West Midlands
Monthly Economic Impact Monitor

WM REDI | CITY REDI

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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.

The UK economy entered a recession at the end of last year. Meanwhile at the global scale growth has been revised upwards to just over 3 per cent in 2024 and 2025, but below the historical norm that is closer to 4 per cent. Regionally business confidence is increasing.

Global trends

- The IMF has released its World Economic Outlook report for January 2024. Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. However, this is below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth.
- Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

GDP

- The UK slipped into a recession at the end of last year after a poor performance from the dominant service sector pushed the economy into contraction, new figures show. Office for National Statistics (ONS) data has revealed that GDP is estimated to have fallen by 0.3% in the three months to December 2023, compared with the three months to September 2023. On a quarterly basis, this gives two consecutive falls in GDP.
- Services output fell by 0.1% in December 2023, and in the three months to December 2023 services output fell by 0.2%. Production output grew by 0.6% in December 2023, but in the three months to December 2023 production output fell by 1.0%. Construction output fell by 0.5% in December 2023, and in the three months to December 2023 construction output fell by 1.3%.
- Winter 2024 Economic Forecasts from the National Institute of Economic and Social Research (NIESR) estimate that GDP growth will likely remain sluggish into the medium term and that the United Kingdom was in recession in the second half of 2023 while GDP grew by only 0.3% in 2023. NISER expect GDP to grow by 0.9% in 2024 and at a similar rate throughout the rest of the forecast. As a result, living standards – as measured by real household disposable income – are expected to remain below pre-pandemic levels until 2027-28.

Regional business confidence and business activity

- ICAEW has released its findings in for the Business Confidence Monitor for the West Midlands for 2023 Q4. Business sentiment improved slightly and at +11.4 in Q4 2023 confidence is higher than elsewhere in the UK.
- The latest NatWest Purchasing Managers Index (PMI) reports West Midlands business activity and sales expanded at their quickest rates since May 2023. The headline Business Activity Index rose from 51.5 in December to 53.1 in January 2024. Growth was linked to the rising intakes of new orders and demand resilience. The UK Business Activity increased from 52.1 in December 2023 to 52.9 in January 2024.
- The West Midlands Future Business Activity Index increased from 77.2 in December 2023 to 78.1 in January 2024. Optimism from firms was linked to forecasts of demand growth, new project onboarding and publicity. Out of the twelve UK regions and nations, the West Midlands was the highest for the Future Business Activity Index in January 2024. The South East was the second highest at 75.7 and the Scotland was the lowest at 60.9.

Business births and deaths

- The number of business births in the WMCA area in Q4 2023 was 3,375. This figure was 0.1% (-5) lower than the number of business births in Q4 2022, this is in contrast to the UK growth of 2.6%. There was a mixed picture across the WMCA area as Coventry, Sandwell, Solihull and Wolverhampton increased, meaning Birmingham, Dudley and Walsall decreased.

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

- Quarter on quarter analysis (between Q3 2023 and Q4 2023) showed a decrease of 5.2% (-185) for the WMCA area, the UK decrease by 9.4%. Birmingham was the only local authority in the WMCA to increase (+0.3%).
- The number of business deaths in the WMCA area in Q4 2023 was 3,630. This figure was 0.1% (+5) higher than the number of business deaths in Q4 2022, the UK fell by 9.8%.
- The latest data shows that in the WMCA area business deaths are higher than business births.

Poverty

- The Joseph Rowntree Foundation has released its latest Poverty Report. More than 1 in 5 people in the UK (22%) were in poverty in 2021/22 – 14.4 million people. This included 8.1 million (or around 2 in 10) working-age adults, 4.2 million (or nearly 3 in 10) children, and 2.1 million (or around 1 in 6) pensioners. 6 million people - or 4 in 10 people in poverty – were in 'very deep' poverty, with an income far below the standard poverty line.
- Between 2019/20 and 2021/22, the average person in poverty had an income 29% below the poverty line, with the gap up from 23% between 1994/95 and 1996/97.

Cost of living

- In the ONS's latest release of public opinions and social trends figures just under half (46%) of adults said 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); just over half (53%) said their cost of living had remained the same over the last month, with 1% saying it had decreased.
- 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 (92%), the price of their gas and electricity bills (78%) or of their fuel (47%).

Regional labour market

- For the three months ending December 2023, the West Midlands region employment rate (aged 16- 64 years) was 74.4%. Since the three months ending September 2023, the employment rate decreased by 0.4 percentage points (pp). The UK employment rate was 75.0%, an increase of 0.2pp when compared to the previous quarter.
- For the three months ending December 2023, the West Midlands region unemployment rate (aged 16 years and over) was 3.8%, which has increased by 0.1pp since the previous quarter but a decrease of 0.7pp from the previous year. The UK unemployment rate was 3.8%, a decrease of 0.2pp from the previous quarter and remained the same when compared to the previous year.
- For the three months ending December 2023, the West Midlands Region economic inactivity rate (aged 16- 64 years) was 22.5%, an increase of 0.2pp from previous quarter and an increase of 0.3pp when compared to the previous year. The UK economic inactivity rate was 21.9%, remaining the same level when compared to the previous quarter but a 0.2pp increase from the previous year.
- There were 124,575 claimants in the WMCA area in January 2024. Since December 2023, there has been an increase of 1.5% (+1,840) claimants in the WMCA area, while the UK increased by 1.7%.
- When compared to January 2023, claimants have increased by 4.3% (+5,105) in the WMCA area, with the UK increasing by 4.5% over the same period.
- When compared to March 2020, claimants have increased by 25.5% (+25,275) in the WMCA area, with the UK increasing by 23.8%.

Homeworking

- The number of workers who mainly work at home in the UK has increased by 5.5 million between 2019-2023. This is almost entirely down to employees taking up this new type of flexible working on a large scale (as opposed to the self-employed of whom a large proportion already mainly worked at home before the pandemic). Amongst employees, the proportion of those who mainly work at home was 3% before the pandemic (660,000 employees) compared to 22% in 2023 (5.9 million employees).
- The increase in homeworking since the Covid-19 pandemic has exacerbated pre-existing occupational differences in who has the opportunity to work at home. However, while level of homeworking has dramatically changed, its patterns and inequalities by and large have remained the same as before the pandemic.
- In 2023 the West Midlands accounted for 7.7% of the UK's homeworking employees but 9.0% of the UK's employee workforce.

R&D data and current challenges

- The UK government's 2017 Industrial Strategy committed to spending 2.4% of GDP on Research and Development (R&D) by 2027. Following the Levelling up White Paper, the government has embarked on significant initiatives to boost regional R&D, recognising its crucial role in driving economic growth and addressing societal challenges across the country. Having reliable sets of R&D data is imperative.
- The ONS has significantly changed its R&D statistics in recent years. Existing data is inadequate for assessing the landscape of R&D activity and its impact across regions and places, and for responding to their unique opportunities and needs.

- In 2022, the ONS made a huge change in the way "Business and Enterprise R&D" (BERD) expenditure is measured. The changes resulted in a break in the data time series from 2018 onwards. Multiple regions were also aggregated into combined regions, such as the East Midlands, West Midlands and South West being reported as one, so making trend analysis more complicating and making regional insights.
- A further challenge with public R&D data, albeit one that the ONS has made recent improvements on, is a lack of transparency on the actual (final) location of public-funded R&D spending and activity since funding awards may be subcontracted to other organisations that may be in other regions.

Global, National and Regional Outlook

Alice Pugh, WMREDI

Global

International Monetary Fund World Economic Outlook

The IMF has released its World Economic Outlook report for January 2024 - see the summary of the report below:

Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than assumed in the projections could imply temporarily higher growth, but at the risk of a costlier adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks - including continued attacks in the Red Sea - and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes, in China or elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and - where wage and price pressures are clearly dissipating - adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

To read the full report, please follow the link here

National

UK Poverty 2024

The Joseph Rowntree Foundation has released its Poverty Report for 2024. The main summary findings in the report are:

More than 1 in 5 people in the UK (22%) were in poverty in 2021/22 – 14.4 million people. This included:

- 8.1 million (or around 2 in 10) working-age adults
- 4.2 million (or nearly 3 in 10) children
- 2.1 million (or around 1 in 6) pensioners.

Poverty rates have returned to around their pre-pandemic levels, as middle-income household incomes rose at the same time as a range of temporary coronavirus-related support was withdrawn.

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In 2021/22, 6 million people - or 4 in 10 people in poverty – were in 'very deep' poverty, with an income far below the standard poverty line. More than twice as many (over 12 million people) had experienced very deep poverty in at least one year between 2017–18 and 2020–21.

Between 2019/20 and 2021/22, the average person in poverty had an income 29% below the poverty line, with the gap up from 23% between 1994/95 and 1996/97. The poorest families – those living in very deep poverty – had an average income that was 59% below the poverty line, with this gap increasing by around two-thirds over the past 25 years. This is equivalent to a couple with two children under 14 years old needing, on average:

- an additional £6,200 per year to reach the poverty line if they are living in poverty
- an additional £12,800 per year to reach the poverty line if they are living in very deep poverty.

Between 2019/20 and 2021/22, the average poverty rates in England (22%), Wales (22%) and Scotland (21%) had converged to around the same level, although poverty rates were much lower in Northern Ireland (16%). Between 2019/20 and 2021/22, the West Midlands had the highest rate of poverty at 27%, followed by the North East and London (both 25%), Yorkshire and The Humber, the East Midlands and the North West (all 23%).

To read the full report, please follow the link here

Cities Outlook 2024

The annual Cities Outlook report, by the Centre for Cities, looks at the economic performance of primary urban areas in the UK. The key findings in the 2024 outlook are:

- Jobs: All but two places saw jobs growth, with 4 million new jobs created by 2022 since 2010 – considerably more than the 2.5 million added between 1998-2010
- Productivity: Productivity growth – the key driver of higher wages – was poor across almost all cities. Nationally, average annual productivity increased at just 0.6 per cent in real terms between 2010-2021 – particularly sluggish compared to the average annual growth of 1.5 per cent seen between 1998-2010
- Housing affordability: Already an issue in 2010, housing costs have significantly worsened. This is true across almost every UK city, with cities in the Greater South East where the crisis is most acute seeing the steepest rises
- Disposable income: This combination of poor productivity growth and worsening housing affordability has squeezed disposable income growth. At the national level, people are on average £10,200 worse off than if the economy had grown at its pre-2010 trajectory. In cities such as Burnley, Cambridge and Milton Keynes it is more than £20,000.
- Poverty: Jobs growth has lifted many households out of absolute poverty since 2014. But the proportion of children in relative poverty has risen in every city except Belfast and Basildon, and in-work poverty is up almost everywhere, suggesting low income households have been hit hardest by weak growth

To read the full report, please follow the link here

GDP monthly estimate, UK: December 2023

This month it was announced that following statistics released by the ONS the UK had entered an official recession last quarter. In the ONS's latest release of Gross Domestic Product figures the key findings were:

- Real gross domestic product (GDP) is estimated to have fallen by 0.3% in the three months to December 2023, compared with the three months to September 2023.
- On a quarterly basis, this gives two consecutive falls in GDP, with a fall of 0.3% in Quarter 4 (Oct to Dec) 2023 following an unrevised fall of 0.1% in Quarter 3 (July to Sept) 2023.
- Monthly GDP is estimated to have fallen by 0.1% in December 2023, following a growth of 0.2% in November (revised down from 0.3% growth) and a fall of 0.5% in October (revised down from a 0.3% fall).
- Services output fell by 0.1% in December 2023, and in the three months to December 2023 services output fell by 0.2%.
- Production output grew by 0.6% in December 2023, but in the three months to December 2023 production output fell by 1.0%.
- Construction output fell by 0.5% in December 2023, and in the three months to December 2023 construction output fell by 1.3%.

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- Output GDP is estimated to have annual growth of 0.4% in 2023 compared with 2022; this figure is measured differently to the 0.1% annual growth in 2023 in our GDP first quarterly estimate for October to December 2023, which uses average GDP.

UK trade: December 2023
In the ONS's latest release of UK trade figures the key findings were:
- The value of goods imports decreased by £2.6 billion (5.4%) in December 2023, with falls in imports from both EU and non-EU countries, primarily driven by decreased imports of fuels.
- The value of goods exports decreased by £0.7 billion (2.2%) in December 2023, because of lower exports to the EU.
- The total trade in goods and services deficit widened by £6.2 billion to £14.9 billion in Quarter 4 (Oct to Dec) 2023, because of a large fall in exports of services.
- The trade in goods deficit widened by £1.4 billion to £49.9 billion in Quarter 4 2023, while the trade in services surplus is estimated to have narrowed by £4.8 billion to £34.9 billion.
- Total imports of goods and services fell slightly in 2023, while annual total exports rose by £36.8 billion (4.6%), which saw the total annual trade balance narrow by £36.7 billion to a deficit of £53.0 billion.

Retail sales, Great Britain: January 2024
In the ONS's latest release of retail sales figures the key findings were:

Retail sales volumes (quantity bought) are estimated to have rebounded by 3.4% in January 2024, following a record fall of 3.3% in December 2023 (revised from a fall of 3.2%). This was the largest monthly rise since April 2021 and returned volumes to November 2023 levels.

Sales volumes in all subsectors except clothing stores increased over the month, with food stores such as supermarkets contributing most to the increase.

More broadly, sales volumes fell by 0.2% in the three months to January when compared with the previous three months, however this was the smallest fall since August 2023.

Consumer price inflation, UK: January 2024
In the ONS's latest release of consumer price inflation figures the key findings were:
- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 4.2% in the 12 months to January 2024, the same rate as in December 2023.
- On a monthly basis, CPIH fell by 0.4% in January 2024, the same rate as in January 2023.
- The Consumer Prices Index (CPI) rose by 4.0% in the 12 months to January 2024, the same rate as in December 2023.
- On a monthly basis, CPI fell by 0.6% in January 2024, the same rate as in January 2023.
- The largest upward contribution to the monthly change in both CPIH and CPI annual rates came from housing and household services (principally higher gas and electricity charges), while the largest downward contribution came from furniture and household goods, and food and non-alcoholic beverages.
- Core CPIH (excluding energy, food, alcohol and tobacco) rose by 5.1% in the 12 months to January 2024, down from 5.2% in December 2023; the CPIH goods annual rate slowed from 1.9% to 1.8%, while the CPIH services annual rate rose from 6.0% to 6.1%.
- Core CPI (excluding energy, food, alcohol and tobacco) rose by 5.1% in the 12 months to January 2024, the same rate as in December 2023; the CPI goods annual rate slowed from 1.9% to 1.8%, while the CPI services annual rate increased from 6.4% to 6.5%.

Producer price inflation, UK: January 2024
In the ONS's latest release of producer price inflation figures the key findings were:
- Producer input prices fell by 3.3% in the year to January 2024, down from a revised fall of 2.1% in the year to December 2023.
- Producer output (factory gate) prices fell by 0.6% in the year to January 2024, down from a rise of 0.1% in the year to December 2023.
- On a monthly basis, producer input prices fell by 0.8% and output prices fell by 0.2% in January 2024.

- Input and output price levels have been relatively stable since mid-2022 but remain substantially higher than their 2021 levels.

Public opinions and social trends, Great Britain: 31 January to 11 February 2024

In the ONS's latest release of public opinions and social trends figures the key findings were:

- Just under half (46%) of adults said 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); just over half (53%) said their cost of living had remained the same over the last month, with 1% saying it had decreased.
- 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 (92%), the price of their gas and electricity bills (78%) or of their fuel (47%).
- Around 4 in 10 adults who pay rent or mortgage payments (39%) reported finding it very or somewhat difficult to afford them; this proportion was at its highest in summer 2023 (46% in the period 28 June to 9 July 2023).
- Around 4 in 10 adults who pay energy bills (43%) reported finding it very or somewhat difficult to afford them; this proportion was at its highest in May 2023 (49% in the period 17 to 29 May 2023).
- Around 4 in 10 (37%) adults reported they had spent more than usual to get what they normally buy when food shopping within the past two weeks; this proportion appears relatively stable in recent months since declining from half (50%) in the period 4 to 15 October 2023.
- When asked if industrial action had affected them in the past month, around three-quarters (75%) said they had not been affected; the most commonly reported impacts were spending more money on travel (9%), being unable to take part in leisure activities (8%) and being unable to travel for holiday or leisure as planned (7%).

Regional

Birmingham City Council

Following the Birmingham City Council announcing a section 114 notice last year, effectively declaring bankruptcy, the council is now announcing rises in council tax above the 3% limit. The Council has been under pressure for a number of years with per capita spending falling 40.8% between 2010/11 and 2019/20, largely as a result of austerity budget cuts, alongside national and local authority-based council tax freezes. The Council has also seen additional financial pressures, such as £1.2bn in equal pay liabilities and an £80m overspend on an IT system.

Now the council needs to create £300m in budgetary savings over the next 2 years. To do this the council is set to implement a number of cuts and income generating policies including:

- ***Raising Council tax by 21%***
- ***600 job cuts***
- ***Fortnightly waste collections*** set to be introduced from 2025-26
- ***Dimming of streetlights***- expected to save £1m per year
- ***Spending cuts on highways-*** to save around £12m
- ***Adult social care will be cut by £23.7m***
- ***Children's Young People and Families department*** will be forced to ***find £51.5m savings***
- ***Renegotiating children's travel contracts*** could also ***save £13m a year***

Modelling Essential Skills Needs Across England

The Learning and Work Institute has conducted an England-wide modelling exercise of essential skills (including literacy and numeracy) in adults aged 16 to 64. As can be seen in the table below, within the WMCA 24.1% of adults aged 16 to 64 have low essential skills. Out of 11 combined authorities this places the WMCA in the middle of the pack at 7th, coming it at exactly the median. Though nominally it should be noted that this is the 3rd highest number of people with low essential skills (442,561), just behind Greater London Authority (1,415,023) and Greater Manchester (444,712).

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

Table: Essential Skills need by Combined Authority

Mayoral Combined Authorities	% with low essential skills
Tees Valley Combined Authority	24.9%
North East Combined Authority	24.6%
Greater Manchester Combined Authority	24.4%
Liverpool City Region Combined Authority	24.4%
North of Tyne Combined Authority	24.2%
South Yorkshire Mayoral Combined Authority	24.1%
West Midlands Combined Authority	24.1%
West Yorkshire Combined Authority	23.6%
Greater London Authority	23.2%
Cambridgeshire & Peterborough Combined Authority	23.1%
West of England Combined Authority	22.6%

Source: The Learning and Work Institute, 2024

Overall, variations in essential skills needs were low when comparing high level geographies, such as combined authorities. The largest variations in essential skills needs were found at lower level geographies, such as between wards. For example, the ward with the highest levels of low essential skills needs is almost triple the rate of the ward with the lowest levels of essential skills needs. The analysis finds that even though the South East has some of the lowest levels of essential skills needs, at a ward level it has some of the highest levels of essential skills need, showing that essential skills need goes beyond the North-South divide.

Black Country State of the Sub Region 2023

The annual Economic Review by the Economic Intelligence Unit provides the opportunity to understand challenges and opportunities facing the Black Country. The key economic messages in the 2023 update include:

- In 2021, the Black Country's total **GVA was £22.3bn**. This increased by £1.5bn since 2020 which equated to a growth rate of 7.1% - matching the England rate.
- **GVA per head in the Black Country in 2021 was £18,345**. An increase of 6.1% (+£1,049) compared to a growth of 7.2% nationally since 2020. GVA per head was **£12,793 lower than the England average** of £31,138**.**
- **The Black Country had an output gap of £15.5bn in 2021.**
- When compared to the England proportions, **the Black Country had a higher proportion in seven of the nine sectors** - with advanced manufacturing 6.4 percentage points above England average.
- Overall, **GVA per hour for the Black Country was £31.23 in 2021**, with **strong annual growth** of 2.4% (+£0.72) compared to an increase of 1.5% for England. However, in 2021 there was still a **shortfall of £7.68 to reach the England average** (£38.91).
- Forecasts from the Oxford Economic Model show **GVA growth in the Black Country is expected to be driven by a mixture of traditional enabling sectors and other high output sectors, some more emerging** (manufacturing, information / communication, real estate), while **job decreases are driven largely by an expectation that employment in manufacturing will continue to decline in the years ahead** (with a forecast of 33,707 less manufacturing jobs in the Black Country between 2023 and 2050).

For the full update on the Black Country State of the Sub Region 2023, follow the link here.

Business Confidence

ICAEW has released its findings in the Business Confidence Monitor for the West Midlands. In 2023 Q4 business sentiment improved slightly in the West Midlands and, at +11.4 in Q4 2023, confidence is higher than elsewhere in the UK.

- Annual export performance was stronger in the West Midlands than any other nation and region, with further improvements anticipated over the coming year. Domestic sales growth continued to soften, and while businesses anticipate improvements, expectations are somewhat lower than elsewhere.

- Input price inflation has eased considerably and may have passed its peak, and companies expect it to moderate further. The same is true for salary growth, and businesses expect to lift salaries more slowly than elsewhere.
- Companies are still raising their selling prices, albeit markedly more slowly, and the pace is expected to soften, though prices are expected to rise faster than in many other parts of the UK. This helps to explain the notable uplift expected in profits growth.
- Customer demand is now the greatest rising challenge faced by businesses, overtaking regulatory requirements which, while still prominent, are less widespread. Late payments may be reemerging as a major source of difficulty.
- R&D budgets are growing faster in the West Midlands than elsewhere, but prospects are less positive. Increases in capital investment spending are slowing, mirroring trends over recent quarters, but it is expected to accelerate, making the region among the strongest in the UK.

NatWest Purchasing Manager Index (PMI) Survey[1], Released February 2024: West Midlands Region

The Economic Intelligence Unit

Business Activity Index

- The West Midlands Business Activity Index increased from 51.5 in December 2023 to 53.1 in January 2024. The latest reading signalled a solid rate of expansion, and one that was the fastest since May 2023. Growth was linked to the rising intakes of new orders and demand resilience.
- The UK Business Activity increased from 52.1 in December 2023 to 52.9 in January 2024.

The following chart shows the West Midlands Business Activity Index trends up to January 2024:

- Out of the twelve UK regions, the West Midlands was the second highest for business activity in January 2024. London was the highest with 58.3 and the North East was the lowest at 47.3.

Business Activity Index across all UK regions in January 2024:

Source: NatWest PMI, February 2024

Demand

- The West Midlands New Business Index remained at 51.5 in January 2024.

[1] Source: NatWest UK PMI report for January 2024, released February 2024. 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.

Business Capacity

- The West Midlands Employment Index increased from 49.8 in December 2023 to 50.0 in January 2024.
- The West Midlands Outstanding Business Index increased from 46.7 in December 2023 to 47.4 in January 2024

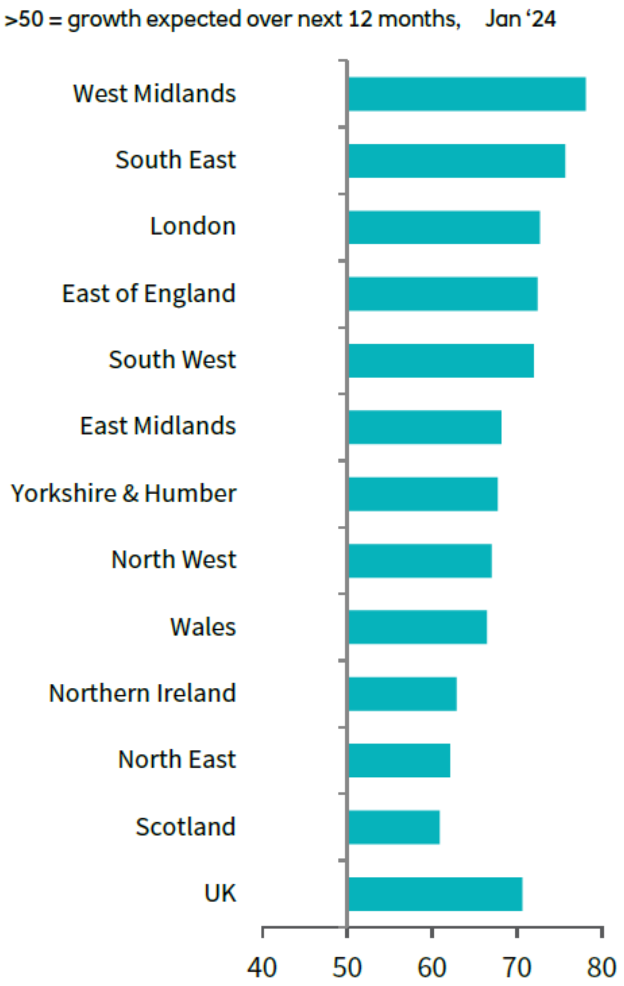
Prices

- The West Midlands Input Prices Index increased from 58.1 in December 2023 to 59.9 in January 2024.
- The West Midlands Prices Charged Index increased from 56.2 in December 2023 to 57.3 in January 2024.

Outlook

- The West Midlands Future Business Activity Index increased from 77.2 in December 2023 to 78.1 in January 2024. Optimism from firms was linked to forecasts of demand growth, new project onboarding and publicity.
- Out of the twelve UK regions, the West Midlands was the highest for the Future Business Activity Index in January 2024. The South East was the second highest at 75.7 and the Scotland was the lowest at 60.9.

The following chart shows the Future Activity Index across all UK regions in January 2024:



Source: NatWest PMI, February 2024

Business Births and Deaths: February 2024 Release (to Q4 2023)

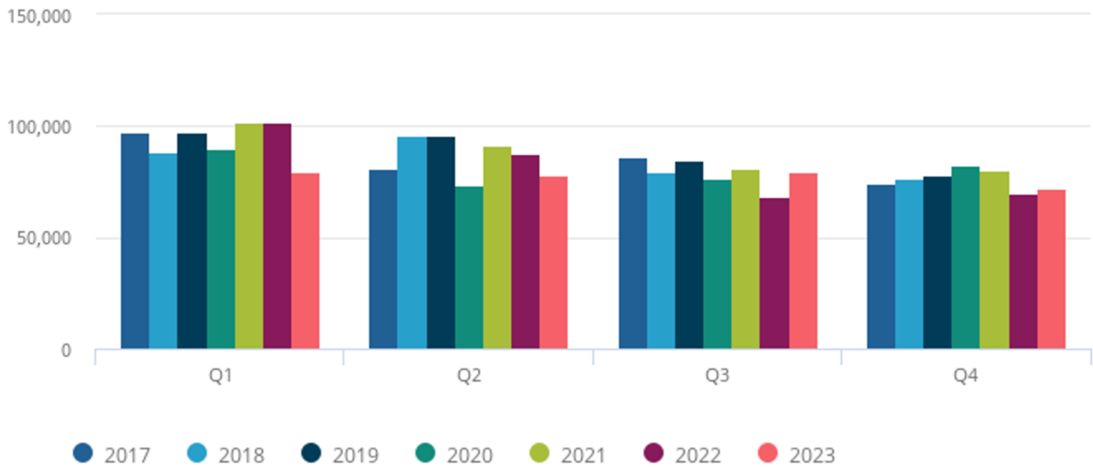
The Economic Intelligence Unit

ONS released their experimental statistics relating to business births and deaths in February, covering the period up to Q4 (October to December) 2023. The data and publication can be accessed here.

National Findings:

The number of businesses added to the Inter-Departmental Business Register (IDBR) in the UK in Quarter 4 2023 was 71,795. This figure is 2.6% higher than the number of business creations in Quarter 4 2022. There was an increase in creations in 14 out of 16 main industrial groups in Quarter 4 2023 compared with Quarter 4 2022, with the most significant increase coming from the accommodation and food service industries.

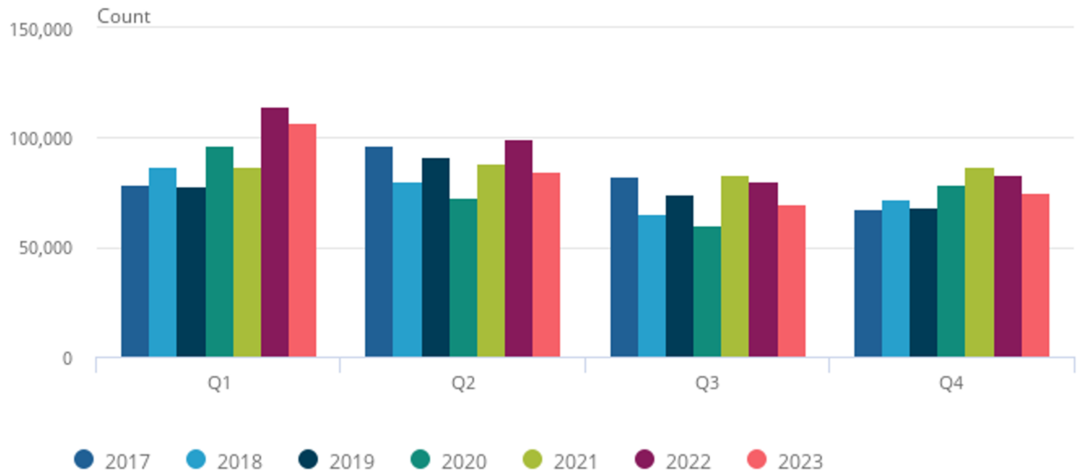
Number of businesses added to the IDBR, quarterly, UK, Quarter 1 2017 to Quarter 4 2023:



Source: Inter-Departmental Business Register (IDBR) from the Office for National Statistics

The number of business closures in the UK in Quarter 4 2023 was 75,025. This was 9.8% lower than in Quarter 4 2022, with 11 out of 16 main industrial groups showing a decrease in closures. There was a decrease in the number of closures in 11 out of 16 main industrial groups in Quarter 4 2023 compared with Quarter 4 2022; the most significant decrease came from professional, scientific and technical activities.

Number of businesses removed to the IDBR, quarterly, UK, Quarter 1 2017 to Quarter 4 2023:



Source: Inter-Departmental Business Register (IDBR) from the Office for National Statistics

WMCA Analysis:

The number of business births in the WMCA area in Q4 2023 was 3,375. This figure was 0.1% (-5) lower than the number of business births in Q4 2022, this is in contrast to the UK growth of 2.6%. There was a mixed picture across

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

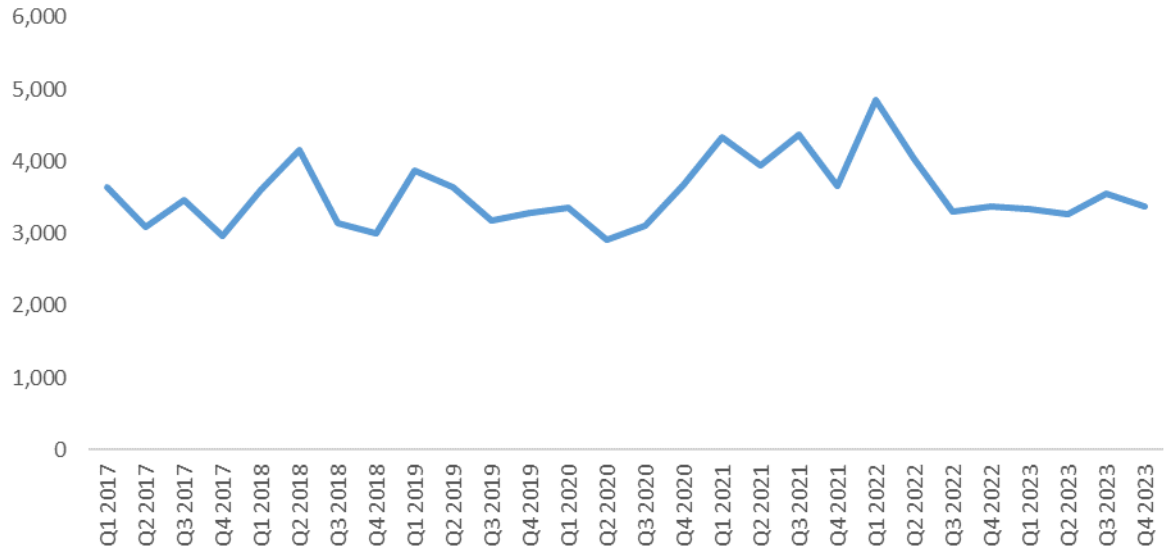
the WMCA area as Coventry, Sandwell, Solihull and Wolverhampton increased, meaning Birmingham, Dudley and Walsall decreased.

Quarter on quarter analysis (between Q3 2023 and Q4 2023) showed a decrease of 5.2% (-185) for the WMCA area, the UK decrease by 9.4%. Birmingham was the only local authority in the WMCA to increase (+0.3%).

Recent quarterly business births trends:

	Q4 2022	Q3 2023	Q4 2023	Q3 2023 – Q4 2023 Change	Q4 2022 – Q4 2023 Change
WMCA	**3,380**	**3,560**	**3,375**	**-5.2%**	**-0.1%**
Birmingham	1,525	1,485	1,490	0.3%	-2.3%
Coventry	405	450	415	-7.8%	2.5%
Dudley	305	275	250	-9.1%	-18.0%
Sandwell	330	375	360	-4.0%	9.1%
Solihull	205	285	245	-14.0%	19.5%
Walsall	300	350	285	-18.6%	-5.0%
Wolverhampton	310	345	330	-4.3%	6.5%
UK	69,955	79,220	71,795	-9.4%	2.6%

Longer-term quarterly WMCA business births trends:



The number of business deaths in the WMCA area in Q4 2023 was 3,630. This figure was 0.1% (+5) higher than the number of business deaths in Q4 2022, the UK fell by 9.8%. The rise in business deaths were due to Wolverhampton (+265) and Sandwell (+15).

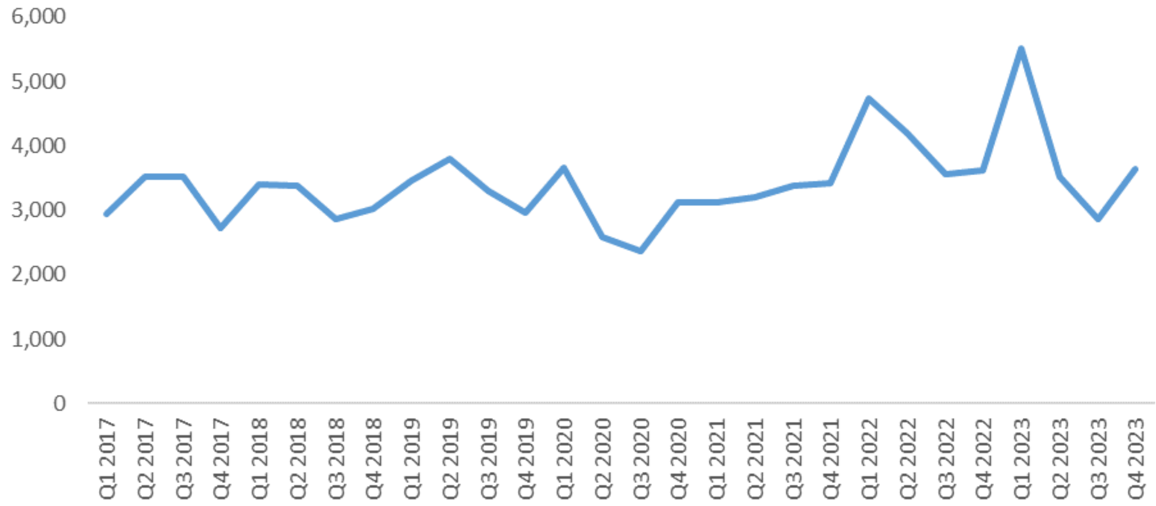
Quarter on quarter analysis (between Q3 2023 and Q4 2023) showed an increase of 27.1% (+775) for the WMCA area, the UK increased by 8.0%. Only Dudley remained unchanged while the rest of the local authorities increased.

Recent quarterly business deaths trends:

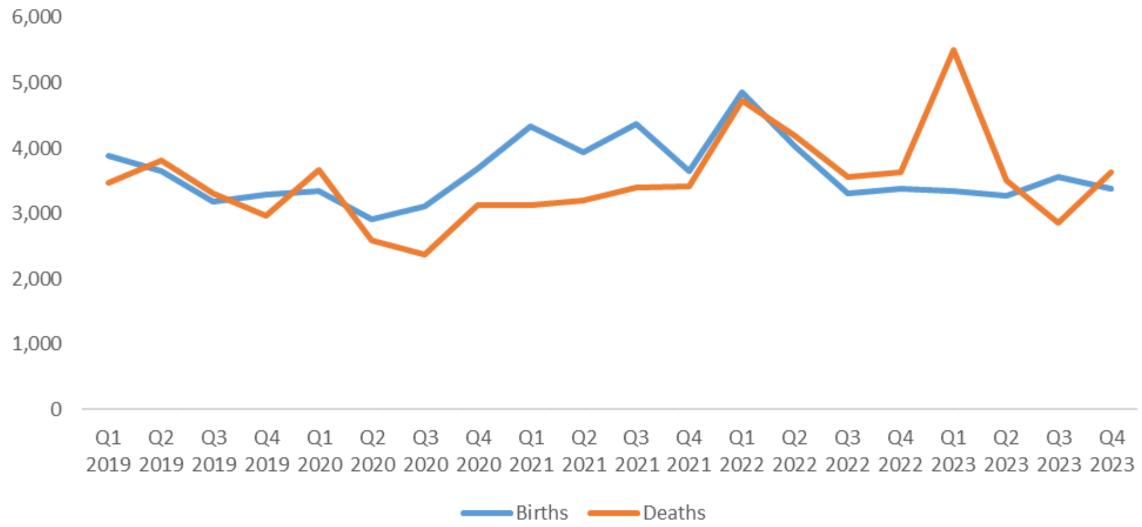
	Q4 2022	Q3 2023	Q4 2023	Q3 2023 – Q4 2023 Change	Q4 2022 – Q4 2023 Change
WMCA	**3,625**	**2,855**	**3,630**	**27.1%**	**0.1%**
Birmingham	1,550	1,200	1,450	20.8%	-6.5%
Coventry	450	375	405	8.0%	-10.0%
Dudley	315	255	255	0.0%	-19.0%
Sandwell	390	285	405	42.1%	3.8%
Solihull	240	190	210	10.5%	-12.5%
Walsall	320	255	280	9.8%	-12.5%

Wolverhampton	360	300	625	108.3%	73.6%
UK	83,155	69,445	75,025	8.0%	-9.8%

Longer-term quarterly WMCA business deaths trends:



The latest data shows that WMCA business deaths are again back above business births:



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

Regional Labour Market and Claimant Headline Figures – Released 13th February 2024

The Economic Intelligence Unit

Regional Labour Market[2] –

Labour Force Survey (LFS) estimates have been reweighted for periods from July to September 2022; headline UK seasonally adjusted series prior to this have been modelled, but other series, including regional, have a discontinuity at this point and because of increased volatility of LFS estimates, estimates of quarterly change should be treated with additional caution. The ongoing challenges with response rates and levels mean that LFS-based labour market statistics will be considered official statistics in development until further review. Read more in measuring the data.

- For the three months ending December 2023, the West Midlands Region employment rate (aged 16 – 64 years) was 74.4%. Since the three months ending September 2023, the employment rate decreased by 0.4 percentage points (pp). When compared to the same period in the previous year, the employment rate was 0.2pp higher. The UK employment rate was 75.0%, an increase of 0.2pp when compared to the previous quarter but a decrease of 0.2pp when compared to the previous year. The highest employment rate within the UK for the three months ending December 2023 was in the South East with 78.0% and the lowest in Wales with 71.1%, the West Midlands ranked centrally across all the regions (with Yorkshire & the Humber and Scotland).
- For the three months ending December 2023, the West Midlands Region unemployment rate (aged 16 years and over) was 3.8%, which has increased by 0.1pp since the previous quarter but a decrease of 0.7pp from the previous year. The UK unemployment rate was 3.8%, a decrease of 0.2pp from the previous quarter and remained the same when compared to the previous year. The highest unemployment rate in the UK for the three months ending December 2023 was in the East Midlands with 5.1% and the lowest in Northern Ireland with 2.6%. The West Midlands came in around the middle of all regions (with London and the South East).
- For the three months ending December 2023, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 22.5%, an increase of 0.2pp from previous quarter and an increase of 0.3pp when compared to the previous year. The UK economic inactivity rate was 21.9%, remaining the same level when compared to the previous quarter but a 0.2pp increase from the previous year. The highest economic inactivity rate in the UK for the three months ending December 2023 was in Northern Ireland with 26.8%, with the lowest in the South East with 18.8%. The West Midlands ranked among the middle of all regions.

Summary of the latest headline estimates and quarterly changes for regions of the UK, seasonally adjusted, October to December 2023:

	Employment Rate – Oct to Dec 23 (aged 16- 64 years)	Change in Jul to Sep 23	Unemployment Rate – Oct to Dec 23 (16 years +)	Change in Jul to Sep 23	Inactivity Rate – Oct to Dec 23 (aged 16-64 years)	Change in Jul to Sep 23
UK	75.0%	0.2pp	3.8%	-0.2pp	21.9%	0.0pp
Great Britain	75.1%	0.1pp	3.9%	-0.3pp	21.8%	0.1pp
England	75.4%	0.2pp	3.8%	-0.3pp	21.5%	0.1pp
North East	71.6%	0.3pp	4.3%	-0.3pp	25.4%	0.1pp
North West	73.4%	0.6pp	4.3%	-1.1pp	23.2%	0.3pp
Yorkshire and The Humber	74.4%	0.6pp	3.4%	0.3pp	22.9%	-0.9pp
East Midlands	73.7%	-0.6pp	5.1%	0.3pp	22.3%	0.4pp
West Midlands	**74.4%**	**-0.4pp**	**3.8%**	**0.1pp**	**22.5%**	**0.2pp**
East	76.3%	-0.1pp	3.4%	-0.3pp	20.8%	0.3pp
London	76.1%	3.1pp	3.8%	-1.3pp	20.8%	-2.2pp
South East	78.0%	-1.1pp	3.8%	0.3pp	18.8%	0.9pp
South West	76.7%	-1.9pp	2.8%	-0.4pp	21.0%	2.4pp
Wales	71.1%	-1.7pp	3.5%	0.0pp	26.2%	1.7pp
Scotland	74.4%	0.6pp	4.5%	0.1pp	22.0%	-0.8pp
Northern Ireland	71.3%	0.6pp	2.6%	0.4pp	26.8%	-1.1pp

Source: ONS – Labour Force Survey

[2] Source: Office for National Statistics (ONS), Labour market in the regions of the UK: February 2024

Claimant Count[3]

All Claimants Summary

- There were 124,575 claimants in the WMCA area in January 2024. Since December 2023, there has been an increase of 1.5% (+1,840) claimants in the WMCA area, while the UK increased by 1.7%.
- When compared to January 2023, claimants have increased by 4.3% (+5,105) in the WMCA area, with the UK increasing by 4.5% over the same period.
- When compared to March 2020, claimants have increased by 25.5% (+25,275) in the WMCA area, with the UK increasing by 23.8%.
- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 6.8% compared to 3.7% for the UK in January 2024. Across the Combined Authorities, the WMCA had the highest rates, Greater Manchester and West Yorkshire had joint second highest rates at 4.9% down to 2.7% for the West of England.

Claimant Count Summary:

	March 2020	January 2023	December 2023	January 2024	Claimants as a proportion of residents aged 16-64 January 2024	Change Since Mar 20	Change Since Jan 23	Change Since Dec 23
Birmingham	49,370	59,775	63,180	64,220	8.7%	30.1%	7.4%	1.6%
Coventry	8,000	11,725	12,115	12,385	5.5%	54.8%	5.6%	2.2%
Dudley	8,515	9,135	8,995	9,050	4.6%	6.3%	-0.9%	0.6%
Sandwell	10,780	13,210	13,150	13,310	6.2%	23.5%	0.8%	1.2%
Solihull	3,650	3,985	4,050	4,175	3.2%	14.4%	4.8%	3.1%
Walsall	8,605	9,510	9,485	9,595	5.5%	11.5%	0.9%	1.2%
Wolverhampton	10,380	12,130	11,760	11,840	7.2%	14.1%	-2.4%	0.7%
WMCA	**99,300**	**119,470**	**122,735**	**124,575**	**6.8%**	**25.5%**	**4.3%**	**1.5%**
UK	1,268,620	1,502,820	1,543,460	1,570,215	3.7%	23.8%	4.5%	1.7%

Youth Claimant (Aged 18-24) Summary

- There were 24,235 youth claimants in the WMCA area in January 2024. Since December 2023, there has been an increase of 1.2% (+280) youth claimants in the WMCA area while the UK increased by 1.1%.
- When compared to January 2023, youth claimants have increased by 12.8% (+2,745) in the WMCA area, with the UK increasing by 8.4% over the same period.
- When compared to March 2020, youth claimants have increased by 26.5% (+5,080) in the WMCA area, with the UK increasing by 16.4%.
- 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 January 2024. Across the Combined Authorities, the WMCA had the highest rates, Tees Valley was the second highest at 7.8% down to 2.5% for the West of England.

Youth Claimant Count Summary:

	March 2020	January 2023	December 2023	January 2024	Claimants as a proportion of residents aged 18-24 January 2024	Change Since Mar 20	Change Since Jan 23	Change Since Dec 23
Birmingham	9,105	10,660	12,085	12,190	9.4%	33.9%	14.4%	0.9%
Coventry	1,535	1,970	2,230	2,275	5.3%	48.2%	15.5%	2.0%
Dudley	1,750	1,705	1,840	1,830	7.7%	4.6%	7.3%	-0.5%
Sandwell	2,115	2,445	2,625	2,660	9.3%	25.8%	8.8%	1.3%
Solihull	825	720	800	860	5.7%	4.2%	19.4%	7.5%
Walsall	1,915	1,870	2,080	2,140	9.5%	11.7%	14.4%	2.9%
Wolverhampton	1,910	2,120	2,295	2,275	10.6%	19.1%	7.3%	-0.9%
WMCA	**19,155**	**21,490**	**23,955**	**24,235**	**8.5%**	**26.5%**	**12.8%**	**1.2%**
UK	238,085	255,705	274,135	277,100	5.0%	16.4%	8.4%	1.1%

[3] Source: ONS/DWP, Claimant Count, released February 2024. Please note, when new data is released, the previous month is also revised.

Employment Inequalities of Working at Home

Darja Reuschke, WMREDI

Darja Reuschke explores the geographical trends of homeworking, noting how it is geographically, occupationally and demographically uneven, and reinforces rather than reduces existing patterns of employment inequalities.

The number of workers who mainly work at home in the UK has increased by 5.5 million between 2019-2023. This is almost entirely down to employees taking up this new type of flexible working on a large scale (as opposed to the self-employed of whom a large proportion already mainly worked at home before the pandemic). Amongst employees, the proportion of those who mainly work at home was 3% before the pandemic (660,000 employees) compared to 22% in 2023 (5.9 million employees).

In this blog, I examine working-at-home employees with an emphasis on geography, employee characteristics, industries and occupations in what appears in fact to be a game changer in workplace locations. Throughout, I use the Quarterly Labour Force Survey by the Office for National Statistics (ONS) for the quarters of April to June 2023 and compare it to the same quarter in 2019.

Geography of homeworking

Homeworking employees are concentrated in London and the South East of England. This relative concentration in London is a new trend. Table 1 shows the regional distribution of homeworking employees and of the residential employee workforce. The % point difference between these first two columns shows the over- or under-representation of homeworking employees for each region. For comparison, the over- or under-representation is also shown for 2019. The last column shows the numerical increase in the number of homeworkers between 2019 and 2023 by region.

Pre-COVID, employees who mainly worked at home were concentrated in the East of England and the South East of England, most likely capturing many employees working for firms based in London. Now we see many more employees who work at home and live in Greater London. The overall spike in homeworking employees has in relative terms also spatially shifted away from the South West which is likely to reflect that homeworking has become more of a 'normal' work lifestyle (amongst professionals), less associated with the preference for rural living and has risen most for those commuting shorter distances to the employer's premises.

The concentration of homeworking employees in Greater London can be explained by the spatial concentration of industry sectors in which homeworking is more likely. Once we take the regional imbalance of industry locations into consideration, London has in fact fewer homeworkers than we would expect. The statistical procedure is shown in the Technical Appendix 1. The South East of England, in contrast, has an over-representation of homeworking employees even if we consider the spatial concentrations of industries as well as occupations.

Table 1. Homeworking employees and employee workforce in UK regions

Government Office Region	% of UK home-workers, 2023	% of UK workforce, 2023	% point difference, 2023	% point difference, 2019	Increase in home-workers 2019-23 ('000)
North East	2.7	3.9	-1.2	-2.1	151
North West	11	10.9	0.1	-1.2	590
Yorkshire and Humbers	7.6	8.2	-0.6	1.1	394
East Midlands	5.5	7.8	-2.3	-1	287
West Midlands	7.7	9.0	-1.3	-2.3	415
East of England	9.4	9.4	0	1.9	483
London	17.6	12.9	4.7	-0.4	957

South East	17.1	13.1	4	5	891
South West	7.5	8.2	-0.7	5.4	355
Wales	4.1	4.6	-0.5	-2.7	230
Scotland	8.2	8.5	-0.3	-3.1	452
Northern Ireland	1.5	3.2	-1.7	-0.7	73

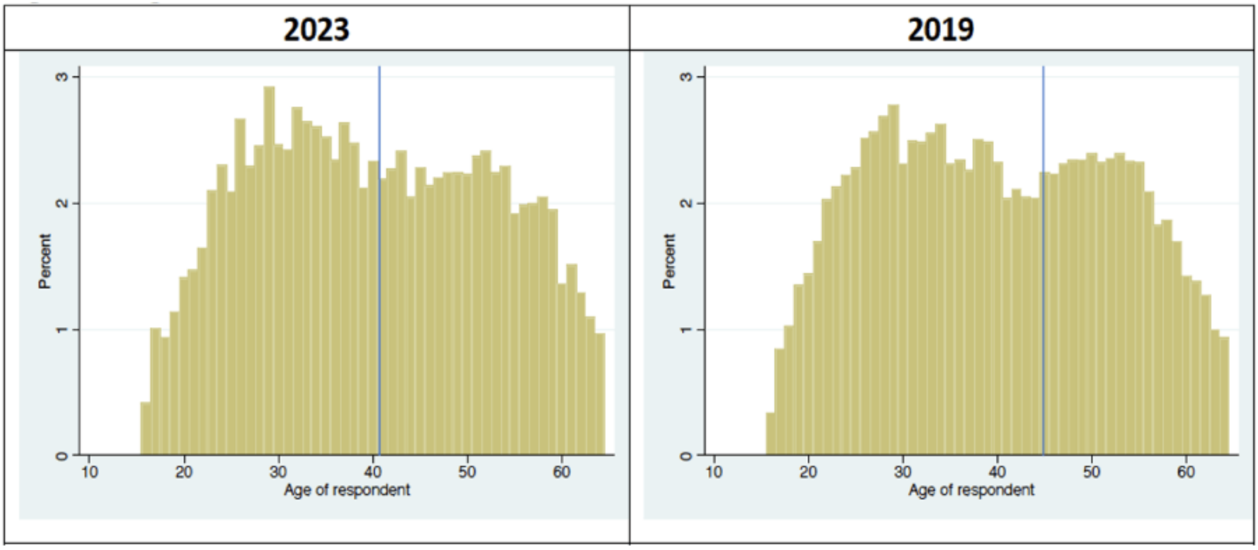
Note: ONS Quarterly Labour Force Survey April – June 2023 & April – June 2019. Column percentages in Column 1 & 2 adding up to 100% (values are rounded), e.g. 2.7% of homeworking employees in the UK live in the North East of England (Column 1) and 3.9% of all UK employees live in this region (Column 2). The % point difference between these columns (Column 3) indicates the concentration or under-representation of homeworking employees relative to the stock of employees.

Who is mainly working at home?

Employees mainly working at home, now have a much younger age profile than pre-COVID (although in comparison with employees who do not mainly work at home, homeworkers are still on average older). Figure 1 shows that the two-hump-shaped age profile of homeworkers before COVID has become less pronounced with the greatest increase of homeworking among employees in their thirties and forties. This corresponds with the highest home working rates amongst those with two dependent children, both men and women, shown in Table 2. In general, however, the link between having children and homeworking has become somewhat less pronounced for women.

Table 3 shows homeworking rates by occupational groups and the relative distribution of homeworkers across these occupation groups as well as the distribution of employee jobs across occupational groups for 2023. Homeworking is strongly associated with high-skilled, professional occupations that comprise just above half of all employee jobs in the UK. The pandemic has reinforced this occupational concentration of working at home in the workforce. Employees who mainly work at home are now more likely to be in the top three – professional – occupational groups than before the pandemic. In numeric terms, 4.7 million employees who mainly worked at home in 2023 (out of 5.9 million employee homeworkers in total) were either managers, professionals or associate professionals. For 29% of the UK workforce, homeworking has remained negligible (skilled trade, caring leisure, low-skilled manufacturing and elementary occupations combined).

Figure 1. The age structure of home workers



Source: ONS Quarterly Labour Force Survey April – June 2023 & April – June 2019. The blue lines represent the means.

Table 2. Percentage of employees working at home

Characteristics	2023	2019
Male	22.3%	2.4%
Male, no dependent child	21.9%	2.4%
Male, 1 dependent child	21.4%	2.7%
Male, 2 dependent children	25.5%	2.3%
Male, 3+ dependent children	20.7%	1.9%

Female	21%	2.5%
Female, no dependent child	21.1%	2.2%
Female, 1 dependent child	20%	2.6%
Female, 2 dependent children	23.5%	3.4%
Female, 3+ dependent children	14.5%	4.1%

Note: ONS Quarterly Labour Force Survey April – June 2023 & April-June 2019 depicting homeworking rates. For example, in 2023, 22.3% of male employees mainly worked at home.

Table 3. Employees mainly working at home by occupational groups

Occupational group	**2023**			**2019**	
	% WFH* within group	% of total number of WFH	% of total number of employees	% WFH within group	% of total number of WFH
Managers, directors	30.2%	14.1%	10.2%	5.8%	24%
Professionals	32.3%	42.7%	28.7%	3%	27.2%
Associate professionals	31.7%	22.2%	15.1%	3.4%	20.2%
Administrative, secretarial	31.8%	15.4%	10.5%	3.9%	17.1%
Skilled trades	3.5%	1%	6.5%	0.6%	1.7%
Caring, leisure, other	1.8%	0.7%	8.1%	1%	3.6%
Sales and customer	10.2%	3%	6.4%	0.8%	2.6%
Process, plant, machinery	1.1%	0.2%	4.5%	0.3%	0.6%
Elementary	1.2%	0.6%	10.1%	0.5%	2%

Note: ONS Quarterly Labour Force Survey April – June 2023 & April – June 2019. Values are rounded.
**WFH – working from home amongst employees.*

The industry sector variations of homeworking have been documented during the pandemic. However, we need to take a closer look at how this translates to working-at-home patterns for certain social groups. I will look here at mainly working at home by industry sector and by sex to illustrate the issue (Table 4). As the ONS found previously, information and communication businesses are most likely to adopt homeworking. This is a male-dominated industry. The sex differences in the prevalence of homeworking in this industry are small – but from all female homeworkers, only 9% work in this sector compared to 22% of male homeworkers. There are furthermore striking sex differences in industry sectors that have overall low homeworking rates. For instance, women are much more likely to work at home than men in manufacturing, construction and transport. In education, in contrast, the homeworking rate amongst men is double the one of women.

I tested further whether these sex differences occur because women work in different occupations in these industries than men. This analysis is shown in the Technical Appendix 2. This is indeed the case in the transport sector and, to a lesser extent, in manufacturing. In transport, men most likely tend to work in driving jobs that cannot be done at home while women are perhaps more likely to work in administrative and professional jobs that can be done online and therefore are mainly or exclusively at home. However, in construction and education, the sex differences cannot be explained by occupational segregation.

Table 4. Homeworking by industry sector and sex, 2023

Industry sector	**Male employees**		**Female employees**	
(Standard Industry Code in bracket)	% WFH* within industry	% men WFH	% WFH within industry	% women WFH
Agriculture (A)	14.4%	0.4%	13.1%	0.2%
Manufacturing (BCDE)	12.3%	8.2%	25.9%	6.4%
Construction (F)	11.8%	3.9%	31.5%	3.2%
Wholesale (G)	8.5%	4.5%	7.7%	3.8%
Transport (H)	6.2%	1.9%	19.6%	2.3%
Accommodation (I)	1.3%	0.3%	3%	0.9%
Information & Communication (J)	63.5%	21.9%	60%	8.9%
Finance & Real Estate (KL)	47.3%	14.6%	46.4%	13.1%

Professional services (M)	40.6%	16.3%	41.8%	16%
Admin. & public services (NO)	29.8%	17.6%	36.2%	23%
Education (P)	14.7%	3.8%	7.9%	6%
Health & Social work (Q)	11.7%	3.8%	11%	11.6%
Arts and other personal services (RSTU)	14.9%	2.9%	19.7%	4.5%

Note: ONS Quarterly Labour Force Survey April-June 2023. Values are rounded.
**WFH – working from home amongst employees.*

Conclusions

Looking at the geography of homeworking, it seems then that the homeworking revolution of recent years has not turned around the spatial economy of the UK but rather reinforced pre-existing regional workforce imbalances. The homeworking revolution has also exacerbated pre-existing occupational differences in who has the opportunity to work at home. So far, the level of homeworking has dramatically changed, but its patterns and inequalities by and large have remained the same as before the pandemic.

Despite the spatial imbalances, the number of homeworkers has substantially increased in all regions (Table 1, right column). The data used here does not allow more to be said about the frequency of homeworking but does capture what is now often referred to as 'hybrid' working. Figures for mobile working where people go to various places from their home but rarely work at their home, have remained almost unchanged post-COVID compared to before the pandemic. When looking at other data sources (which have not been used here as they do not allow representative conclusions for the UK workforce), the proportion of employees who exclusively work at home is likely to be very small. Hence, most of those recorded here as 'mainly working at home' will work sometimes at their employer's premises.

Homeworking depends to a large extent on the occupation and industry employees work in. Considering the region where people live or demographic characteristics, improves the prediction of homeworking only marginally (see Technical Appendix). Looking at the spatial distribution of the residential population by occupation and industry (e.g. from Census data) will then help us predict the new 'hybrid' working patterns at sub-regional levels.

Marginal Abatement Cost Curves (MACC): Their Use as Tools for Evaluating Low-Carbon/Net-Zero Interventions and Policies

Annum Rafique, WMREDI

Dr Annum Rafique examines the application of marginal abatement cost curves (MACC) to assess low-carbon/net-zero policies and interventions.

1. Introduction

Household energy consumption accounts for a substantial portion of global greenhouse gas (GHG) emissions. As countries aim to meet emission reduction targets, decarbonising the residential heating sector is key. Marginal Abatement Cost Curves (MACC) have emerged as a valuable methodology for evaluating and comparing the economic costs and emission reduction potential of various climate mitigation measures and policies.

MACC plot the cost-effectiveness of mitigation options by ordering them from least to greatest cost per ton of CO_2 abated on the y-axis while showing total emission reductions achievable on the x-axis. By plotting the marginal cost of abating each additional unit of emissions against the quantity of emissions reduced, MACC analysis allows policymakers to identify the point at which emissions reductions become too costly and prioritise technologies that offer the greatest emission reductions at the lowest cost (González-Mahecha et al., 2019).

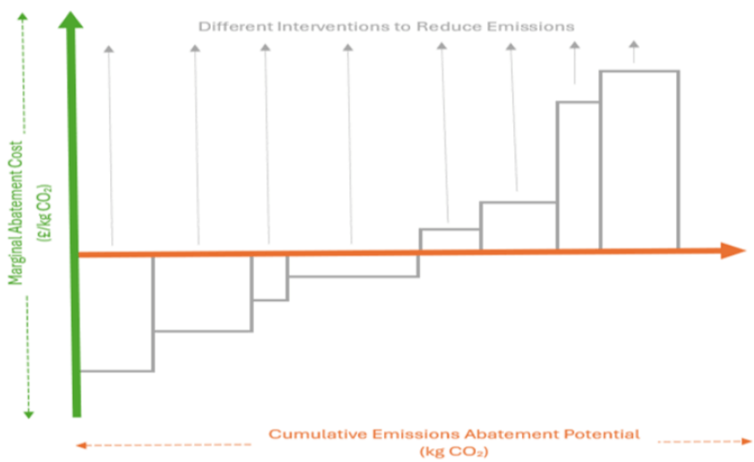
This blog examines the use of MACCs as tools for evaluating low-carbon/net-zero interventions and policies. We discuss different types of MACCs, their advantages and limitations and use the study conducted by Rafique and Williams (2021) on the costs and emission reduction potential of various low-carbon heating technologies for homes in Gwynedd, Wales, as an example to emphasise the usefulness of MACCS in policymaking.

2. Type of MACCs

MACCs can be either expert-based or model-derived curves. Expert-based MACCs evaluate the cost and potential for carbon reduction of a specific abatement measure based on a detailed study. Since expert-based MACCs are built upon the carbon mitigation potential from a single technology, they are also sometimes called technology cost curves (Ekins, Kesicki and Smith, 2011; Kesicki, 2010).

As seen in Figure 1, the expert-based MACC graphically depicts a set of abetment projects/interventions ranked from the least to the most cost-effective choice per kg of CO_2 abatement. On the vertical axis is the marginal cost per kg of abated CO_2, and on the horizontal axis is the potential CO_2 saving in kg per year.

Figure 1: An example of an expert-based MACC.

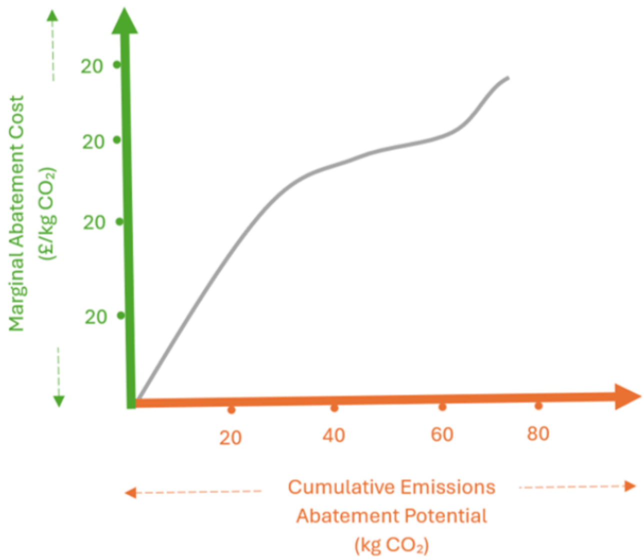


Source: Figure 1 reproduced from Plessis (2022)

The model-derived MACC is based on the calculation of energy models. The abatement curves are generated by summarising the emissions from different CO_2 prices or by summarising the CO_2 pricing from different emissions limits (Kesicki, 2010).

Figure 2 presents an example of a model-derived MACC.

Figure 2: An example of a model-derived MACC.



Source: Figure 2 reproduced from Kesicki (2010)

Both approaches have certain merits and limitations. The model-derived curves focus on absolute emissions, so the graphical representation does not show individual technologies. This was one of the reasons why model-derived MACC were not used in this study, as one of the aims is to make it easier for policymakers and households to make an informed decision. A visual representation through the expert-based MACC would make it possible. Thus, MACCs have become popular due to their visual representation, making it easy to see which mitigation measures can significantly reduce CO_2 emissions (Kesicki, 2010).

3. Advantages of MACC

Strategic Decision-Making: By identifying the most economical ways to reduce emissions, MACCs give policymakers the information they need to make well-informed decisions. This strategic decision-making guarantees that efforts with limited funding are distributed to achieve the greatest possible environmental advantages.

Technology Prioritisation: MACCs help to prioritise expenditures in research and development by assessing the cost-effectiveness of different technologies. This ensures that technical advancements align with the main objective of cutting emissions at the lowest possible cost.

Economic Efficiency: MACCs direct expenditures toward policies with lower abatement costs, which promotes economic efficiency. This efficiency is essential to meet carbon reduction objectives without putting undue financial strain on consumers and businesses.

Policy Design and Evaluation: Policymakers can use MACCs to design policies that balance economic and environmental objectives. Additionally, continuing evaluation of policies using MACCs allows for adaptive decision-making and revisions depending on real-world outcomes.

Stakeholder Engagement: MACCs provide open lines of communication with interested parties and clarify the financial effects of different emission reduction strategies. Collaboration and support for sustainable efforts are encouraged by this transparency.

4. Challenges and limitations of MACC

Determining baselines: Establishing a baseline scenario is important to construct a MACC. It is difficult to build an accurate baseline scenario due to market imperfection, market barriers, irrational behaviour of agents and incomplete information (Linares, Pintos and Würzburg, 2017).

Overestimation of savings: MACCs, such as the expert-based ones, do not consider the interaction of various energy-saving technologies as a unit of energy that can only be saved once. The overlapping of technologies has the potential to overestimate the energy savings.

5. Example of using MACC: Analysing Gwynedd's Residential Abatement Potential

MACC was used in this research to analyse the emission reduction potential and cost-effectiveness of low-carbon heating technologies using carbon-intensive fuels for over 54,000 Gwynedd households. It calculated the potential adoption and abatement through 2050 using MACC.

Gwynedd provides an interesting case study given its rural nature, lower housing density, and greater dependence on heating oil, LPG, electricity and coal compared to the UK overall. Data on household energy consumption by fuel type and size was derived from Energy Performance Certificates.

<u>**Scenarios Show Pathways to Increased Uptake & Reductions**</u>

The research considers three alternative scenarios to model the impact of changes in technology cost, energy pricing, grid electricity emissions and adoption rates on abatement potential.

Under a ***business-as-usual baseline scenario*** (as shown in Figure 3***)***, Gwynedd's space/water heating emissions may decline from 0.302 Mt CO_2 in 2018 to 0.189 Mt CO_2 in 2048 due to some voluntary adoption of low-carbon systems. Cumulative abatement reaches 3.494 Mt CO_2 over 30 years.

Figure 3: Baseline Scenario.

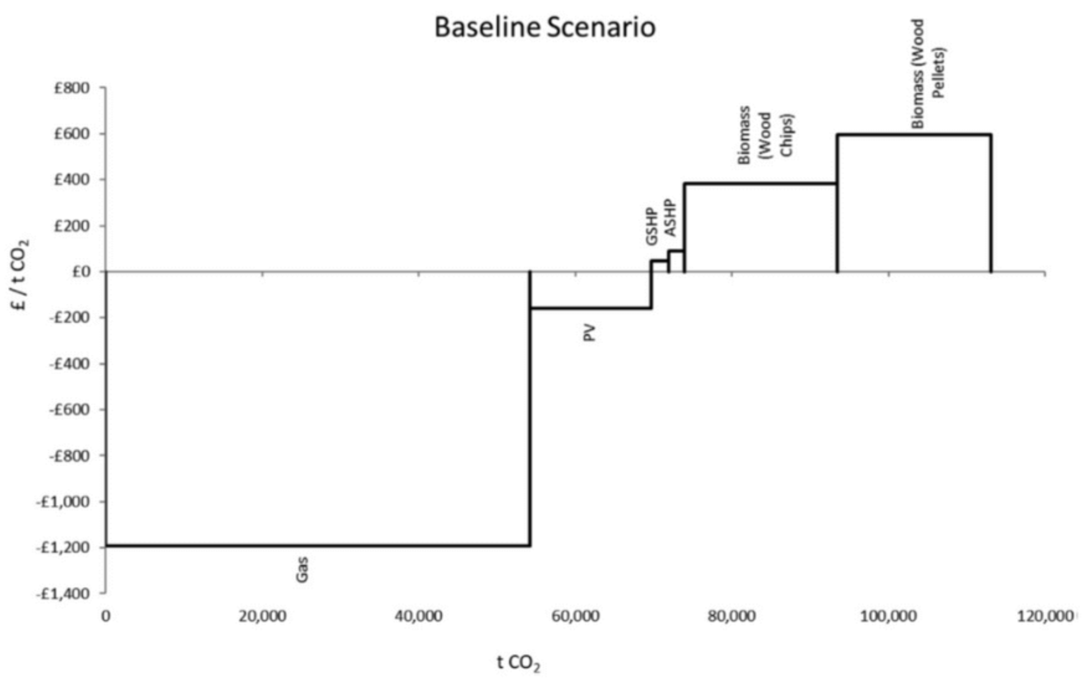
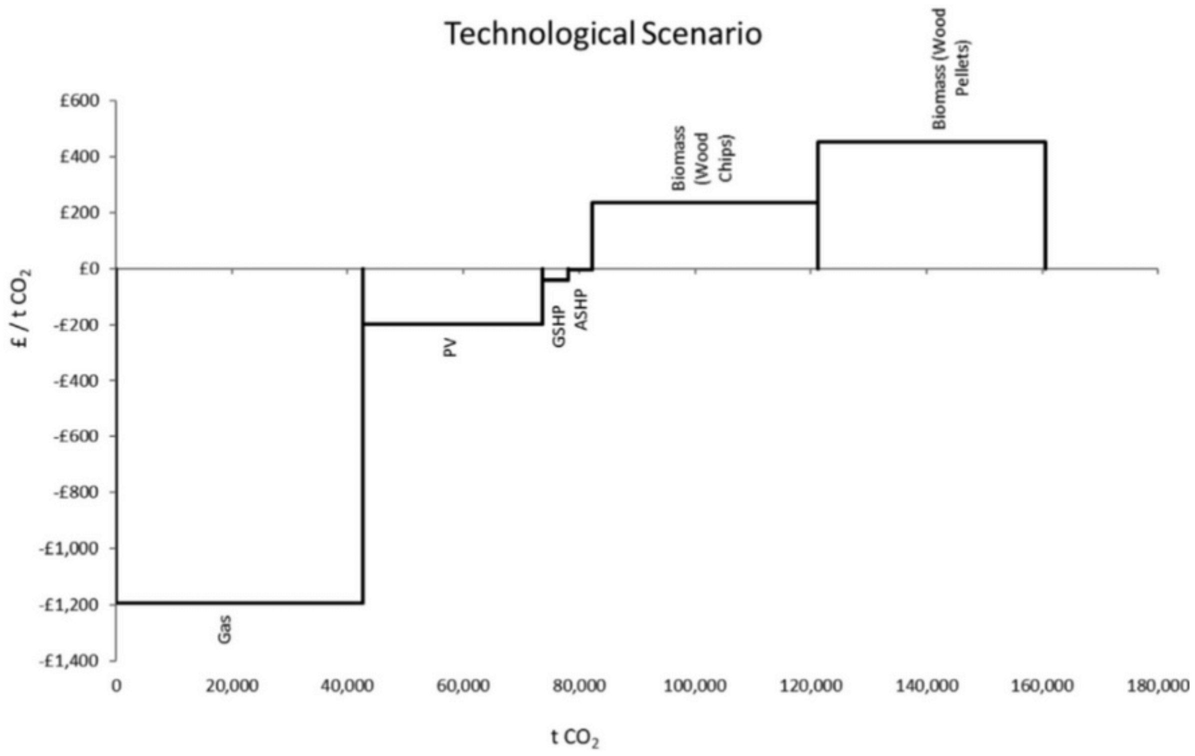


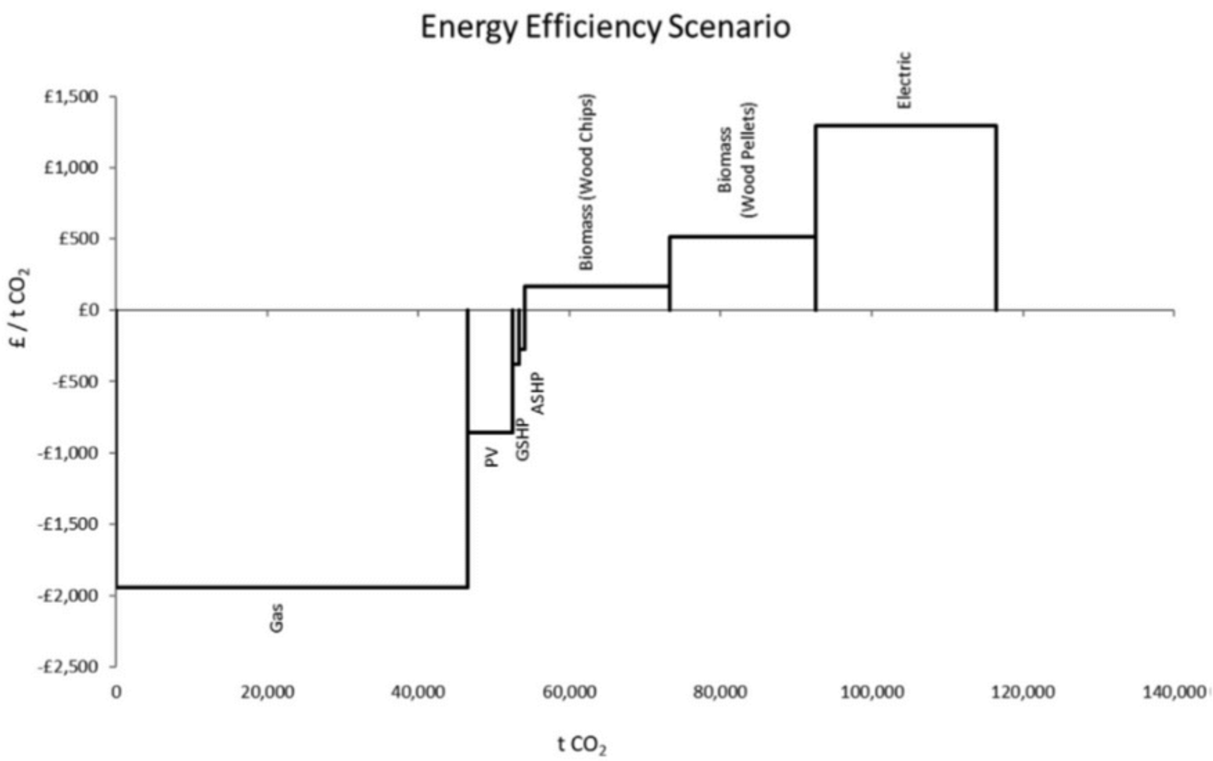
Figure 4 presents the ***technological scenario*** in which 20% lower technology costs and doubled adoption rates led to emission savings within reach of 0.16 Mt CO_2 annually by 2048, nearly double the baseline. Heat pumps become cost-competitive with gas, and solar PV abatement increases substantially.

Figure 4: Technological Scenario.



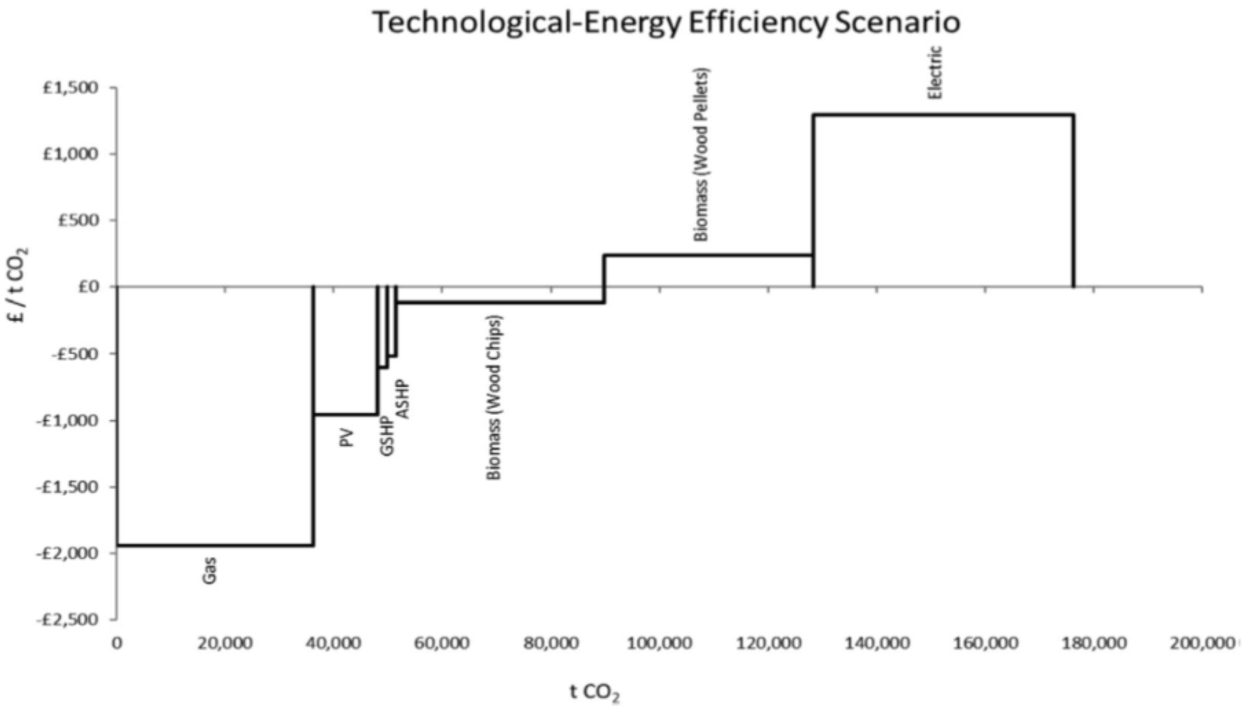
As presented in Figure 5, an energy efficiency scenario exploring rising energy prices and declining grid emissions also boosts cost-effective abatement through increased renewable technology adoption. Total emission reductions grow to 0.116 Mt CO_2 per year.

Figure 5: Energy Efficiency Scenario



As presented in Figure 6, a ***combined scenario (technological-energy efficiency scenario)*** yields the largest impact, cutting annual emissions by 0.176 Mt CO_2 in 2048 as all options, excluding wood pellet biomass boilers, become cost-effective.

Figure 6: Technological-Energy Efficiency Scenario



Results

Using MACC, the research finds solar PV the most cost-effective option under all scenarios, offering emissions savings of 0.015 Mt CO_2 yearly in the baseline at negative abatement costs. This means PV installation costs are outweighed by bill savings over the system's lifetime.

Heat pumps also emerge favourably in later scenarios that assume rising energy prices and declining technology costs. However, under baseline assumptions, the substantial upfront investment required along with inexpensive gas heating render heat pumps far less cost-competitive per ton of CO_2 mitigated.

Biomass boilers offer significant potential emission reductions but remain expensive even with falling biomass fuel and technology costs. Savings vary substantially based on the type of biomass utilised. Gas boiler installation also scores well in displacing oil, LPG and coal systems. With efforts underway to decarbonise gas supplies through renewable gases, this option may offer increasing emission benefits over time.

Takeaways for Policymakers

The analysis provides several key insights for Welsh policymakers:

- Solar PV should likely be prioritised, given high returns and abatement potential.
- Supporting heat pump cost declines and adoption will be critical to displacing high market share fuels like gas.
- Biomass boilers require further incentives and cost reductions to become economically viable.
- Decarbonising the gas grid via renewable gases can offer additional emission savings.
- Targeted policy combinations around energy pricing, technology deployment and costs can drive higher uptake and reductions.

6. Conclusion

As countries and cities establish mid-century climate neutrality objectives, analyses of this nature will grow increasingly vital to pinpoint high-impact interventions. While Gwynedd's characteristics differ from other regions,

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

the methodology demonstrates an evidence-based approach to guiding strategic emission reductions in the residential sector.

Comparing the technology's placement on the MACC curves allows an assessment of their relative costs and carbon abatement across various scenarios. The example demonstrates how MACCs can provide policymakers with vital insight into the trade-offs and returns on investment for climate-oriented interventions in the built environment and energy sectors.

What the Midlands is Doing to Meet Sustainable Transport Goals

Paige Davis, WMREDI

Paige Davies discusses the measures the Midlands is taking to reach net zero.

Paige worked as an intern at City-REDI over the summer of 2023. She graduated with a BSc in Geography and is currently undertaking a Masters in Environment, Development and Politics at the University of Birmingham.

As part of the UK's net zero by 2050 goal, the Midlands is taking measures to reach this, implementing their own ambitious net zero aims for 2041 (WMCA, 2019). This blog focuses on sustainable transport in the Midlands including the promotion of active transport and enhancing cycling infrastructure, increasing and decarbonising public transport, implementing low-emission zones and creating safer roads. This supports the Midlands in reaching its net zero goal and has other benefits in relation to better health and new job creation.

Active Transport

Active transport utilises walking and cycling to get to destinations, reducing the number of vehicles on the road, lowering emissions, and improving health. Journeys by modes of active travel in the Midlands are low compared to the rest of the UK, both daily and weekly (Transport for West Midlands).

Since 2020, cycling in the West Midlands has increased by 63% (Department for Transport, 2021), no doubt partly due to the 342 miles of cycling network across the West Midlands (COLAS). However, the greatest barrier to increasing cycling is safety concerns (Transport for West Midlands, 2019). In recognition, the West Midlands Combined Authority has partnered with Cycle Crime Action Plan to issue bike locks and the marking up of bikes to get people to invest in cycling. Further investments in barriers from roadside traffic and a lack of storage infrastructure must be addressed to encourage cycling. The West Midlands Cycle Hire established in 2021 has seen over 200,000 journeys so far (WMCA, 2022), with added production benefits, supporting local businesses and the economy.

Between 2020-2021, 45% of residents in the West Midlands walked 5 times per week (Transport for West Midlands, 2021), with 60% of homes in the West Midlands qualifying to become 20-minute neighbourhoods (Transport for West Midlands, 2021). The idea of 20-minute neighbourhoods is that shops, schools, and doctors are within 20 walking minutes, promoting walking as the local area becomes more accessible (Transport for West Midlands, 2023). Low-traffic neighbourhoods are being trialled across Birmingham, in Kings Heath and Moseley, to increase socialisation and safety (Birmingham City Council, 2023). Walking infrastructure requires improvement, with greenery making areas nicer to be in, and promoting pride in areas, which helps to combat antisocial and criminal behaviour (WMCA, 2020). Pedestrianisation will bring positive economic effects, with Coventry and Bristol seeing £1.4million benefits to the high street from a 25% increase in footfall in 2007 (Living Streets, 2018). Active transport also increases public transport use, suggesting infrastructure investment will be utilised. This will be cost-effective as the cost to maintain pedestrian and cycling facilities is lower than road maintenance.

Public Transport

Active transport will see a predicted increase in public transport use by 27% by 2041 (WMCA, 2021). Wider net zero plans focus on the implementation of 300 zero-emission buses (WMCA, 2023), trialled in Coventry with the installation of 50 hydrogen cell buses on the road, in a bid to become the UK's first all-electric city (Coventry City Council, 2022). Hydrogen bus use is boosted by the Zero-Emission Bus Regional Areas fund (ZEBRA), promoting cleaner and greener bus transport and the Bus Service Improvement Plan (BSIP), seeing £88 million in a passenger incentive programme to increase passenger use of bus travel (Transport for West Midlands, 2022). The Future Transport Zone programme also sets out to understand populations' transport behaviours, highlighting areas in the Midlands using the bus network the most as a starting point for targeting decarbonisation works (Transport for West Midlands, 2023).

Alongside this, railways are aiming to be decarbonised by 2050, with plans to remove all diesel trains by 2040 (Parliament. House of Commons, 2021). A £1.5m investment from the Midlands Engine Investment Fund has been granted to Vivarail, a Midlands company specialising in electric and battery-powered train systems (CWLEP, 2020). Infrastructure upgrades are necessary to increase rail use and hold additional passenger capacity.

Low Emission Zones

The implementation of an Ultra Low Emission Zone has been seen in London, predicted to save the NHS £5 billion by 2050 by preventing 500,000 new cases of air quality-related diseases over 30 years (Cepeda Zorrilla, 2023). Low Emission Zones (LEZ) have many benefits, such as combating climate change through reduced greenhouse gases and reducing air pollutants such as N02 and PM2.5, the main causes of asthma and lung function complaints. These zones fine cars emitting pollutants, encouraging the shift towards electric cars to reach net zero. The current LEZ in Birmingham has seen a 13% reduction in N02, and a 50% decrease in high-polluting vehicles entering the city between 2021-2022 (Birmingham City Council, 2022). Proposals for LEZs in Leicester and Nottingham have been suggested, although air quality has drastically improved from the hydrogenation of bus fleets (Nottingham City Council, 2018). However, asking the public to switch to lower-polluting vehicles creates socioeconomic inequalities, as many cannot afford to invest in sustainable transport (Cepeda Zorrilla, 2023). The implementation of these LEZ's will depend on the existing public transport infrastructure and the availability and affordability of low-emission vehicles. Therefore, given the current crisis, LEZs should be utilised in conjunction with other sustainable transport policies to reduce the risk of heightened inequalities.

Health Impacts

An indirect impact of sustainable transport is the positive health impacts, reducing pressure on the NHS, which has faced huge backlogs since the onset of COVID-19. Currently, inactivity costs the NHS £1 billion, with indirect costs of £8.2 billion (Soni and Soni, 2016). Physical activity will increase in the Midlands as active transport increases, seeing physical and mental health benefits. To support the inclusion of people with mobility issues, a bid was submitted to Sport England to fund accessible cycling opportunities for all, with hopes to establish a Wheels for All centre in each local authority (WMCA). This suggests active transport should be promoted to achieve net zero goals and improve the health of people living in the Midlands.

The Midlands has ambitious plans to promote sustainable transport and reach UK net zero goals. Despite this, greater efforts need to be made to match other leading regions and cities, including the promotion of pre-existing infrastructure, such as canal pathways for active transport. Consideration should be directed towards the feasibility of upgrading automobiles to manage socioeconomic inequalities, highlighting the importance of providing a strong and reliable public transport network. Plans to promote sustainable transport dominate in the West Midlands, with a need to look at how the East Midlands can support the wider region in its transition to net zero. To promote a coherent sustainable transport movement, policies should be used in conjunction with each other for maximum benefit. This blog focuses on work in urban areas with further research needed to understand what the future of sustainable transport might mean for rural areas.

The Importance of Good R&D Data and Current Challenges

Kelvin Humphreys and Kostas Kollydas, WMREDI

Kelvin Humphreys and Kostas Kollydas discuss why detailed R&D is essential and examine the challenges in current data collection and availability, particularly at the sub-national level.

The UK government's 2017 Industrial Strategy committed to spending 2.4% of GDP on Research and Development (R&D) by 2027.

Following the Levelling up White Paper, the government has embarked on significant initiatives to boost regional R&D, recognising its crucial role in driving economic growth and addressing societal challenges across the country. In the meantime, the uneven spread of government R&D spending and regional disparities in economic performance have opened up discussions about strategic approaches to devolved R&D and innovation. In this context, having reliable sets of R&D data is imperative. We should also be aware that the Office of National Statistics (ONS) significantly changed its R&D statistics in recent years. This blog delves into why detailed R&D data is essential and examines the challenges in current data collection and availability, particularly at the sub-national level.

R&D-related policy initiatives

In 2022, the government unveiled an "R&D mission" as part of the levelling up agenda. By 2030, the government aims to increase domestic public investment in R&D outside the traditional focus on the Greater South East (GSE) by at least 40%. This effort forms part of a wider strategy to engage private sector investment. The goal is to spark innovation and drive productivity growth in various UK regions. Some of the cross-government initiatives include:

The Department for Science, Innovation and Technology (DSIT) has earmarked a record of £39.8 billion for R&D from 2022 to 2025. This budget designates a significant increase in R&D funding outside the GSE compared to the amount spent in 2021/22. It also includes increased funding for UKRI.

The Department of Health and Social Care (DHSC) is also playing a key role in fulfilling the R&D mission. For instance, they have directed £50 million to 13 local authorities (Coventry City Council included) for Health Determinants Research Collaborations (HDRCs). These collaborations, involving partnerships between local authorities and universities, focus on local challenges affecting health, such as childhood obesity, COVID recovery, and mental well-being.

The Ministry of Defence's (MoD) Future Combat Air System Technology Initiative is another R&D programme in collaboration with industry partners and SMEs throughout the UK. To date, MoD has invested £1.1 billion in R&D through this programme, in addition to £600 million from the Team Tempest industry partners. Furthermore, the Defence and Security Accelerator (DASA) has adjusted its Innovation Partner network to align with the UK's recognised economic regions. This strategic realignment broadens DASA's influence throughout the country, including the West Midlands.

These initiatives reflect a strategic approach to distribute R&D investments more equitably across the UK, fostering regional development, increasing job opportunities, and addressing specific local challenges.

Key issues with R&D data

Existing data is inadequate for assessing the landscape of R&D activity and its impact across regions and places, and for responding to their unique opportunities and needs.

The ONS publishes National Statistics covering R&D spending by sector of performance and funding, and by region on an annual basis. The historical data lags the reported period by over 18 months and suffers from several drawbacks that limit its usefulness. In 2022, the ONS made a huge change in the way "Business and Enterprise R&D" (BERD) expenditure is measured. Although reported figures were backdated, the changes resulted in a break in the data time series from 2018 onwards. Multiple regions were also aggregated into combined regions, such as the East Midlands, West Midlands and South West being reported as one. The consequence of these changes is more complicated trend analysis and obscuration of regional insights. A further challenge with public R&D data, albeit one that the ONS has made recent improvements on, is a lack of transparency on the actual (final) location of public-funded R&D spending and activity since funding awards may be subcontracted to other organisations that may be in other regions.

These data issues are an impediment to the effective monitoring of R&D activity and the evaluation of initiatives implemented by UKRI and other stakeholders to alter spatial patterns of R&D investment and activity. Furthermore, local and regional leaders face even bigger challenges and difficulty in demonstrating or otherwise making the case for increased investment in government and other sectors.

Recommendations for improved data collection

To effectively leverage R&D investments for regional development, the following recommendations are proposed:

Methodological consistency: Ensuring consistent data collection methodologies is crucial for reliable trend analysis and comparative studies. Where methodologies are changed, the data should be sufficiently backdated that the time-series demonstrates continuity across at least the current and previous policy cycles. Changes should not result in a reduction in data granularity, but where possible, should seek to increase it.

Improve data detail and granularity: Enhancing the detail and specificity of regional and subregional R&D data will allow for more accurate assessments and tailored ***place-based*** interventions. This includes tracking where funds are actually and finally spent. This will help assess the true impact of R&D investments on local economies and labour markets.

Foster collaborative data initiatives: Encouraging partnerships between local governments, universities, and research organisations would likely help fill data gaps and provide a more comprehensive picture of regional R&D landscapes.

Timely data release: Making data available promptly, which will facilitate prompt policy adjustments and programme evaluations.

Challenges and Opportunities in Rapidly Changing Business Support Landscapes

Juliane Schwarz and Fumi Kitagawa, WMREDI

Juliane Schwarz and Fumi Kitagawa discuss the ever-changing landscape of business support, and what role Universities can play.

This article was written for the Birmingham Economic Review.

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

Challenges for businesses and business support have been long recognised and particularly pertinent at the present time. Business scale-up and growth, not to mention survival, depend on their capability to tackle and solve problems in different phases including production, business processes and development, as well as managing supply chain relationships.

For businesses to gain a competitive advantage, diverse forms of knowledge are necessary, but it is not always easy for businesses, particularly for Small and Medium Enterprises (SMEs) to access the state-of-the-art technology, knowledge or skills they require. This is where public and private business support could make a big difference.

This article provides an overview of recent changes in the local governance structures affecting business support provision and discusses challenges as well as opportunities for businesses and business support in the Greater Birmingham and the West Midlands Combined Authority areas. We identify strengths and a variety of forms of business support offered by regional universities and highlight growing regional collaboration opportunities within the emerging business support landscapes.

Evolution of Business Support Landscapes and Current Challenges

Over the last two decades, a variety of forms of business support mechanisms have evolved. In the mid-2000s, with an increasing 'devolution of business support to the regional level', business support functions of ***Business Links*** were transferred to the Regional Development Agencies (RDAs). After the Coalition Government came to office in 2010, the abolition of RDAs meant the end of funding to many of the regional business support mechanisms. Advantage West Midlands (AWM), the RDA for the West Midlands, was closed, and the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) was created in 2011 as one of 38 Local Enterprise Partnerships (LEPs). Across England, Growth Hubs led by LEPs were put in place to be the centre of local business support mechanisms providing practical support and guidance to local employers and businesses.

The GBSLEP Growth Hub was created as part of the GBSLEP, part-funded by the Department for Business, Energy & Industrial Strategy (BEIS), and the European Regional Development Fund (ERDF) as 'a central point of contact for free business advice and guidance for small and medium businesses across the Greater Birmingham and Solihull region'.

The West Midlands Combined Authority (WMCA) was set up in 2016. The WMCA area includes 18 local councils and 3 LEPs (Black Country LEP and Coventry and Warwickshire LEP in addition to GBSLEP). In 2022, along with the Levelling Up White Paper, as the government withdrew its commitment to LEPs, their functions would be integrated into the WMCA.

This means, local business support structures are being re-structured and relationships have to be newly (re)built when businesses are struggling with a multitude of crises including the Brexit fallout, the pandemic, the war in Ukraine, and the energy and cost of living crisis.

New developments – Innovation Accelerators and role of universities

In the West Midlands, a new business support landscape emerging. Businesses across the West Midlands can now get advice on funding and growing their companies through Business Growth West Midlands, the newly established business support service. It is funded by a £42 million investment from the UK Shared Prosperity Fund (UKSPF).

The Levelling Up White Paper published in February 2022 opened up further devolution opportunities and new collaborative opportunities for businesses in the WMCA area including the West Midland Innovation Accelerator.

Innovation Accelerators were first mentioned in the Levelling Up White Paper. The WMCA, the Greater Manchester Combined Authority and the Glasgow City Region were chosen to host one of the three pilot regional Innovation Accelerators each. They are funded through a share of a £100m fund from Innovate UK over the next two years. The West Midlands Innovation Accelerator Programme led by the WMCA aims to improve capability and capacity for innovation.

Projects within the West Midlands Innovation Accelerator focus on specific clusters identified in the West Midlands Plan for Growth. It aims to support businesses to develop new products, processes and services in CleanTech, HealthTech and MedTech. It is noteworthy that universities in the region play a central part by leading individual projects, partnering and delivering key elements of the accelerators.

- The University of Birmingham leads the **6D Innovation Accelerator** to support innovation in health and medical technologies and to increase the speed at which research is translated into products and processes that can be used by the NHS.
- Coventry University together with the Black Country Innovation Manufacturing Organisation are partners in **Clean Futures** led by the Connected Places Catapult and delivers their accelerator programme. Clean Futures aims to support transport manufacturing supply chains in the West Midlands in transition to clean-tech solutions.
- Aston University leads **Biochar** CleanTech accelerator. It supports the development and production of low-carbon products to target export contracts worth £200m.
- Aston University, Birmingham City University, the University of Birmingham together with Birmingham City Council, and Greater Birmingham Chamber of Commerce are partners for the **Digital Innovation Transformative Change (DIATOMIC)** accelerator led by the Connected Places Catapult. DIATOMIC aims to improve the management of housing, parks and waste for Birmingham City Council, better engagement with citizens and training of service delivery teams.

Conclusion – challenges and opportunities

The business support landscape in the West Midlands, as within England, has been changing and in a state of flux during a turbulent and highly disruptive time for businesses. Public investments, such as UKSPF and Innovation Accelerator aim to leverage private investment, however, sustainability of funding is rather short-term and not as secure as the European funding (e.g., ERDF) used to be.

New opportunities are also emerging as exemplified by the West Midlands Innovation Accelerator programme with growing collaborative mechanisms across public and private sectors. A variety of factors including universities and intermediary organisations (e.g., Catapult Centres) are engaged in business support, recognising the importance of place-based approaches to the business needs and potentials. There seems to be a momentum for universities in the region to work collaboratively drawing on complementary capabilities and strengths. However, while regional collaboration is growing, there is an inherent tension – universities are competing with each other for research funding, student markets and business engagement, which might undermine regional collaborative approaches.

To realise sustainable regional advantage in the long term, strategic alignment between various actors is required. For instance, universities need to be part of industrial policy – by combining sector-specific expertise with place-based approaches and coordination. Business support available at the universities in the region needs to be better publicised for businesses, particularly SMEs. Universities can work more closely with public sector partners to better understand local needs.

One of the key challenges for business support is to understand diverse firms' needs and identify appropriate interventions for specific types of firms. One size does not fit all, while it is important to build trust and working relationships across business, government and academia.

As a professor active in business engagement and support critically points out: "Longevity, consistency, and resources are all important" for business support.

The Heavy Weight of Covid Loans on the Hospitality Industry

Tracey Stephenson, Managing Director of Staying Cool

Tracey Stephenson, Managing Director of Staying Cool, discusses how the UK's hospitality industry suffered disproportionately during the COVID-19 pandemic.

This article was written for the Birmingham Economic Review.

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

Government grants for larger Small and Medium Enterprises (SMEs) were insufficient to cover costs during long periods of closure and zero revenue. To survive, many businesses like ours turned to CBILS loans, incurring substantial debt. Now with higher interest rates and ongoing economic challenges, we are burdened with high loan repayments that are hindering our recovery. We are calling for the government to soften the repayment terms of loans to facilitate capital investment and to review the punitive interest payments that have accrued due to interest rate rises.

Background

The coronavirus pandemic unleashed a devastating and unjust blow to the hospitality sector in Birmingham and across the United Kingdom. As the world grappled with an unprecedented crisis, leisure and tourism businesses found themselves disproportionately affected.

The sector was among the first to be hit in January 2020. Firstly, by international visitors cancelling their trips to the UK and secondly, by domestic guests choosing to stay home rather than risk exposure to the virus. This was compounded by the strict lockdown measures to curb COVID-19's spread that followed in March of that year.

Subsequent lockdowns often coincided with peak season and holiday periods, depriving businesses of the crucial revenue streams that help to sustain us through the quieter months.

In short, the pandemic caused financial turmoil.

Government support

Government support, in the form of furlough to cover staff salaries, came just in time but what about rents, contracted supplies, and other commitments? The subsequent grant distribution scheme, though welcome, proved to be a blunt instrument that scarcely distinguished between micro and medium-sized companies. While smaller companies were able to use the grants to cover all of their costs, we were left with a significant shortfall. As a city centre business, our rents are high and while most landlords compromised on payments, at least for the first lockdown, we were left with a significant financial void with zero revenue coming in.

Bounce Back Loans and CBILS

We secured a Bounce Back Loan but knew it wouldn't be enough and subsequently applied for a CBILS loan of several hundred thousand which we finally received in September 2020, adding a further tranche of debt a few months later when it became clear the pandemic showed no sign of relenting anytime soon.

Interest rates were at a historic low and our Covid recovery plan enabled the repayment of the debt over the next five years, but **barely left any funds in the business for investment or shareholder returns.**

Roll forward to today: interest rates have risen 14 times; our cost base has sky-rocketed while leisure bookings have weakened as consumers spend less on non-essential items, such as a city break, in the current cost of living crisis. The impact of Birmingham City Council's section 114 notice (notifying the government that it will not be able to balance the books) is yet to be determined, but it is unlikely to be a boon for the city's tourism sector.

Our monthly CBILS payments are stifling our ability to invest in our team and make capital investments. In 2022 we paid the equivalent of a full-time member of staff's salary in interest payments alone.

Our call to the government

1. To formally soften the repayment terms of CBILS loans to reduce monthly repayments and provide funds for reinvestment. This is currently still at the discretion of individual banks.
2. To look at ways of reducing the excessive interest burden that has accrued due to successive rate hikes.

The Role of Universities in Birmingham's Economy and Communities

Sara Hassan and Hannes Read, WMREDI

Sara Hassan and Hannes Read discuss how universities in Birmingham can act as anchors and civic institutions for the benefit of the city-region.

This article was written for the Birmingham Economic Review.

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Anchor Institutions

Higher Education institutions are widely recognised as important actors in the local economy through local spending, and local recruitment, in addition to increasing the local level of human capital.

Anchor institutions are large public-sector organisations (hospitals, councils, universities, housing associations) that are unlikely to relocate. They are effectively 'anchored' in their surrounding community and have assets, such as spending power, employment and training, and buildings and land, that can be used to build wealth and economic development in their communities. An anchor institution that uses its assets to support the communities in which it operates can affect the economic growth and development of a local area in a significant, inclusive, and positive way. This promotes a more circular economy approach that is more tied up in place. Anchor institutions are invested in strong relationships with their customers, employees, and community.

The Impact of Universities in Birmingham

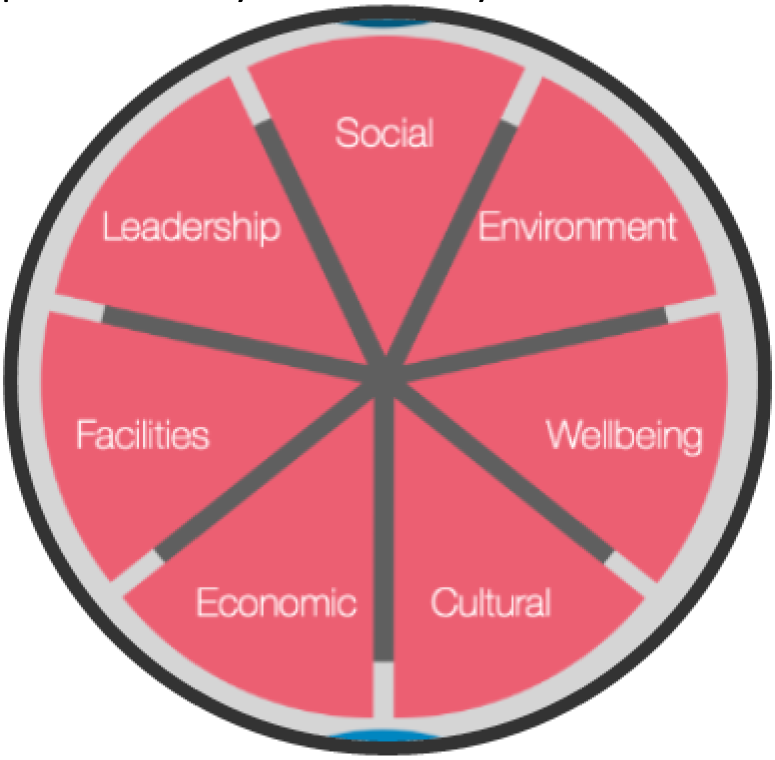
In Birmingham, universities can have a significant impact on the local economy. The five universities – University of Birmingham, Birmingham City University, Aston University, University College Birmingham and Newman University– employ around 15,000 staff and teach around 90,000 students. For comparison, six of Birmingham's most famous employers – Lloyds Bank, Cadbury's (Mondolez International), Jaguar Land Rover, Rolls-Royce, Aston Villa FC and Birmingham City FC – employ around 10,000 people in the city. With universities employing around 50% more people than some of the most famous companies in the city, there is significant potential for universities to make a substantial difference in the local economy.

Engagement with the local economy and communities

Universities across Birmingham have strong examples of their engagement in the local economy and communities. They all contribute well to the seven domains of civic impact, identified by the Civic University Network, in which universities can make a difference in their localities (Figure 1).

The £4.5m invested at STEAM house by Birmingham City University has renovated the disused Belmont Works and supported the regeneration of Birmingham's Eastside. The Moss House campus at University College Birmingham brings together teaching and learning in health and wellbeing through cutting-edge sports science clinics and replica community care environments. The University of Birmingham has a wide array of cultural assets such as Winterbourne House and Botanical Gardens, Lapworth Museum of Geology and Barber Institute of Fine Arts. All five universities in Birmingham have signed a Civic University Agreement with Birmingham City Council which identifies a joint approach to enhancing their role in the local community.

Seven domains of civic impact as identified by the Civic University Network.



Source: Civic University Network (n.d.), The Civic Impact Framework

Civic Impact: Metrics, Data and Practice

While universities seem to be committing to making a difference in their localities and the city. There are limited studies that measure and highlight the full extent of the economic, social and environmental impacts. In Birmingham, universities such as the University of Birmingham, Birmingham City University and University College Birmingham, have publicly produced economic impact assessments in an attempt to measure their economic impact. However, it can be argued that these published reports do not portray either the overall impact of the university or an in-depth detail of this impact locally. Rather, third-party evaluators focus on normative elements of economic impact, such as case study examples. These fail to capture the overall processes of university operations. For example, one economic impact assessment states that bringing in eight undergraduate international students would contribute £1 million to the UK economy. Critically, there is little recognition of the impact that has at a sub-national or even a local scale.

Recently, universities have been more focused on diversity and inclusion. Another challenge to the economic impact assessments is capturing these efforts. For example, key issues such as encouraging people from areas with lower levels of higher education enrolment to study in Birmingham do not feature in the economic impact assessment. However, this type of targeted enrolment to underrepresented student groups can increase graduate earnings by around £5000 per year. It is noteworthy that many of these university contributions can be overlooked although they do produce an economic and social impact. The gap in measuring these sorts of contributions can be detrimental particularly when universities are striving to increase their impact and affect positive change in communities across the city. The lack of data and information on the impact on communities at a sub-national scale shows that universities are under-selling themselves when evidencing their impact.

The Civic Index, created by WMREDI, brings together data on economic, environmental, institutional, and social impacts to show the difference that higher education institutions make to their local area. For instance, the Civic Index data show that Birmingham City University (BCU) is a leader in the field of carbon reduction. These findings not only support BCU's collaborative efforts in reducing carbon emissions with other universities but can also affect the city's efforts in the race for carbon neutrality. However, whilst this sort of data sheds light on the impact that universities make, there is a need to understand how these practices can be embedded with practical civic engagement.

Universities in the UK are then under increasing pressure to demonstrate the practical impacts of their research, teaching and knowledge transfer. Relatively less attention is paid to the role of universities in building social connections with their local areas and empowering marginalised communities through active civic engagement strategies. For example, Universities in Birmingham are key stakeholders in innovation and knowledge generation. They are producers and consumers of creative talent and developers of place trends. However, place-based investments do not happen in isolation, with innovation, knowledge, and the "creative class" as forces driving urban revitalisation. In addition, this highlights concerns that without a more local and even neighbourhood focus from universities as anchor institutions, this can lead to gentrification in their immediate local areas.

Further challenges in research and practice

One of the challenges that face both research and university operations in practice is the need to map and connect different parts of university operations (research, teaching, professional services) to enable true anchoring. Another challenge is institutional cultural change where civically minded institutions acknowledge and undertake their multifaceted role in the inclusive and sustainable development of cities. Most of normal university operations are largely overseen by professional service staff in estates, HR, finance and procurement. For example, in Birmingham, the Birmingham Anchor Network has a long-standing relationship with Aston University, University of Birmingham, Birmingham City Council, University Hospitals Birmingham, Bournville Village Trust, and The Pioneer Group to circulate and maximise the impact of their employment, procurement spend and physical assets for the local economy. The Birmingham Anchor Network and Civic University Network, of which the University of Birmingham and Aston University are members, are examples of how the business models and operations of universities have changed towards one that makes a purposeful difference in the local economy. This underpins the growing interest in the role of universities as a civic institution.

Knowledge transfer and sharing of evidence, evaluation, and good practice will transform universities from anchor institutions that are based in Birmingham, to ones that are fully and truly embedded in improving outcomes for residents in the city. At WMREDI, we are working on the National Civic Impact Accelerator programme to share the evidence and good practice for improving the civic impact of universities.

Industrial Path Development in the UK Space Sector: Processes of Legitimacy Building in the Establishment of Space 2.0

Chloe Billing, WMREDI

*A new research paper by Dr Chloe Billing, Professor John Bryson, and Dr Tasos Kitsos published in **Industry and Innovation** examines how legitimacy building enables the emergence of new industries. Through studying the rise of "New Space" in the UK, the authors find that successfully developing cognitive, normative, and regulatory legitimacy across multiple scales through collective action is essential. The paper develops an analytical framework capturing the complex interlayering between different forms of legitimacy. It shows that supporting new sectors requires "de-locking" established mindsets and policies. These lessons can help pioneers in other fields develop transformative innovations and new industrial pathways.*

A new research paper published in Industry and Innovation examines the crucial role that legitimacy building plays in the emergence of new industries. It focuses on the rise of "New Space" or Space 2.0 – the new private space sector that is radically transforming the old Space 1.0 industry.

Through an in-depth analysis of the development of the UK's Space 2.0 industry, the authors identify the complex, multi-layered processes required to establish legitimacy for new sectors with very different products, technologies, and approaches compared to incumbent industries.

Forms of legitimacy

They explain that there are three main forms of legitimacy – cognitive, normative, and regulatory. Cognitive legitimacy relates to the degree to which products and companies are understood. Normative legitimacy depends on conforming to societal values. Regulatory legitimacy means complying with formal rules and regulations.

The paper finds that successfully developing these three types of legitimacy through organisational and collaborative efforts across actors at different spatial scales is essential for new industries to gain acceptance and access to resources.

For example, the emergence of Space 2.0 in the UK relied on simultaneously undoing the existing legitimacy of the old Space 1.0 industry in areas like launch technologies while building legitimacy for new private sector approaches. This requires 'de-locking' established mindsets and policies.

The authors develop a useful analytical framework to capture the complexity of legitimacy building for new industries. It has five key elements emphasising the feedback loops and interlayering between different forms of legitimacy and scales of activity.

This research shows that the formation of new sectors is not linear. Supporting new industry emergence requires policymakers and stakeholders to proactively shape cognitive, normative, and regulatory legitimacy across regional, national, and international levels through collective action.

With growing calls for new solutions to pressing societal issues, understanding the dynamics of legitimacy building is crucial. The lessons from this paper can help other sectors pioneer transformative innovations and develop new industrial pathways aligned with emerging priorities.

Access the paper via Taylor and Francis Online.

The Demand and Challenges of the Sprint Public Transport System in Birmingham

Sara Hassan and Magda Cepeda-Zorrilla, WMREDI

Sara Hassan and Magda Cepeda-Zorrilla discuss whether a Bus Rapid Transit system could help reduce passenger travel times.

This article was written for the Birmingham Economic Review.

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

According to WMCA, by 2035, the population of the West Midlands is set to increase by up to 444,000 – that's 100 people per day – and 215,000 new homes are set to be built by 2030. If every person drives a private vehicle the travel time will increase severely due to traffic and congestion. Not to mention the negative externalities in the environment. Therefore, it is paramount to provide reliable and accessible public transport options for people.

Bus Rapid Transit (BRT) system

To date, there are several options for public transport in Birmingham such as bus, train and tram. Also, there has been the introduction of a Bus Rapid Transit (BRT) system which promises to reduce passenger travel time.

A BRT is a high-capacity bus-based transit system that provides dedicated lanes, with busways and shelter stations normally aligned to the centre of the road and off-board fare collection. It is argued that it delivers a fast and comfortable service and that this BRT is more reliable, convenient and faster than regular bus services.

The BRT system in Birmingham consists of multiple phases that aim to connect various areas within the city. Phase one of the Sprint BRT network in the West Midlands consists of a 20km link (20 stops) connecting Walsall with Birmingham city centre and Birmingham Airport. It will connect the A34 and the A45 to create one continuous route, as well as to provide links to the two HS2 stations. In the West Midlands, the Transport Authorities (TfWM) claim that transport is being transformed and stated that these buses will reduce journey times by up to 22% on key routes.

For example, the BRT route can benefit access to Birmingham Airport, the seventh largest airport in the UK. While road access around the airport is usually smooth, there is little resilience as the road network operates near capacity at peak commuter periods. Birmingham Airport's surface access strategy states that public transport solutions can further enhance connectivity. BRT can reduce the pressure on surrounding networks, but also improve the efficiency and capacity of the road while increasing the use of sustainable transport. This is vitally important, particularly if HS2 is to be delivered in 2026.

Advantages of BRT

There are several advantages and disadvantages of the BRT system as researchers have stated. For instance, advantages provided by the BRT system are that at peak times, the system can carry more than 18,000 passengers per hour per direction; it represents an intermediate solution between the current system and a high-capacity model; they are of relatively low implementation cost; safe since they have a maximum commercial speed of 25km/h; there are short time intervals between vehicles and they are higher capacity vehicles, which can contribute in reducing the emission of pollutants.

While BRT can have several advantages, some potential challenges of BRT are to be expected and are often the dominant issues in public debate regarding transport options when compared to rail alternatives. However, these

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

challenges need to be evaluated and further alternative fair analysis should be conducted to better inform decisions and to mitigate negative outcomes.

Disadvantages of BRT

One of the biggest challenges in implementing BRT systems is that they can be expensive. This is significant as BRT requires infrastructure changes, from dedicated bus lanes to sheltered stations and alternative ticketing systems. There are also challenges associated with integrating BRT systems with existing transport networks, such as train services and other bus routes. This can be complex and requires careful planning to avoid challenges for operation and passenger convenience. In addition, there might be competing transport priorities or limited availability of funding.

While novel BRT systems can rely on alternative fuels, it is important to mention that those still relying on diesel engines and traditional fuelling systems can have a negative environmental impact. Fortunately, the BRT Sprint planned in Birmingham supports its clean air policies and reflects the region's commitment to combatting climate change with the new zero-emission and multi-door vehicles. However, it remains to be seen how efficient the operation of such a system can be and its impact on reducing journey times and increasing comfort.

BRT systems operate on fixed routes and schedules rendering them less flexible than other modes of public transport such as bus and rail systems, causing inconvenience to some passengers with fewer options and travel routes. Some space constraints are also challenging, particularly in urban areas with limited space. Acquiring the necessary right of way may also be faced with resistance from stakeholders, leading to delays and compromises in designing the BRT system. In addition, there are claims that BRT systems can vary in effectiveness depending on overall traffic situations. In areas with higher traffic volumes and inadequate enforcement of regulations, BRT systems can further exacerbate traffic congestion. Vehicles can still experience delays and thus reduce overall system efficiency.

Despite the many benefits of BRT systems, they can sometimes be perceived as a less attractive mode of transport compared to rail-based systems such as trams and metros. In places where public transport has a negative stigma, this can lead to lower ridership among certain demographic groups. There is an increased risk of gentrification of the low-income areas with middle-income groups more willing to have housing near these BRT routes. This can have serious impacts on property values, particularly in the poorest households. It can also be perceived as less safe for vulnerable passenger groups. Finally, we argue that with proper planning, design, and stakeholder engagement some of these drawbacks can be avoided and the benefits of Bus Rapid Transit in Birmingham can be maximised.

Energy and Housing in Birmingham

Annum Rafique, WMREDI

Annum Rafique looks at how much energy we are using in the city region, where it comes from and what kind of houses we live in.

This article was written for the Birmingham Economic Review.

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

Birmingham, being a large metropolitan centre with a population of 1.14 million people living in 423,460 residential homes spread throughout 10 parliamentary constituencies, has a notable variance in energy use.

This variation is caused by a variety of factors, including building energy efficiency, the use of renewable energy generation, the tenure of the houses (whether owned, rented, or social housing), and the predominant property types (detached, semi-detached, terraced houses, flats, and so on). Understanding these elements is critical for understanding the complexities of energy consumption patterns in Birmingham's different neighbourhoods and providing critical insights for developing sustainable energy practices in the city.

Average Energy Consumption

Over time, the average energy consumption per metre (kWh) has decreased by 15% from 4,041kWh/meter in 2010 to 3,435kWh/meter in 2021, possibly due to increased energy efficiency and a shift in consumer behaviour. Although there is a general decreasing tendency, there are times when the levels are quite stable and fluctuate. For example, between 2013 and 2014, consumption remained relatively stable. Similarly, there is a slight increase in consumption from 2019 to 2020 before it decreases again in 2021. The rate of decline in mean electricity consumption per meter appears to be steeper in the earlier years (2010-2014) compared to the later years (2014-2021). This suggests that initial efforts or factors driving energy conservation may have impacted more significantly during that period.

Moreover, in the last few years (2019-2021), there have been fluctuations in the mean electricity consumption per meter. After a steady decrease, there was a slight increase in 2020 due to the COVID-19 restriction. Overall, the trend indicates a decreasing mean electricity consumption per meter, which could be attributed to increased energy conservation awareness, improved energy efficiency, adopting renewable energy sources, and changes in consumer behaviour.

Birmingham's Electricity Consumption- kWh per meter (2010-2021)

Source: BEIS, Domestic Electricity Consumption by lower layer supper output area (LSOA), (2022)

Solar Energy Generation

Solar PV installation has increased over the years due to the introduction of the Feed-in Tariff (FIT) in 2010 to promote the uptake of renewable and low-carbon electricity generation. Between 2010 and 2019, the number of solar PV installations rose 7%. Approximately 97% of all solar PV installations from 2010 to 2019 were for systems under 4kW.

Solar PV installation numbers and capacity (2010-2019)

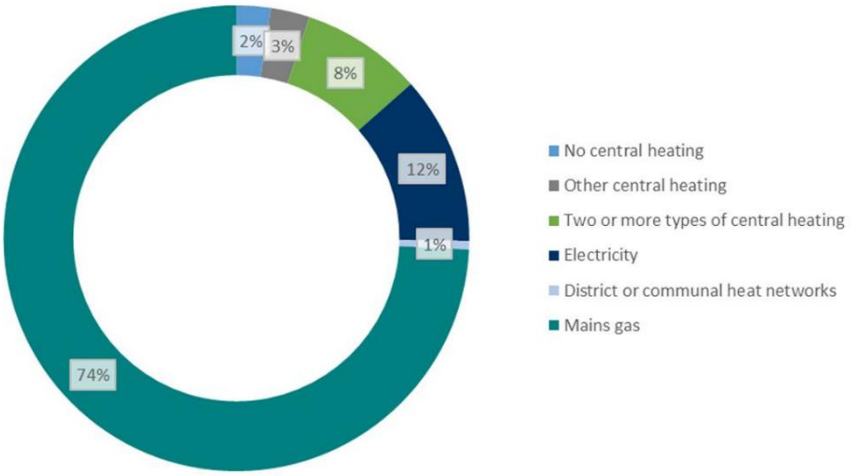
	Solar PV installation numbers			Solar PV installation capacity	
Year	**PV <=4kW**	**PV 4-10kW**	**PV >10–<=100kW**	**Individual year (kWh)**	**Cumulative (kWh)**
2010	111	3	1	260	268
2011	1,114	11	13	3,031	3,308
2012	1,279	10	9	3,350	6,658
2013	1,166	10	13	3,648	10,306
2014	811	8	4	2,988	13,294
2015	1,164	11	10	4,380	17,678
2016	174	11	4	700	18,375
2017	124	11	1	456	18,831
2018	102	18	4	476	19,307
2019	61	21	3	273	19,580

Source: Ofgem, Feed-in Tariff Installation Report, 2023

Heating type – Birmingham (2021)

Like the rest of the UK, natural gas is Birmingham's most common heating fuel. In Birmingham, over 74% of all homes heat with mains gas, while 12% do so with electricity. 8% of households utilise two or more fuel types to heat their homes. Around 3% of heating sources are alternative fuel types such as oil, marketed fuel, renewable energy, and others; 2% of households don't have central heating, and the district or communal heat networks supply 1%.

Heating Fuel Type (2021)



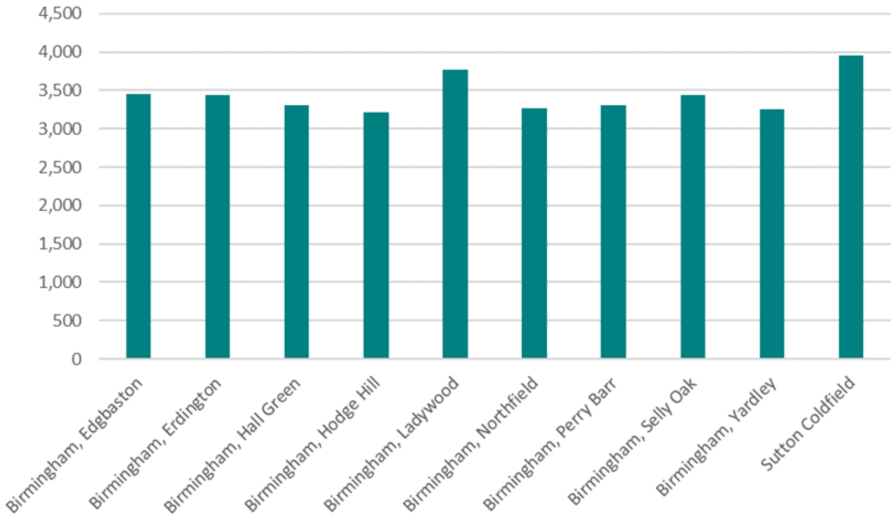
Source: ONS, Central heating, (2023)

Energy Consumption of Parliamentary Constituencies in Birmingham

Energy consumption varies significantly across different parliamentary constituencies in Birmingham. Sutton Coldfield has the highest average energy consumption, recording 3,952kWh/meter. Hodge Hill, on the other hand, has the lowest average usage, with 3,222kWh/meter.

Around half of Birmingham's parliamentary constituencies (Edgbaston, Erdington, Ladywood, Selly Oak, and Sutton Coldfield) had greater average energy consumption per metre than the city-wide average of 3,435kWh/meter. Meanwhile, the other half of Birmingham's constituencies (Hall Green, Hodge Hill, Northfield, Perry Barr, and Yardley) had lower energy usage per metre than the city. This data demonstrates the variety of energy use trends seen around the city.

Electricity Consumption in Parliamentary Constituencies in Birmingham – kWh per meter (2021)



Source: BEIS, Domestic Electricity Consumption by lower layer supper output area (LSOA), (2022)

Median Energy Efficiency (2021)

The Energy Performance Certificate (EPC) provides median energy efficiency scores, which evaluate the energy efficiency of buildings based on various factors such as building materials, heating systems, and insulation. The energy efficiency scores range from 21 to 100, with 100 being the most energy-efficient building. These scores are also associated with specific energy efficiency rating bands: a score greater than 91 corresponds to Band A, 81 to 91 to Band B, 69 to 80 to Band C, 55 to 68 to Band D, 39 to 54 to Band E, and 21 to 38 refers to Band F.

Energy efficiency scores in Birmingham are below 69 in all parliamentary constituencies, suggesting that most households in the city fall within the efficiency rating of Band D. However, there is potential for improvement as all constituencies have the opportunity to move towards Band B. Efforts must be undertaken to improve energy efficiency and boost the overall rating of Birmingham's buildings.

Median Energy Efficiency Scores in Parliamentary Constituencies in Birmingham (2021)

	Current	Potential	Difference
Birmingham, Edgbaston	64	81	17
Birmingham, Erdington	62	82	20
Birmingham, Hall Green	61	81	19
Birmingham, Hodge Hill	62	82	20
Birmingham, Ladywood	68	81	12
Birmingham, Northfield	66	83	17
Birmingham, Perry Barr	61	82	21
Birmingham, Selly Oak	62	82	19
Birmingham, Yardley	62	82	21
Sutton Coldfield	65	81	17

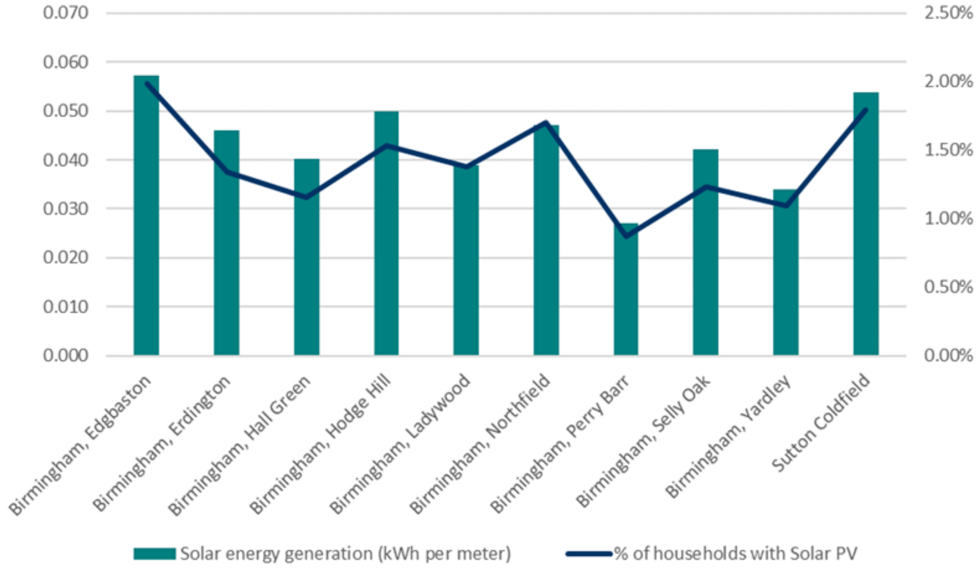
Source: ONS, Current and potential energy efficiency of housing, England and Wales, (2023)

Renewable Energy Generation

The solar energy generation values range from 0.027 kWh/meter in Perry Barr to 0.057 kWh/meter in Edgbaston. This indicates that there is variation in the amount of solar energy generated across different areas. Parliamentary constituencies like Edgbaston and Sutton Coldfield have higher solar energy generation and a relatively higher percentage of households with solar PV. This suggests that these areas might be more proactive in embracing solar energy technologies or have better conditions for solar installations.

The overall low percentage of houses with solar PV installations suggests that there are barriers to solar energy adoption, such as initial costs, a lack of knowledge, or regulatory obstacles. Addressing these issues might help the region adopt renewable energy more widely.

Solar Energy Generation in Parliamentary Constituencies in Birmingham (2021)



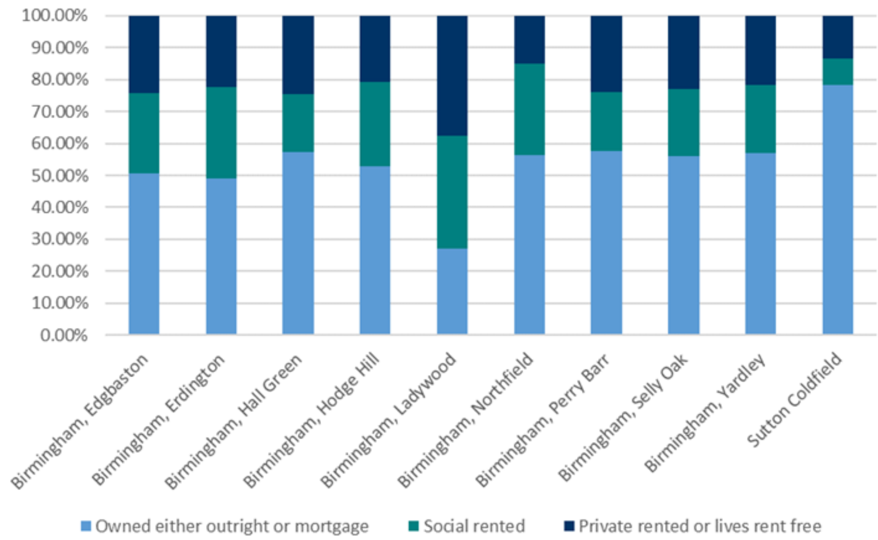
Source: Ofgem, Feed-in Tariff Installation Report, 2023

Tenure (2021)

The housing tenure in Birmingham demonstrates a notable level of uniformity, with over 50% of households being occupied by their owners, except for Ladywood, which exhibits the lowest percentage of owner-occupied houses at 27%. In contrast to the other parliamentary constituencies in Birmingham, Ladywood stands out with the highest proportions of rental properties (38%) and social housing (35%).

On the other hand, Sutton Coldfield showcases the lowest percentage of social housing at 8.5% and rented properties at 13%, setting it apart from the rest of the constituencies regarding housing tenure patterns.

Tenure Type in Parliamentary Constituencies in Birmingham (2021)



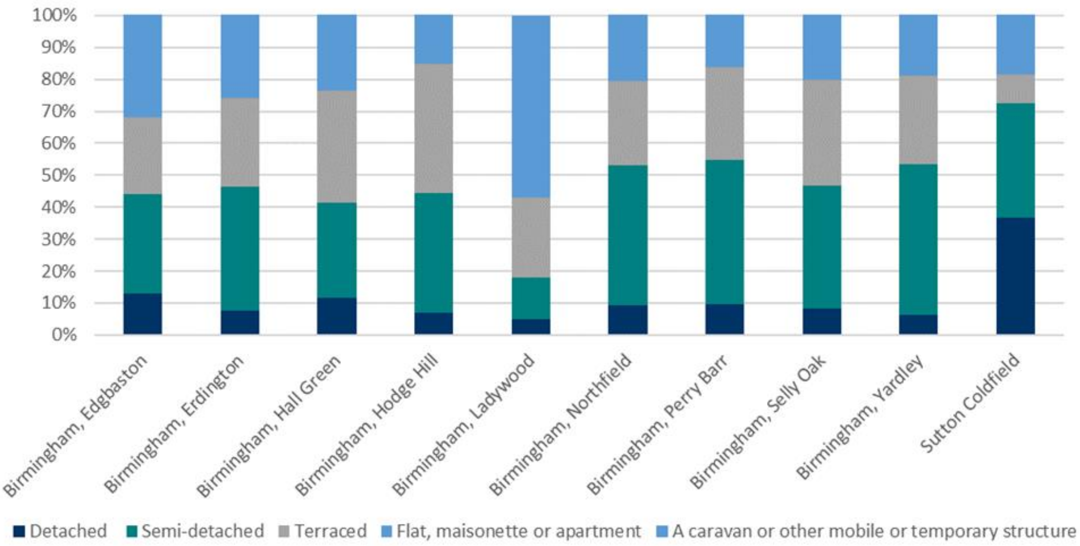
Source: ONS, Tenure of households, 2023

Property Type (2021)

Semi-detached and terraced houses are the predominant type of housing in different constituencies in Birmingham. Ladywood and Sutton Coldfield are outliers, with Sutton Coldfield having the higher percentage of detached housing in Birmingham (37%) and Ladywood having the higher percentage of flats at 57%, mostly due to having a higher percentage of social housing.

In Sutton Coldfield, detached housing comprises a higher percentage (37%) of the overall housing stock, distinguishing it from other areas in Birmingham, where semi-detached and terraced houses are more common. On the other hand, Ladywood stands out due to its higher percentage of flats at 57%, which is primarily attributed to a larger proportion of social housing units in the form of flats.

Property Type in Parliamentary Constituencies in Birmingham (2021)



Source: ONS, Accommodation type, 2023

[Read the Birmingham Economic Review in full.](#)

Birmingham and the Index of Multiple Deprivation

Magda Cepeda Zorrilla, WMREDI

In the latest article from the Birmingham Economic Review, Magda Cepeda Zorrilla discusses how the Index of Multiple Deprivation shows that more than 60% of Birmingham's population lives in the lowest levels of deprivation.

This article was written for the [Birmingham Economic Review](#).

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

What is the index of multiple deprivation (IMD)?

The index of multiple deprivation (IMD) is an overall measure of multiple deprivation experienced by people living in an area. It is the official measure of relative deprivation in England and is calculated for every Lower Super Output Area (LSOA) or neighbourhood, in England. The latest available IMD is for 2019.

The IMD provides a set of relative measures of deprivation based on seven different domains of deprivation which cover a wide range of aspects of an individual's living condition. The Index of Multiple Deprivation (IMD) ranks every small area in England from 1 (most deprived area) to 32,844 (least deprived area).

The IMD combines information from the seven domains to produce an overall relative measure of deprivation. The domains are combined using the following weights:

- Income Deprivation (22.5%)
- Employment Deprivation (22.5%)
- Education, Skills and Training Deprivation (13.5%)
- Health Deprivation and Disability (13.5%)
- Crime (9.3%)
- Barriers to Housing and Services (9.3%)
- Living Environment Deprivation (9.3%)

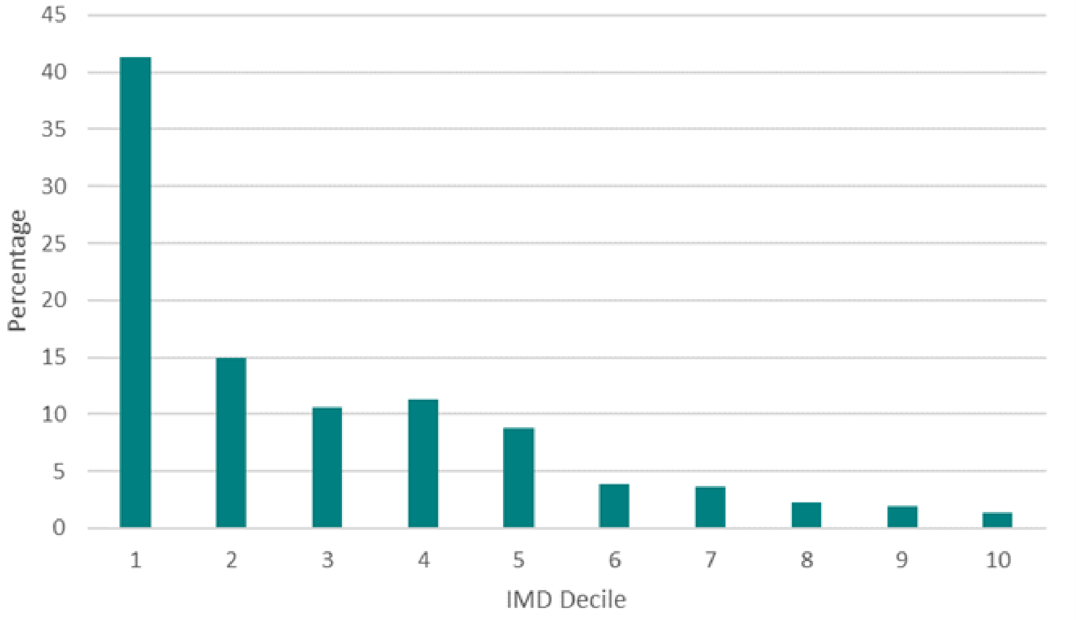
Here we show data analysed using deprivation 'deciles'. Deciles are calculated by ranking the 32,844 neighbourhoods in England from most to least deprived and dividing them into 10 equal groups. These range from the most deprived 10% of neighbourhoods nationally to the least deprived 10% of neighbourhoods nationally, as shown in the table below:

Description of the Deciles and Ranks

Decile	Decile description	Ranks
1	10% most deprived	1 to 3,284
2	10% to 20%	3,285 to 6,568
3	20% to 30%	6,569 to 9,853
4	30% to 40%	9,854 to 13,137
5	40% to 50%	13,138 to 16,422
6	50% to 60%	16,423 to 19,706
7	60% to 70%	19,707 to 22,990
8	70% to 80%	22,991 to 26,275
9	80% to 90%	26,276 to 29,559
10	10% least deprived	29,560 to 32,844

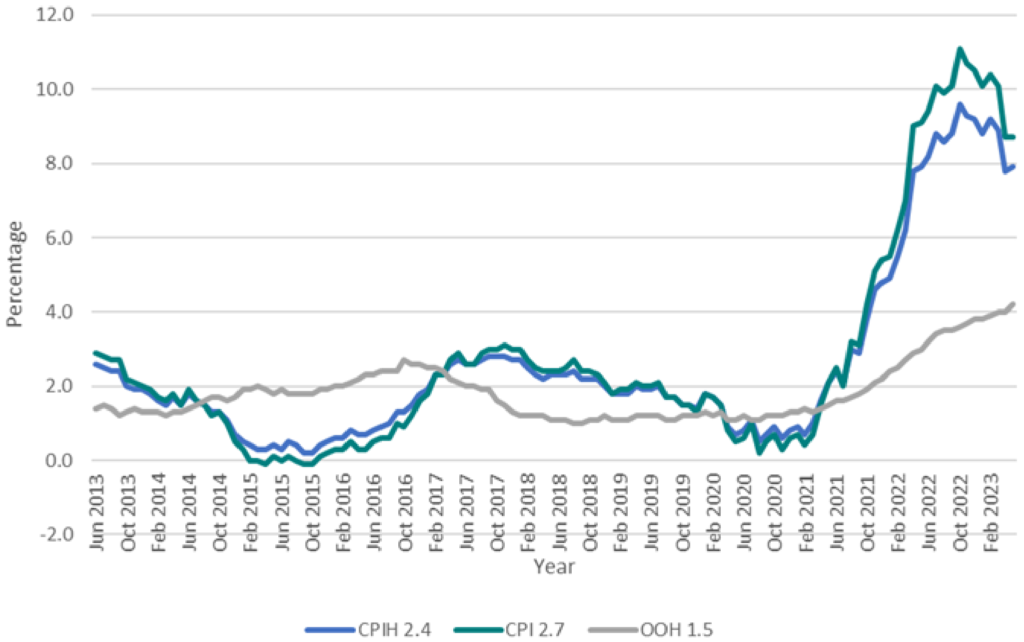
In Birmingham, the data from the IMD shows that more than 60% of the population live in the decile groups 1 to 3, with 41% living in the most deprived decile group (Figure 2).

IMD deciles distribution at the LSOA level



Analysis has concluded that Birmingham suffers from high levels of deprivation; it is ranked as the 7th most deprived local authority in England, and this has not changed [since 2015](). However, back in 2015, the inflation rate was not as high as now (Figure 3). This is why, now more than ever, it is highly important to provide support for people in the most deprived deciles.

The Consumer Prices Index including Owner Occupiers' Housing Costs, Owner Occupiers' Housing costs component and Consumer Price Index annual inflation rates for the last 10 years, UK, 2013 to 2023



Note: Consumer Prices Index Housing (CPIH); Consumer Prices Index (CPI), Owner occupiers' housing costs (OOH) Source: Office for National Statistics

The Impact of inflation on the deprived sections of society

The impact of inflation and the general cost of living rise will be more keenly felt in deprived segments of society. There are several reasons for this. For example, we might expect the people in this segment to be more likely to live in poorly insulated housing, thus requiring higher use of gas/electricity to heat up their houses.

The limited financial resources of this segment make them highly vulnerable to other aspects of inflationary pressures. Rising prices for food, housing, utilities, and transportation disproportionately affect their ability to afford basic necessities. Consequently, many individuals are forced to make difficult choices, such as cutting back on essential expenses or sacrificing other vital needs, further exacerbating their already precarious living conditions.

Furthermore, this segment is more likely to rent their homes and as the Bank of England raises interest rates landlords are left with little option but to pass on the rate rise to their tenants. The stickiness of the core inflation along with an 18.4% increase in the food prices with no material rise in wages will lead to challenging times for people in the deprived segment.

In conclusion, it is expected that the population in Birmingham living in the most deprived LSOA areas will suffer particularly due to their financial limitations and inflation. These individuals and families are already buying less food, but when wintertime comes, they will face stark choices regarding whether to pay for gas and electricity or buy first necessity products.

Read the full Birmingham Economic Review.

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

On the 15th February 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 16th February 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 2nd and 9th February 2024, total online job adverts increased by 1.0%. On the 9th February 2024, total online job adverts were at 99.3% of their average level in February 2020. Out of the 28 categories (excluding unknown) 19 increased; the largest weekly increase was in manufacturing, which rose by 20.0% (to 95.5% of the average level in February 2020). While there were 9 categories that decreased; the largest weekly decrease was in education, which fell by 8.4% (to 116.1% of the average level in February 2020). There were 17 categories that were below the February 2020 average level: the lowest was legal at 61.3%.

Between the 2nd and 9th February 2024, excluding Northern Ireland (1.6%) there were increases for online job adverts across all other regions. The West Midlands online job postings rose by 1.0% and on the 9th February 2024, it was at 97.2% of the average level in February 2020. On the 9th February 2024, there were only 3 regions above their February 2020 levels: Northern Ireland (140.0%), North East (122.1%) and Scotland (106.9%).

Direct Debit Failure rate
The monthly Direct Debit failure rate is an anonymised and aggregated dataset made available to the ONS by Pay.UK and Vocalink. The data is unadjusted for inflation and reflect economic activity in nominal terms. In January 2024, the total Direct Debit failure rate for the UK rose to 1.07%, the highest level seen since the data series started in January 2019; this is a 14% increase from January 2023. This increase was driven mainly by increases of 32% in the "electricity and gas" spending category and 21% in the "mortgages" spending category. The total Direct Debit failure rate in January 2024 increased by 34% when compared with the previous month, December 2023. The largest increase was seen in the "loans" spending category, which increased by 38%. This is in line with seasonal trends seen in previous years, and for comparison, this rate increased by 35% between December 2023 and January 2023.

System Average Price (SAP) of Gas and System Price of Electricity
The National Gas Transmission, Elexon report there was a weekly decrease of 2% in the SAP of gas in the week to 11th February 2024. When compared to the equivalent period in the previous year it was 52% lower. Also, in the week to 11th February, the System Price of electricity decreased by 8%. When compared to the equivalent period in the previous year it was 62% lower.

Business Insights and Conditions Survey
The final results from Wave 101 of the Business Insights and Conditions Survey (BICS) based off the 5,246 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 27.3% (1,432) and 3,222 businesses that are head quartered in the West Midlands, with a response rate of 26.1% (840). Please note, the survey reference period was 1st to 31st December 2023 with a survey live period of 22nd January 2024 to 4th February 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
31.0% of responding West Midlands businesses reported exporting within the last 12 months, 4.0% reported exporting over 12 months ago. While 49.1% of West Midlands businesses reported to have never exported and do not have the goods or services suitable for export – although, 7.5% reported to never exporting previously but have goods or services that could be developed for exporting.

45.9% of West Midlands businesses reported that exporting stayed the same in December 2023 when compared to December 2022. With 26.0% of West Midlands businesses reporting to have exported less and 12.8% reported to exporting more.

49.8% of West Midlands businesses reported that importing stayed the same in December 2023 when compared to same month in the previous year. 17.7% of West Midlands businesses reported to importing less and 11.7% reported to importing more.

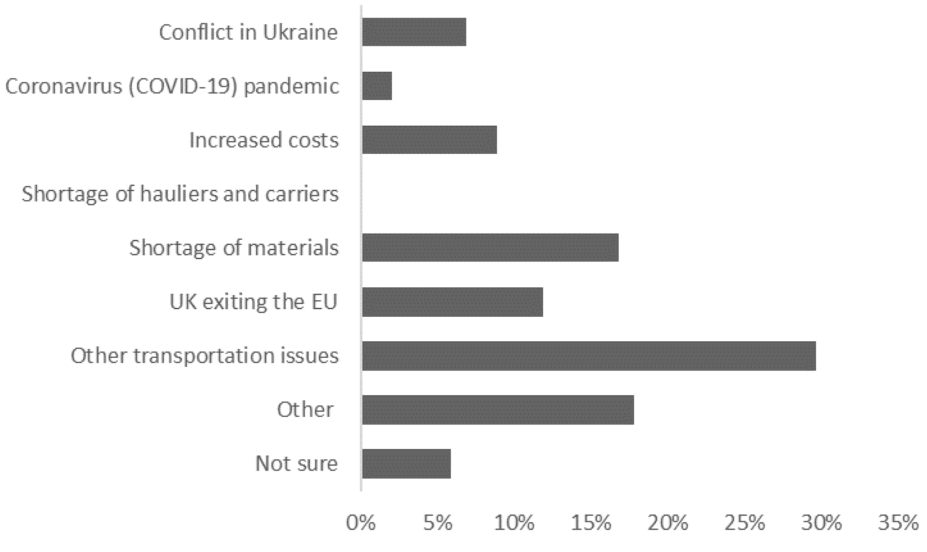
Supply Chains
79.9% of responding West Midlands businesses reported to getting the materials, goods or services needed from within the UK in December 2023. A further 6.1% were able to get the materials, goods or services needed from within the UK but had to change suppliers or find alternative solutions. While 3.1% were not able to get the materials, goods or services needed.

2.1% of West Midlands businesses intend to open new branches or subsidiaries in the EU in the next 12 months.

Global Supply Disruption
7.1% of responding West Midlands businesses reported global supply chain disruption in December 2023. While 65.2% reported no disruption.

29.7% of West Midlands businesses reported the main reason for global supply disruption was other transportation issues.

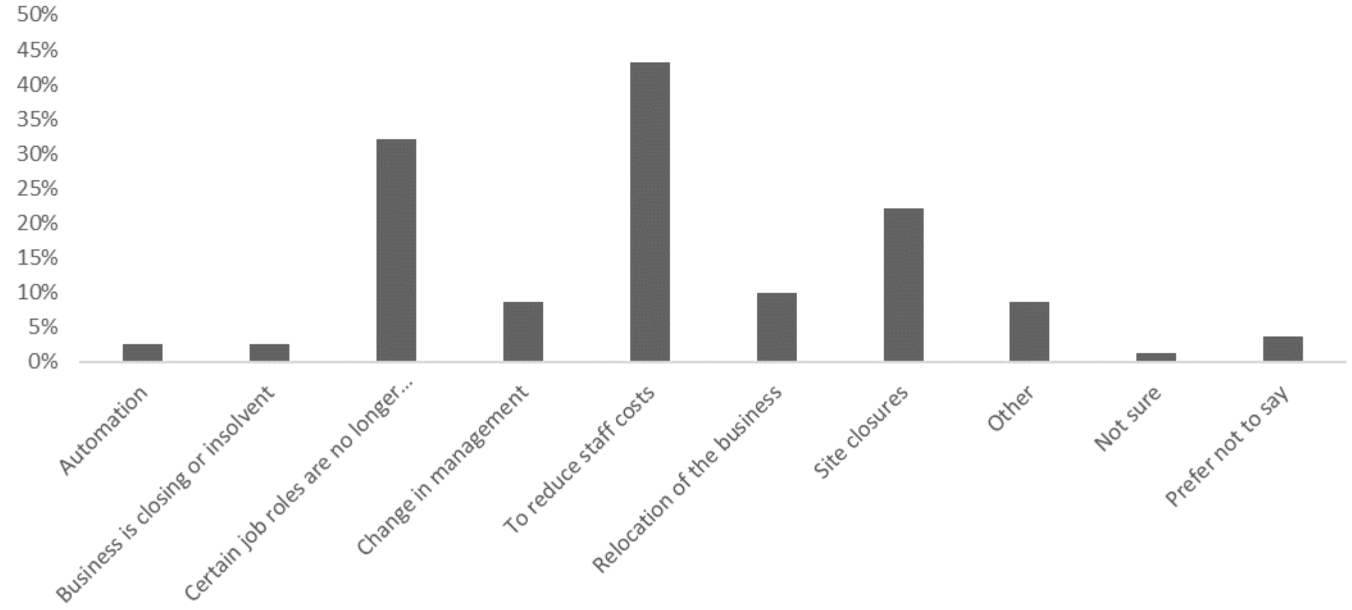
Main reason for global supply chain disruption for West Midlands businesses:



Redundancies
5.7% of responding West Midlands businesses expect to make redundancies over the next three months.

43.2% of West Midlands businesses are making these redundancies to reduce staff costs.

Reasons West Midlands businesses are making redundancies:



Hourly Wage

9.2% of responding West Midlands businesses reported on average, in December 2023 when compared to the previous month that employees hourly wage had increased, with 81.3% reporting wages stayed the same and 1.9% reporting a decrease.

Worker Shortages

16.7% of responding West Midlands businesses reported to experiencing a shortage of workers.

56.1% 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:

EU Workers & Non-EU Workers

2.5% of responding West Midlands businesses reported that the number of workers from within the EU increased in December 2023 when compared to the same month in the previous year. While 23.7% reported they employ workers from within the EU and the number had stayed the same and 4.4% reported a decrease.

3.9% of West Midlands businesses reported that the number of workers from outside the EU increased in December 2023 when compared to the same month in the previous year. While 16.0% reported they employ workers from outside the EU and the number had stayed the same and 2.0% reported a decrease.

Industrial Action

3.8% of responding West Midlands businesses reported to have been affected by industrial action in December 2023. With 40.7% of the West Midlands workforce changing their working location due to industrial action in December 2023.

How West Midlands businesses were affected by industrial action:

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 31st January to 11th February 2024.

Industrial Action

43% of respondents who pay energy bills reported finding it very or somewhat difficult to afford them; this proportion was at its highest in May 2023 (49% in the period 17th to 29th May 2023).

Cost of Living

46% 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). 53% said their cost of living had remained the same over the last month, with 1% saying it had decreased.

Where reports of cost of living had increased, the most common reasons continue to be rises in the price of their food shopping (92%), the price of their gas and electricity bills (78%) or of their fuel (47%).

Rent/Mortgage Payments

39% of respondents who pay rent or mortgage payments reported finding it very or somewhat difficult to afford them; this proportion was at its highest in summer 2023 (46% in the period 28th June to 9th July 2023).

Headlines

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

Outlook

The UK slipped into a recession at the end of last year after a poor performance from the dominant service sector pushed the economy into contraction, new figures show. Office for National Statistics (ONS) data has revealed that gross domestic product (GDP) is estimated to have fallen by 0.3% in the three months to December 2023, compared with the three months to September 2023. On a quarterly basis, this gives two consecutive falls in GDP.
Winter 2024 Economic Forecasts from the National Institute of Economic and Social Research (NIESR) estimate that GDP growth will likely remain sluggish into the medium term and that the United Kingdom was in recession in the second half of 2023 while GDP grew by only 0.3% in 2023. NISER expect GDP to grow by 0.9% in 2024 and at a similar rate throughout the rest of the forecast. As a result, living standards – as measured by real household disposable income – are expected to remain below pre-pandemic levels until 2027-28.
While trouble looms nationally, the latest NatWest Purchasing Managers Index (PMI) reports West Midlands business activity and sales expanded at their quickest rates since May 2023. The headline Business Activity Index rose from 51.5 in December to 53.1 in January 2024.
Despite recession fears, business optimism nationally remains high and is increasing, not only around revenue growth, but across the board. Grant Thornton's Business Outlook Tracker finds that respondents' confidence in their revenue growth expectations has jumped +21 percentage points compared to December, to 79%. This is the highest level seen since August last year and is +8 percentage points higher than the rolling average.
The latest analysis from EY reveals the cost of debt has increased, on average, by 3 to 6 percentage points, potentially costing UK Plc an additional £25bn in refinancing by 2027.
While the first West Midlands Angel Symposium, a joint initiative between Aston University's Centre for Growth team and Minerva Business Angels has called for the West Midlands to up its game when it comes to angel investment in order to support more start-up and scale-up businesses and grow the regional economy.
The Business Commission West Midlands (BCWM) has published an interim report and has identified International Trade, Net Zero, Innovation, Foreign Direct & Inward Investment and Artificial Intelligence & Digital Transformation as prime 'levers' for growth across the region. It explores issues ranging from access to finance and public transport provision to the complexity of the regional business support ecosystem and a shortage of suitable premises and sites for the manufacturing sector. It also highlights how businesses perceive the region's competitive advantages in terms of location, education eco-system, connected networks and the role of the West Midlands Mayor in attracting funding and investment.

Trading Environment

The Consumer Prices Index including owner occupiers' housing costs (CPIH) 12-month inflation rate was 4.2% in January 2024, unchanged from 4.2% in December 2023. The Consumer Prices Index (CPI) rose by 4.0% in the 12 months to January 2024, the same rate as December 2023.
Although inflation was still double the BoE's target, analysts had expected an uptick to 4.2%, slightly above the Bank of England's estimate of 4.1%. The OECD said the UK faces the highest rate of inflation in the G7 this year and next. It forecast UK inflation would be 2.8% in 2024 and 2.4% in 2025, adding it expected the BoE to be in a position to lower interest rates in the third quarter of this year.
A relatively mild winter in Europe means stocks of gas have not been depleted by high demand for heating homes, and this is expected to bring down household bills by around 15% when Ofgem recalculates its energy price cap in April.
NIESR's measure of underlying inflation, which excludes 5% of the highest and lowest price changes to eliminate volatility and separate the signal from the 'noise', fell to 4.9% in January from 5.5% in December. At the same time, core CPI remained unchanged at 5.1% and services inflation rose marginally from 6.4% in December to 6.5% in January. These measures indicate that underlying inflationary pressures remain elevated – and well above the 2% target.

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

SECTOR	KEY INSIGHTS
	• As businesses patiently await the Chancellor's Budget next month, findings from the **British Chamber of Commerce** Quarterly Economic Survey for Q4 2023 **highlights the urgency for action at the Budget**. 43% of responding firms with a turnover of less than £85,000 say they are concerned about growing revenue beyond this specifically because of the requirement to pay VAT. Meanwhile, over a quarter of companies (26%) say they have changed plans to upgrade or open premises as a direct result of business rates. 38% of responding businesses say they are now paying more following the 2023 rates revaluation. • Local data reveals there were **signs of stability for Birmingham businesses** during the final quarter of 2023, according to Greater Birmingham Chambers of Commerce's latest Quarterly Business Report, as 40% of firms experienced an increase in domestic sales, up by 1% on the previous quarter • Positively, the number of **company insolvencies in January 2024 (1,769) has continued to fall since December 2023 (2,002),** as levels remain slightly higher than in the previous year (1,685 in January 2023) and continue to be well above pre-pandemic levels. **Total company failures for 2023 exceed 25,000 for the first time in 15 years and are at their highest level since the aftermath of the financial crisis in 2009.** • However, **West Midlands businesses accounted for 8% of UK administrations in 2023**, the fifth highest region in the UK, analysis reveals. A total of 1,641 businesses, 139 of which came from the West Midlands, filed for administration last year – **marking a 22% increase compared to 2022 and 91% rise in comparison to 2021.** Retail, construction, hospitality, manufacturing, and real estate were the worst-hit sectors, collectively accounting for 59% of the administrations. • Furthermore, **almost one in five UK-listed companies issued profit warnings last year, more than at the peak of the financial crisis in 2008**, revealed in new analysis according to research from EY-Parthenon. • **ICAEW's Business Confidence Monitor (BCM)** puts confidence at 4.2 on the index for Q4 2023, up from 2.9 in Q3, but below the pre-pandemic average of 7.2 from 2010-19. **Customer demand issues, sales growth and high interest rates are likely to have kept optimism subdued, despite easing inflationary pressures**. Meanwhile, around one in four companies said the tax burden was a rising source of difficulty, compared to the historic norm of 16%. • **ICAEW's latest BCM** also reveals that **domestic sales growth is continuing to slow**, standing at 3.6% year-on-year in Q4 and moving closer to the historical average of 3% (above). Export growth fell more markedly and at 2.1% now stands below the 3% historical norm. Both are also at their lowest point since Q3 2021. However, **companies expect faster domestic and export sales growth in the next 12 months**. **Customer demand remained one of the most significant challenges facing businesses**, with 35% citing it as a growing concern, reflecting the continued cost-of-living squeeze and the impact of high interest rates. • The West Midlands **commercial property market received £2bn of investment** last year, according to the Insite 2024 report from Innes England. Investment in the West Midlands was marginally below the year-on-year average by 9%, and 12% down on the five-year average. That was against a national backdrop of commercial property investment activity projected to total about £37bn in 2023 – a drop of 39% on the previous year. • The **Midlands still experienced strong deal activity during 2023**, according to a new report by Experian Market IQ, despite a decline in volume. The M&A market in the Midlands was unable to match the "buoyant" volume reported in 2022. • The Midlands had the **second-highest number of fraud cases** reaching the Crown Courts last year – second only to London in terms of UK regions according to new figures published from KPMG's UK Fraud Barometer, which records alleged fraud cases with a value of £100,000 and above. Positively, **reported fraud values in the Midlands fell by 62%**, due to the absence of 'super cases'. There is real concern in the public and private sectors in the UK that fraud is now at unprecedented levels – according to the Home Office, Fraud accounts for over 40% of crime but receives less than 1% of police resource. **Labour Market** • The latest **KPMG and REC UK Report on Jobs survey,** compiled by S&P Global showed a **weak picture for recruitment activity in the Midlands at the start of 2024.** Firms signalled a marked reduction in permanent placements that was little-changed from that seen in December, while temporary billings fell at the fastest pace since June 2020. Survey respondents highlighted that

SECTOR	KEY INSIGHTS
	recruitment freezes and cautiousness among clients weighed on permanent hiring, while other firms mentioned muted demand for temporary staff. • **Wage growth came in above expectations** at the end of last year in a sign that a tight labour market might keep inflationary pressures elevated in 2024. **Annual wage growth** including bonuses averaged **5.8%** between October and December, while annual growth in regular earnings (excluding bonuses) was **6.2%** according to figures from the ONS. The **wholesaling, retailing, hotels and restaurants** sector saw the largest annual regular growth rate at **7.2%**. • Early estimates for January 2024 indicate that the **number of payrolled employees rose by 1.4%** compared with January 2023, a rise of 413,000 employees. • As **vacancies continue to fall,** analysis from the RAC Foundation revealed **more than one in six jobs being advertised in the UK requires applicants to be able to drive.** • There were **108,000 working days lost in December 2023 because of labour disputes** across the UK. The health and social work industry showed the most working days lost this month. • Forecasts from the National Institute of Economic and Social Research (NIESR) forecast **economy-wide total pay (incl. bonuses) and regular pay to grow by 5.8 and 6.1% in the first quarter of 2024, respectively.** • As February welcomed **National Apprenticeship Week**, new research reveals that qualifications are no longer centre stage when hiring first-time jobseekers, with **employers favouring aptitude**. • **The British Chambers of Commerce People and Work report** launched at the Manufacturing Technology Centre in Coventry outlines a 10-point plan to boost workforce skills, by supporting people at every stage of their journey through education and employment. • The West Midlands Combined Authority (WMCA) has announced a new **£7.5m adult skills investment to help thousands more young people into apprenticeships**. • This support is needed, given that mid-sized businesses in the Midlands **would like to hire more apprentices** but **lack the funding to do so**, according to new data from accountancy and business advisory firm BDO. 36% of respondents want greater support from a future government to **resolve staff or skills shortages, including reform to the Apprenticeship Levy.**
Manufacturing and Engineering	• New car registration figures from the Society of Motor Manufacturers and Traders (SMMT) for January 2024 reveal almost two-thirds of new cars sold were to fleet, versus the traditional 50/50 split of fleet and retail. EY note that one critical challenge for manufacturers will be how to **make this channel mix sustainably profitable**. The deferral of the 'rules of origin' legislation will provide **further impetus to automotive manufacturing, in the UK and continental Europe**. • **Research from MakeUK reveals Britain's manufacturers are stepping up their ESG commitments** as the topic rises rapidly on the boardroom agenda in response to the growing labour market, government, investor and customer pressure. The number of firms setting ESG targets for their business has increased by 48%, with around two thirds (62%) of manufacturers now doing so since 2021, according to a new report launched by Make UK and Lloyds Bank. • Britain's manufacturers realised **productivity improvements worth £48.5bn in 2023**, according to analysis of ONS data. This is an **increase of 8.6% on 2022 levels** and includes multi-billion-pound improvements in automotive and food production output. Output per manufacturer increased by 1.2% between Q4 2022 and Q4 2023, while productivity per manufacturer was up 1%. On average, each active UK manufacturer produced goods worth £1.13m in Q4 2023, up from £1.10m in 2022. Additionally, **output per employee was up 2% year-on-year.**
Construction	• Monthly **construction output in the UK is estimated to have decreased 0.5% in volume** terms in December 2023. Quarterly construction output saw a decrease of 1.3% in Quarter 4 (Oct to Dec) 2023 compared with Quarter 3 (July to Sept) 2023; this came solely from a decrease in new work (5.0% fall), as repair and maintenance increased by 4.0%. • A new report on HS2 from Arcadis estimates the **West Midlands economy could be boosted by £10bn** during the next 10 years as **41,000 homes and 7.5 million sq ft of commercial floorspace will be generated within a 1.5-mile radius** of Curzon Street and Interchange stations, in Birmingham and Solihull respectively, and the depot and control centre in Washwood Heath. The report also indicated that **30,835 new jobs will be created**.
Retail, Hospitality and Tourism	• Retail sales volumes are estimated to have **rebounded by 3.4% in January 2024**, following a record fall of 3.3% in December 2023 (revised from a fall of 3.2%). This was the largest monthly rise since April 2021 and returned volumes to November 2023 levels. **This reflected rising levels of consumer confidence, as well as a boost from the January sales**.

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SECTOR	KEY INSIGHTS
Tech / Digital	• **The UK Government have invested £45 million in the UK's quantum sector** as part of its commitment to transforming into a quantum-enabled economy by 2033 – seizing this technology's potential to overhaul healthcare, energy, transport and more. • This month the Government responded to the AI Regulation White Paper, setting out the ambition for AI regulation and the need to **strike a careful balance between innovation and regulation**, whilst also avoiding a 'one size fits' all approach. • The Government have released a draft Code of Practice on cyber security governance to help directors and senior leaders **shore up their defences from cyber threats**
Health and Med Tech	• **Aston University** has hosted an event to celebrate the launch of **SPARK The Midlands, a network which aims to bridge the gap between medical research discoveries of novel therapeutics, medical devices and diagnostics, and real-world clinical use.** The SPARK scheme helps to provide mentorship and forge networks between researchers, those with technical and specialist knowledge and potential sources of funding.
Environmental Technologies	• Twelve industrial areas are the latest to benefit from the **Local Industrial Decarbonisation Plans (LIDP)**, receiving a share of up to **£6m** to decarbonise businesses in areas that account for high emissions. Winning projects include the **Decarbonising the Midlands Aerospace Cluster (DMAC)** led by the Midlands Aerospace Alliance. • The next round of funding has opened for the **Industrial Energy Transformation Fund (IETF)**, which aims to help companies replace inefficient equipment, install electric furnaces and switch to hydrogen. • The British Chambers of Commerce (BCC) **'Green Innovation Challenge' report** has **outlined a series of proposals for policymakers**, including a new public body to oversee delivery of core climate policies and strengthened resources for the independent Climate Change Committee. The report also calls for a robust Green Industrial Strategy from Government, a permanent cross-sector approach to green jobs from policymakers and quicker Government action on financing the transition to net zero through the tax system.

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
R & S Laser Cutting & Fabrications	Birmingham	Manufacturing	A Birmingham-based steel manufacturer is staring at an uncertain future after posting a notice of intention to appoint administrators (NOI). R & S Laser Cutting & Fabrications is a sub-contract laser cutting and fabrications company that started out in 1996 with a welding set and drilling machine. For the last two years, the manufacturer has incurred considerable losses of £419k in 2023 and £494k in 2022. Its current liabilities exceeded its assets by more than £1m in 2023 and R & S said it was being supported by its director and shareholder.
Mereway Kitchens	Birmingham	Manufacturing	Mereway Kitchens has collapsed into administration nearly five months after the company was rescued in a pre-pack deal. Now 120 jobs have been lost in Birmingham as the firm's poor sales volumes left the business unprofitable amid a "weakening market". A spokesperson for the company also felt the previous administration process affected consumer confidence.
LloydsPharmacy	Coventry	Pharmaceutical	LloydsPharmacy has entered into liquidation, owing £293m to more than 500 creditors. The group had gone on a year-long divestment spree, selling individual assets or packages of pharmacies resulting in the entire high street portfolio being sold. Turpin Barker Armstrong Accountants, which were appointed to handle the process, said in its statement of affairs report that £293m is owed to 514 creditors. Liquidators of the Coventry-headquartered business said nearly £8.2m can be recovered for preferential creditors and only £800k for unsecured creditors.

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
West Bromwich Albion	West Bromwich	Sports	West Bromwich Albion has agreed a £60m takeover deal. Florida-based entrepreneur and investor Shilen Patel and his father Dr Kiran C. Patel, have acquired a 87.8% stake in the parent company of the club with their firm Bilkul Football WBA. The takeover has been approved by the EFL with Shilen Patel to be named Chairman of West Brom when the deal completes next week.
Parker & Parker	Brierley Hill	Property	A Birmingham-based property company has purchased the headquarters of a law firm for £2.8m. Higgs' 28,600 sq ft Waterfront Business Park office in Brierley Hill has been its home for the last 15 years. Parker & Parker, who specialise in investing in commercial and residential portfolios both in the UK and overseas, will now take over the base.
Ashtrom Properties	Birmingham	Property	Ashtrom Properties redevelopment of Colmore Gate is set to be approved by Birmingham City Council, after a decision was deferred due to Historic England concerns. Plans were submitted in August by AP Colmore. Economic benefits include 562 full-time construction jobs on the £87.6m GVA redevelopment, and on completion, 2,796 jobs will be generated as well as £209.3m of GVA per year.
The Eden Property Group	Wolverhampton	Housing	Wolverhampton's former landmark department store Beatties has been acquired for £6.15m, after sitting vacant since the departure of House of Fraser in 2020. The Eden Property Group, based in Middlesex, has purchased the 376,000 sq ft property on Victoria Street which comes with a £70m development opportunity. More than 400 homes are expected to be built on the site thanks to two former planning applications.
Allsee Technologies	Birmingham	Technology / Manufacturing	Plans for an 80,000 sq ft tech headquarters have been submitted by Allsee Technologies in Longbridge. More than 150 jobs will be created at the £20m development on St. Modwen's Longbridge Business Park by the digital advertising display manufacturer.
Aurrigo International	Coventry	Manufacturing	Aurrigo International has signed an agreement with Digital Testbed Air Cargo Project Consortium to deploy the Company's Auto-DollyTug at Munich International Airport for autonomous cargo transport trials. Auto-DollyTug is scheduled to be deployed in Q2 2024, with results published in Q3 2024.
Keon Homes	Coventry / Wolverhampton	Construction / Housing	Keon Homes has made four new land deals worth more than £28m to start 2024. As a developer of affordable housing and extra care schemes, the company has secured three sites in Coventry, Nuneaton, and Wolverhampton.
John Pye Auctions	Birmingham	Property	200 jobs will be created by John Pye Auctions following the acquisition of a 20-acre Birmingham site which will become its largest auction sales space in Europe. The auctioneer will invest £15m with the purchase of the former Dart Products Europe site in Cradley Heath. Comprising 350,000 sq ft, it will be the largest of John Pye's seven retail sites across the UK and mainland Europe. Other plans include the creation of an auction facility with 50 salerooms which will support growing stock levels in a central hub.
Talbots Law	Coventry	Legal	Talbots Law is set to generate more than 30 new jobs in Coventry. The firm is recruiting legal assistants, solicitors, administrative personnel, and several director positions. The employee-owned practice added Sarginsons Law to its portfolio in May of last year and now aims to expand its presence in the city threefold.
Acuitus	Dudley	Retail / Property	The ownership rights to the Trident Shopping Centre located in Dudley are set to be auctioned off at the upcoming Acuitus commercial property auction. The auction is scheduled for February 15th with the shopping centre carrying a guide price of £2.75m. The property yields £468,800 in rental income and features 17 street-fronting shops along with an additional 10 stores within the mall, the complex also offers the convenience of roof and basement parking for up to 175 vehicles.

COMPANY	LOCATION	SECTOR	DETAIL
Cemex	Coventry	Marine Transport	Cemex, based in Coventry, has secured a grant of nearly £1.7m from the Department for Transport. This funding will support the further development of a shore power system designed to eliminate the need for onboard diesel engines when ships are unloading marine aggregates.
Sama Investments	Birmingham	Housing	Plans have been approved for more than 546 homes and 710 student beds on a brownfield site in Birmingham's Digbeth Quarter. The development, known as Garrison Circus, is being brought forward by Birmingham-based, Sama Investments and designed by architect, tp Bennett. A 37-storey building will now be built alongside a variety of amenities which could include shops, cafes, or a dedicated space to support the local arts industry.
Folkes Properties	Dudley	Property	Sheffield Insulation Group's base in the Black Country has been sold to Folkes Properties. The site, located on Pedmore Road in Dudley, spans 3.9 acres and includes a 44,843 sq ft warehouse along with a smaller warehouse of 5,593 sq ft.
Revelan Developments Ltd	Stourbridge	Property	An application has been lodged proposing the creation of new residential and commercial space in a scheme which aims to support the comprehensive regeneration of the land to the north of Stourbridge town centre. Revelan Developments Ltd has brought forward proposals for three inter-related sites allocated for development in the adopted Development Plan.
Superdrug	West Bromwich	Retail	National retailer Superdrug has opened the doors of a new store in the West Midlands, creating 35 jobs. The 8,000 sq ft outlet is located at West Bromwich's New Square Shopping Centre.
Innovate UK	West Midlands	Education and Skills	Innovate UK has announced the recipients of the Further Education Innovation Fund (FEIF) - a £7.3 million investment that will enable them to create Local Innovation Centres, of which £2.4m will go to colleges in the West Midlands. In the West Midlands region, the recipients are: • The Birmingham Innovation Centre Partnership, led by Birmingham Metropolitan College, and including all six colleges in the Birmingham area, targets digital technology adoption within SMEs in sectors such as advanced manufacturing, engineering, dental, and construction. • The Black Country Innovation Service, led by Walsall College and including all five colleges in the Black Country, will be a new anchor centre for manufacturing and engineering businesses to pivot into sunrise industries like electric vehicles and heat-pumps. • Driving SME Innovation in the West Midlands, led by Coventry College and including three colleges across Coventry and Warwickshire, will drive business innovation in net-zero technologies including electric vehicle supply chain building.
Corbally Group	Walsall	Property	A planned new industrial unit which will create jobs and transform vacant land in Walsall has been given the green light. Walsall Council's planning committee granted outline planning permission to Corbally Group to construct a unit on land known as the 'Bescot Triangle', off Bescot Road. As well as the main development, the project will also involve the creation of an access road and storage area on the site.
Alanto	Walsall	Manufacturing	An innovative foam and rubber manufacturer in the West Midlands has seized the opportunity to explore new markets around the world and double its headcount, after snapping up another manufacturer in the region. Walsall-based Alanto has welcomed the UK's market leading polyethylene distributor and fabricator Ramfoam into its fold, in a move that takes the firm's annual turnover from £10 million to £20 million and more than doubles the size of its UK workforce.
University College Birmingham	Birmingham	Education and Skills	A £100 million investment from the Innovation Accelerator programme will see a new innovation hub launched at University College Birmingham. The hub will support manufacturing and

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COMPANY	LOCATION	SECTOR	DETAIL
			construction businesses in getting up to speed with new technology adoption.
In-Comm Training	Wolverhampton	Manufacturing / Aerospace / Skills	In-Comm Training has joined forces with one of Wolverhampton's largest employers, the DWP and the WMCA to help unemployed people into advanced manufacturing jobs. The independent training provider, which operates two state-of-the-art technical academies in Aldridge and Telford, has created a fast-track course that will aim to create up to 65 new CNC machinists and electro-mechanical fitters for RTX's Collins Aerospace factory in Wolverhampton.
West Midlands Railway	West Midlands	Transport	West Midlands Railway has unveiled its brand new fleet of electric trains. The Class 730 fleet will enter service in the region for the first time next week, carrying passengers between Wolverhampton, Birmingham and Walsall. The Class 730s, built in the Midlands by Alstom, are part of a £700m investment in new fleets and infrastructure by West Midlands Railway and bring a significant capacity increase on the trains they replace.
KPMG UK	Birmingham	Financial services	Audit, advisory and tax firm KPMG UK has recorded a strong revenue growth of 9% to £2.96 billion. The firm has a strong presence in the Midlands, with over 1,400 colleagues based in the region. Last year KPMG UK promoted 83 colleagues across its Birmingham and Nottingham offices, with a further 156 joining the firm as graduates and apprentices, reflecting the firm's commitment to training the next generation of leaders and having a strong presence in the region.
Shakespeare Martineau	West Midlands	Financial services	The corporate and banking teams at law firm Shakespeare Martineau have supported a record-breaking £4.6bn worth of deals during 2023, including almost half a billion pounds'-worth of deals in the West Midlands alone. Experts in mergers and acquisitions, fast-growth businesses, funding and finance, Shakespeare Martineau's national team of more than 80 lawyers enjoyed an increase in activity and value in 2023. Sector highlights include energy, infrastructure and renewables, technology, med tech and healthcare.
Lawton Tubes	Coventry	Manufacturing	Sales at Lawton Tubes, a West Midlands manufacturer and supplier of copper tube and pipes, have been boosted by an acquisition made last year. The company, which has been producing material for the healthcare, air conditioning, plumbing and general engineering sectors for more than 105 years, purchased water management product specialist Wardtec in May 2023. Lawton said the integration of business has led to a £5m increase in sales.
Shearer Property Group/The Hill Group	Coventry	Property	Further funding for Coventry's City Centre South regeneration project, which includes more than 1,500 homes and new commercial space, has been approved. Urban regeneration specialist Shearer Property Group (SPG) has partnered with The Hill Group to bring forward the £450m mixed-use development, which received outline planning consent in January 2022. It comprises more than 1,500 homes and new commercial space. Cabinet, which met on 13 February, was recommended to approve the acceptance of additional WMCA funding of £12.24m to be added to the £98.8m previously secured.

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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