when margins were already tight. These won't have been helped by consumer spending slowing and rising energy costs. Energy Costs – Businesses are still reporting up to five-fold increases in energy costs as fixed price deals come to an end. Many businesses are interested in regional support and energy audits to help them understand how they can reduce costs and make efficiencies. These referrals are leading to applications for grant funding to support the purchases of energy efficient LED lighting, heating and other machinery. Local business support organisations note high demand for business grants, particularly for office fit outs and machinery. Overall, a fall in consumer numbers and spending remains a top concern for Midlands businesses, according to new research from BDO. BDO LLP's latest bi-monthly Economic Engine survey of 500 mid-market businesses revealed that 44 per cent of regional businesses rank dwindling customer numbers and a reduction in spending as one of the biggest challenges facing their business over the next six months. The regional trend is also mirrored in the retail sector, with more than a third (37 per cent) of retailers placing this as their number one concern. More than half of companies (54 per cent) admitted that supply chain pressure, exacerbated by geopolitical events and staff and skills shortage, will be their biggest challenge in the first half of 2024. <h3>Labour Market</h3> <ul style="list-style-type: none"> Hiring activity declined in the Midlands during December 2023 following "ongoing economic uncertainty", according to a report from KPMG and REC. The KPMG and REC, UK Report on Jobs: Midlands showed recruiters registered a first reduction in permanent staff appointments in three months and one of the sharpest since the Covid-19 pandemic. This weakness was also registered with regards to temporary staff, with temp billings falling for the first time in seven months. There were 'marked' increases in the availability of both permanent and temporary staff, with the former rising at the steepest rate since November 2020 amid increased redundancies and a lack of suitably skilled staff. Nationally, the British Chambers of Commerce warn that labour market conditions are continuing to cool, with wage growth and the number of vacancies falling once again. However, labour costs remain a huge pressure on businesses dealing with a challenging economic environment in their latest Quarterly Recruitment Outlook. Forecasts from the National Institute of Economic and Social Research (NIESR) forecast wage growth to slow as the labour market continues to cool: economy-wide total pay (incl. bonuses) and regular pay are estimated to have grown at 5.7 and 6.2 per cent, respectively, in the fourth

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	<p>quarter of this year relative to the third quarter. The forecast for the first quarter of 2024 sees these figures at 5.6 and 6.0 per cent, respectively.</p> <ul style="list-style-type: none"> The survey explains that the hospitality sector continues to suffer disproportionately from the recruitment difficulties in the economy, with 82% of firms reporting hiring challenges in Q4 (compared with 79% in Q3). This is closely followed by the transport and logistics sector where 81% of businesses attempting to recruit, reported difficulties in finding staff. Meanwhile 79% of construction firms, 77% of manufacturing companies and 66% of retailers, said they had experienced recruitment issues. As firms continue to navigate a series of economic pressures, many are struggling to increase investment in workplace training. For the second quarter in succession, just over a quarter of firms reported an increase in investment plans for staff training (26% compared to 27% in Q3) with 14% reporting a drop (13% in Q3). The Institute for Fiscal Studies (IFS) recently produced a paper on the labour market risks of self-employment, and found that the self-employed are subject to larger earnings fluctuations than employees and they frequently transition into unemployment. Local intelligence suggests a range of success in recruiting some roles, including credit controllers, general administration and account management. Others looking to recruit software engineers and achieve diversity are struggling to attract sufficient female applicants. One example of six vacancies with only one female application. Businesses are displaying an interest and looking for introductions to local schools and colleges to educate students and offer work experience opportunities.
<p>Manufacturing and Engineering</p>	<ul style="list-style-type: none"> Recruitment/Skills Struggles – there are reports of a lack of qualified CNC Machinists and engineers for specific roles with candidates claiming to have necessary skills although when in post they are unable to fulfil duties. There have been reports of a lack of specialist skills for the handling of certain materials leading to products being sourced from China. Made Smarter – The success of Made Smarter in the West Midlands continues to bring benefits to regional manufacturers, many of which have been in receipt of expert guidance in the adoption of digital technology and grant funding to improve productivity. A new report from EY details how Generative AI is spurring a manufacturing renaissance, enabling new capabilities and elevating previous uses of AI. 49% of advanced manufacturing and mobility companies have fully integrated AI-driven product or service changes into their capital allocation process and are actively investing in AI-driven innovation. In the next 12 months, 41% will follow, leaving only 10% that do not plan to do so. Make UK and PwC's Executive Survey 2024 reveal the majority of Britain's manufacturers (52.7%) are now viewing the UK as a more competitive place to locate their activities, compared to just 31% one year ago. While less than one-fifth (16.6%) believe the UK is not a competitive place in which to manufacture. More than four-fifths (44.4%) believe that conditions in the sector will improve, with only one in five believing the contrary. While an increasing number also believe the UK is becoming more competitive than its European rivals.
<p>Construction</p>	<ul style="list-style-type: none"> Monthly construction output in the UK is estimated to have decreased 0.2% in volume terms in November 2023. This follows an upwardly revised decrease of 0.4% in October 2023, with the monthly value in level terms in November 2023 at £15,571 million. This came from a decrease in new work (2.0% fall), as repair and maintenance increased by (2.1%). Anecdotal evidence suggested effects of adverse weather, including heavy rainfall and strong winds in November 2023, led to delays in planned work.
<p>Retail, Hospitality and Tourism</p>	<ul style="list-style-type: none"> Retail sales volumes are estimated to have fallen by 3.2% in December 2023, from a rise of 1.4% in November 2023 (revised up from an increase of 1.3%); December's decrease was the largest monthly fall since January 2021 when coronavirus (COVID-19) restrictions affected sales. On an annual basis, sales volumes fell by 2.8% in 2023 and were their lowest level since 2018. Retailers reported that part of the fall over the month to December was because of consumers purchasing gifts earlier than usual, in November to take advantage of Black Friday offers. Local business intelligence suggests that businesses with customers struggling with cashflow management are being asked for increased payment terms, often from 30 days to 90 days to help them manage cashflow and protect their own businesses. On the flipside, suppliers to food giants such as Tesco and Asda have reported that they are being made to wait up to 180 days for payment, risking putting some out of business.

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Tech / Digital	<ul style="list-style-type: none"> • TechUK have released their 2024 Outlook, exploring global trends in the Technology sector that will shape outlook for UK tech companies in 2024. These include 1) Maximising the potential of AI, 2) Tech advances are driving investment, 3) Tech M&A receiving increased merger control scrutiny, 4) The UK's Online Safety Bill is finally law, 5) The ever-changing landscape of cyber regulation. • The UK has strengthened its strategic approach to cyber with the signing of a Memorandum of Cooperation to deepen public-private partnerships in cyber between the UK and Japan.
Environmental Technologies	<ul style="list-style-type: none"> • As of February 2024, it will be mandatory that any land development must put back at least 10% more habitat than it removes. There are options for the purchase of offsite land for biodiversity banking and other ways to mitigate the impact. This is called Biodiversity Net Gain. This will have impacts for all developments undertaken. • Centrica proposals to establish a 'Centre of Excellence' at one of Europe's largest distribution sites in Leicestershire have taken a step forward. The proposed Centre of Excellence will comprise a combination of training, research and supporting office functions, as well as upskill and train 3,500 apprentices in green jobs. • While oil supply in 2024 appears to be strong, the risk of disruption from attacks in the Red Sea and the Suez canal does remain elevated. For context, 10% of the world's seaborne oil trade passed through the trade route in 2023. Whilst shipping routes can and are being adapted, the temporary rise of Brent to \$80 per barrel as a result of shipping attacks demonstrated the continued exposure of commodity pricing to geopolitical events.

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
The Works	Birmingham	Retail	TheWorks (headquartered in Birmingham) has seen losses widen after experiencing subdued activity over the Christmas period. Revenue growth of 3.1% to £122.6m was delivered against challenging conditions where LFL sales had dropped by 4.9%. TheWorks also reported an adjusted EBITDA loss of £8.5m (H1 2023 – £6.4m) and faced headwinds due to inflation and rises in National Living and Minimum Wages.
Lidl	Walsall	Retail/Food & Drink	Company bosses said the Lidl site in Talbot Close, Bloxwich, was no longer fit for purpose with operations moved to other existing facilities in the region. Discussions with the workforce, consisting of around 100 employees, has begun and representatives for Lidl said they hope to redeploy the vast majority of people in other centres. No jobs are being lost as of yet and the Walsall site will remain operational for the next 12 months.
Tile Choice	West Midlands	Retail	A wholesaler and retailer of tiles operating across the Midlands has ceased trading shortly after posting a notice of intention to appoint administrators. Tile Choice has 18 stores across the East and West Midlands. Store locations include Walsall, West Bromwich, Wolverhampton and Coventry and range in size from 3,000 sq ft to 19,000 sq ft. Its website now says it has ceased trading operations. The business employed 116 staff in its latest accounts ending June 2022 and reported revenues of £15.9m.

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
Moda Group	Birmingham	Property	Detailed plans have been submitted for a 37-storey residential tower in Birmingham, representing the next phase of a wider mixed-use community. Moda – an investor, developer and operator of large-scale rental neighbourhoods – is seeking permission for a build-to-rent development, forming part of the New Garden Square neighbourhood in Ladywood. The vision for New Garden Square could provide up to 1,600 homes, exceeding £6m of new park and

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			public realm facilities, and a range of dynamic commercial, leisure, and workspace. It is anticipated that 425 jobs would be created during the construction phase.
Coventry City Council	Coventry	Energy	A solar farm with the potential to power thousands of homes in Coventry could soon be created if plans are approved at committee. Coventry City Council has brought forward proposals for land south-east of Shilton Lane. Plans include solar arrays, control buildings and associated infrastructure, internal access roads and landscaping. The scheme would generate up to 30MW of renewable energy and save 7,080 tonnes of carbon dioxide per annum.
Aurrigo International	Coventry	Autonomous vehicle technology	Aurrigo International, a Coventry-based autonomous vehicle technology firm, has started its programme with International Airlines Group (IAG) at Cincinnati/Northern Kentucky International Airport (CVG). The scheme involves the deployment and demonstration of the company's autonomous baggage tractor, Auto-DollyTug.
Gatehouse Investment Management	Coventry/ Dudley	Property	Build-to-rent specialist Gatehouse Investment Management has acquired 174 West Midlands homes from Persimmon for a total of £35m as part of its joint venture with global investment firm Carlyle. The homes are located across two sites in Coventry and one each in Dudley and Stoke. They include a mixture of two- to four-bed houses, in addition to a low-rise block of flats close to Coventry city centre. The first units are already completed, with the remaining set to be handed over during 2024.
Clarion Partners Europe	Coventry	Property	Real estate investment fund manager Clarion Partners Europe has completed the acquisition of a Coventry warehouse in a deal worth £28.25m. The purchase from BlackRock's UK Property Fund represents the first investment on behalf of Clarion Partners Europe's core-plus, closed-end UK logistics fund, which last month achieved a final close with £427m of equity commitments. Located on Middlemarch Business Park, an established Golden Triangle distribution hub, the 208,000 sq ft single tenant property is leased to an online pet supplies and accessories retailer on a ten-year lease, with more than four years remaining.
Bond Wolfe	Wolverhampton	Retail/ Property	A River Island store in Wolverhampton city centre has been placed on the market with commercial property agency Bond Wolfe with a price tag in excess of £2m. The purpose-built store on a corner site at 25-26 Dudley Street generates £150,000 per annum in passing rent. It extends to about 9,419 sq ft.
Rotola	Sandwell	Transport	The takeover of Rotola in a £23.5m deal that takes the listed bus operator private has completed. Rotola (headquartered in Oldbury) was formed in 2005 and has grown through the acquisition and amalgamation of local coach and bus operations and is now one of the largest operators in its chosen geographical locations.
Sherborne Paper and Stoford Properties	Wolverhampton	Manufacturing	An application proposing the expansion of a manufacturer's operations in Wolverhampton has moved forward. Sherborne Paper and Stoford Properties sought planning permission to expand the Task Consumer Products facility at Citygate Park, Stafford Road. Task specialises in the manufacture and distribution of soft tissue products, including toilet tissue, kitchen towels and hand towels. Proposals include the extension of Task's building, creating an additional floorspace totalling approximately 83,000 sq ft, along with the erection of a link detached warehouse building, comprising about 124,000 sq ft of space. The scheme will enable Task to consolidate its operations within one site and represents a £30m investment. There are currently 128 full-time employees, with the expansion expected to create an additional 50 full-time jobs.

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Sterling Property Ventures	Birmingham	Property	The Birmingham headquarters of Mitchells & Butlers is to be acquired in a deal worth £46m. Sterling Property Ventures, the developer behind the city's flagship 103 Colmore Row office scheme, bought the asset - at 27 Fleet Street and 65 Lionel Street - from LGIM.
University of Wolverhampton	Wolverhampton /Walsall	Education	A new student village housing up to 5,000 students could be built in Wolverhampton to handle major growth in the city's university, according to its new vice-chancellor. Professor Ebrahim Adia said a development to house mainly overseas students could be achieved "quite quickly" and bring a major boost to the city's economy.
Transport for West Midlands	Dudley	Transport	Dudley Bus Station will soon close to enable works for the new £24m interchange, a project being led by Transport for West Midlands (TfWM). The sustainable interchange hub aims to provide better accessibility for users by linking bus services with the town's Metro terminus.
Metpro	Birmingham	Manufacturing	A Birmingham-headquartered supplier to the mechanical and electrical trade has secured £21m of funding in a deal that involves the backing of growth capital investor BGF. Metpro's funding round comprises a £13m investment from BGF, alongside £8.5m from NatWest and further capital investment from existing shareholders. Founded in 1995, the business has built a reputation for designing and manufacturing value-added cable management products and accessories for a range of industries and sectors, supplying into the European wholesale and OEM markets.
Alucast Ltd	Wednesbury	Manufacturing	A Black Country aluminium foundry is eyeing growth after a £2m investment drive. Alucast Ltd, which has increased its workforce by 20 per cent to more than 120 people at its base in Wednesbury, has commissioned six CNCs, a HDTD low pressure machine and boosted its 'new core' capabilities. Headlining the recent funding boost is an 800-tonne LK high pressure die casting machine that can produce high integrity parts from a fully automated cell.
Encyclis	Walsall	Energy	Up to 500 jobs are set to be created through the construction of a waste energy plant in Walsall. The Walsall Energy From Waste facility will be built, owned and operated by energy recovery specialists Encyclis on eight acres of derelict land on Fryers Road. It will work alongside the West Midlands Combined Authority and local councils to help export heat to homes in the form of steam or hot water.
EVTEC	Coventry	Manufacturing	EVTEC, a Coventry-based supplier in the aluminium and automotive sectors, has acquired JVM Castings, of Worcester, for an undisclosed sum. The deal was secured following a £7.4m multi-asset facility provided by Manchester-based Cynergy Business Finance.
Harvey Norman	Dudley	Retail	Sovereign Centros has announced lifestyle, technology and entertainment retailer Harvey Norman is set to move into Merry Hill. The company has taken 57,000 sq ft of the former Debenhams and will create 100 jobs. Harvey Norman Merry Hill will offer luxury furniture, including sofas, dining sets, as well as outdoor furniture. A range of homeware products will also be on offer, including home appliances, audio visual and technology products.
Dains	Birmingham	Offices	Dains has taken the last space at Paradise's Two Chamberlain Square, adding to a range of occupiers including DLA Piper, Atkins Realis, Mazars, Cazenove Capital, Cubo and Knights. The accountancy firm is taking the remaining 12,147 sq ft of space on the third floor of the 183,000 sq ft building after trebling in size over the last two years.

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Technology Minerals	Wolverhampton	Battery Recycling	The first listed UK company focused on battery metals, Technology Minerals has raised a further £133k after securing a £5m bond facility. The facility with CLG will be drawn down by £1m for general working capital purposes during the ramp up of its subsidiary Recyclus' battery recycling plant in Wolverhampton.
Goold Estates	Bilston	Industrial Development	A brownfield site in Bilston is set to be transformed into a £28m industrial park that could create 330 jobs. The 15-acre site off Brook Street will be developed by Goold Estates into 15 industrial and distribution units totalling 166,500 sq ft.

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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