MIDLANDS ENGINE OBSERVATORY

MIDLANDS ENGINE

REGIONAL ECONOMIC IMPACT MONITOR

EDITION 53: NOVEMBER 2024

New Midlands Engine Observatory Website

New Midlands Engine Observatory website enhances speed and access to regional data and insights

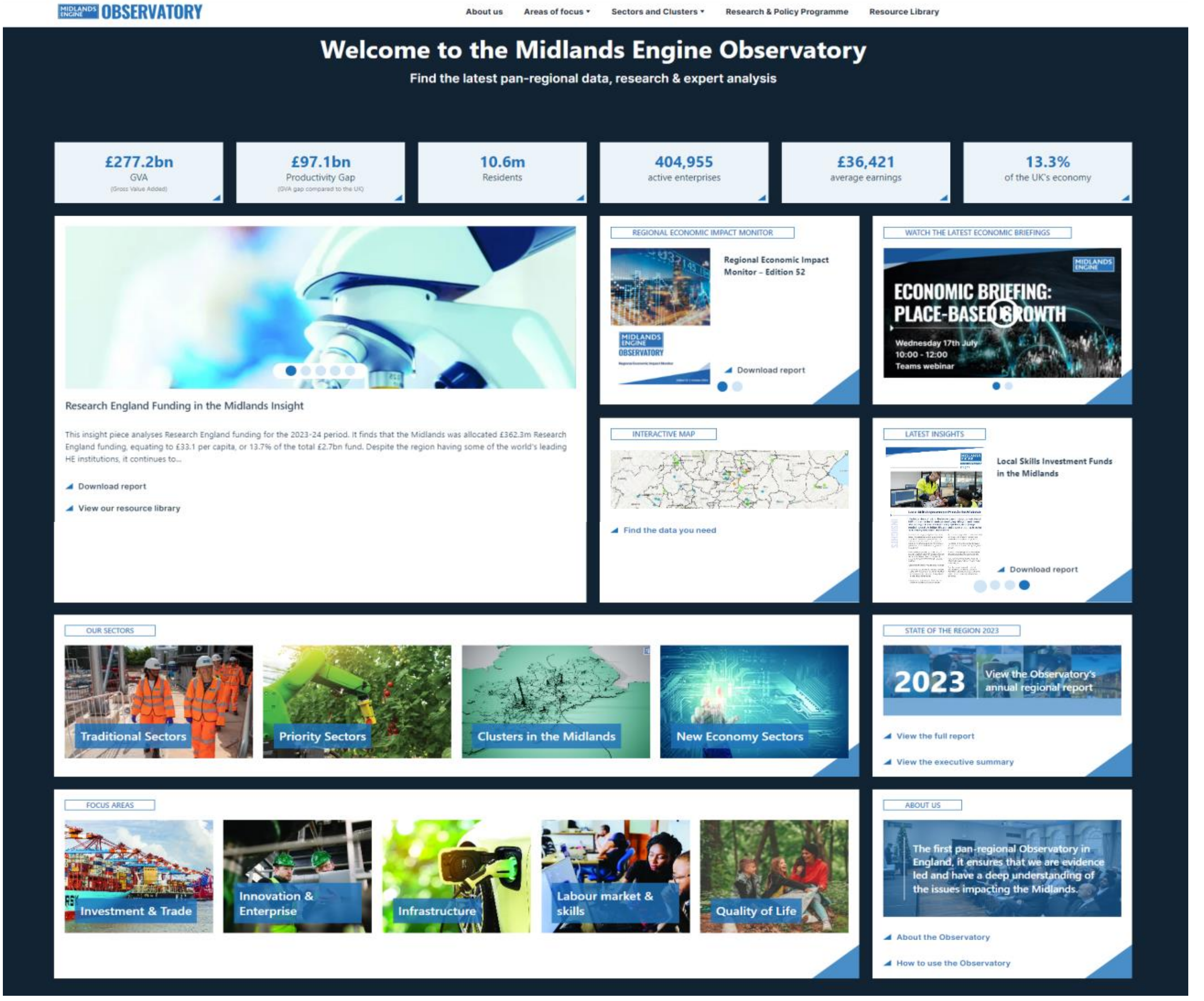
The Midlands Engine Observatory has launched a refreshed website, making it easier and more intuitive for users to access the rich data and insights it provides. As the first regional observatory of its kind in the UK, the Midlands Engine Observatory remains a trusted source of robust data and actionable insights for policymakers, business leaders, researchers and partner organisations.

The Midlands Engine Observatory plays a vital role in shaping strategies and decisions across the region, offering a credible evidence base and interpreting complex data to inform action. The updated website enhances access to this valuable resource, offering tools that simplify navigation and make its extensive library of reports, maps and data sets more accessible than ever.

Key features of the updated website include:

- **Simplified navigation**: An intuitive layout that allows users to quickly find data on topics such as economic trends, health and infrastructure.
- **Detailed mapping tools**: Explore regional, district and constituency-level statistics through interactive maps.
- **Focus on key priorities**: Access the latest insights on the Midlands' drivers of growth, including quality of life, infrastructure, innovation and investment.
- **Research & policy resources**: Discover reports developed in collaboration with leading academic and industry partners.
- **Accessible event archives**: Revisit key events such as the annual *State of the Region* report, panel discussions and economic briefings.

The website serves as a gateway to the Observatory's wealth of knowledge, ensuring that data and analysis are readily available to those who need them, while maintaining the Observatory's reputation for delivering insights that drive informed decision-making.



Executive Summary

Welcome to the final Midlands Engine Regional Economic Impact Monitor of 2024. With the release of the Employment White Paper, this monitor reports on the latest data relating to the labour market and skills.

The UK economy had a strong start to 2024, but growth has fallen in the second half of this year to 0.1%. **SMEs now face making tough decisions** to deal with the increase in National Insurance Contributions, the rise in the National Living Wage and the impact of the Employment Rights Bill. **SMEs are now deeply concerned about rising costs on the horizon next year.**

As the UK emerged from the Covid-19 pandemic, its labour market was running hot with high nominal wage growth, over a million vacancies, and low unemployment. This month's labour market figures suggest that that phase has now ended. The persistent fall in vacancies has pushed up the number of unemployed people per vacancy to 1.8 which **points to a significant loosening of the labour market. Vacancies have dropped to their lowest point since mid-2021,** with most industries reporting declines, although 831,000 jobs remain unfilled. Economic inactivity rates have improved, but unemployment has increased to 4.3%, with employment remaining at 74.8%. **Worklessness continues to be a key concern, particularly** among young people aged 16-34, with a notable increase in the 25-34 age group.

The Government's "Get Britain Working" white paper outlines proposals to reform employment, health and skills support to tackle economic inactivity and support people into good work to achieve an 80% employment rate, which is equivalent to getting around 2.4 million back into work.

- In the Midlands Engine area there were **4.6m jobs in 2023**. This is an **increase of 0.3% (+16,000 jobs) since 2022**, below the national increase of 1.3%. Out of the 65 local authorities within the Midlands Engine, **20 experienced an increase in the overall number of jobs,** 18 reported no change, and 27 decreased between 2022 and 2023.
- **There were 321,805 claimants aged 16 years and over in the Midlands Engine area in October 2024, an increase of 4,250 claimants (+1.3%, UK +1.2%) since the previous month. There were 58,690 claimants aged 16-24 years old in the Midlands Engine area in October 2024, a monthly increase of 2,040 youth claimants.**
- The Pathways to Work report has laid the path for a new Government White Paper to get Britain working. The report highlights the need to **reduce ill-health related economic inactivity and close the disability employment gap.** The latest data shows that there is a gap of **25.9 percentage points between the employment rate of disabled people (56.0%) and non-disabled people (81.9%) in the Midlands Engine.**
- A recent report who are the hybrid workers? reveals **28% of working adults in Great Britain are hybrid working.** Education levels often correlate with roles that are amenable to remote work and offer greater autonomy, contributing to an increased likelihood of hybrid work.

A skilled workforce is important for economic growth. This monitor presents a series of work relating to skills in the Midlands:

- The latest Lloyds 2024 UK Consumer Digital Index revels **83% of adults in the West Midlands achieve Foundation Level digital skills, as do 85% in the East Midlands.** 94% and 91% of adults in the West and East Midlands respectively have Life Digital Skills. Rates of people without Life Digital Skills is lower in the West Midlands (6%) than the England average (7%), but higher in the East Midlands (9%).
- **Research into occupational shortages reveals** from a snapshot of job adverts in 2023, **the proportion of all adverts that people met the skill requirements for was 51.7% in the Midlands, while nationally this was 74.1%. This highlights the acute issue or skill shortages in the Midlands that employers consistently report.**
- Positively, a record proportion of adults, 52%, say they are taking part in learning across the UK. **Learning rates are 51% in the West Midlands, and 50% in the East Midlands.** Participation has increased by roughly 10 percentage points for most nations and regions, including 11pp in the East Midlands and 8pp in the West Midlands over the three-year average immediately before (2017-2019) and after the pandemic (2022-2024).

Separately, this month's monitor presents information related to the business environment

- For the Midlands Engine area, there **were fewer active enterprises in 2023**. This has **decreased by at a faster rate than nationally. Furthermore, business births are down, again, at rates above the national average.** Findings also suggest the **Midlands Engine lags behind in survival rates** for both the short and long term.

The Midlands Engine Observatory has launched a **new Midlands Engine Observatory website**, making it easier and more intuitive for users to access rich data and insights. Explore the site to discover the latest intelligence.

1. Economic Impacts

Global and National Outlook

Global

[Global economic growth](#) is expected to remain somewhat weaker than pre-pandemic levels, but still stable in 2024 and 2025. With financial conditions easing and interest rates declining in major advanced economies, the global economy is not showing a broad-based recovery, nor a sharp slowdown. As a result, global economic growth is forecast to maintain a steady rate of 3.2% for both years.

Significant disparities remain in the economic performances across both advanced and emerging market economies. Growth in advanced economies is mainly driven by the United States, which is expected to achieve a soft landing following its strong post pandemic recovery, **while the Euro Area continues to underperform.** India and China continue to lead emerging markets, although the medium-term growth prospects in the latter have weakened due to several structural challenges

COP29 in Baku, Azerbaijan

Takeaways from the COP29 climate summit in Azerbaijan:

- The summit's main agenda item - setting a new annual target for global climate finance - had nations wrangling for two weeks. Even after reaching a **deal for $300 billion a year by 2035, many developing countries said the amount was far too low.**
- Though he has yet to take office, climate denier **Donald Trump's victory in the Nov. 5 presidential election soured the mood at COP29**. Trump has vowed to remove the United States from global climate efforts, and has appointed another climate sceptic as his energy secretary.
- After nearly a decade of efforts to establish a rulebook for carbon credits, **COP29 reached a deal to allow countries to begin establishing these credits to bring in funding and offset their emissions**, or to trade them on a market exchange.
- **Developing countries pushed hard at COP29 to open discussions about climate-related trade barriers**, arguing that that their ability to invest in greening their economy was undermined by costly trade policies imposed by the world's wealthiest economies. **In focus was Europe's planned carbon border tax (CBAM).** But equally worrying is the prospect of Trump introducing broad tariffs on all imports
- **The summit failed to set steps for countries to build on last year's COP28 pledge to transition away from fossil fuels and triple renewable energy capacity this decade.**

National

UK Economic Growth

Professional services have been a key driver of UK growth this year, underlining the wide-ranging sector's resilience as momentum slows in other parts of the economy. Output in professional services, scientific and technical activities grew 0.7% in the third quarter even as overall growth slowed to 0.1%, marking the largest contribution to the expansion. The sector — which spans law, architecture, research and development, consultancy, market research and other fields — grew by 3.9% in the three months to September compared with the final quarter of last year. **The rate is three times the 1.3% expansion over the same period of the overall UK economy.**

US Trade Tariffs Impact on UK Economy

Donald Trump's proposed trade tariffs could pose a risk to economic growth in countries including the UK, a top Bank of England official has warned. Uncertainty about the US president-elect's trade policies could weigh on growth in the short term and that increased trade frictions could dent productivity in the longer term.

UK Electric Vehicle Factories

Stellantis (owner of Vauxhall and Peugeot) has **blamed the UK's electric vehicle sales rules** as it announced plans to shut its van factory in Luton, putting about 1,100 jobs at risk. **The decision comes as a blow to the UK's car industry following plant closures from Honda, Ford and JLR over the past decade.** Ford announced 800 jobs cuts in the UK because of slower than expected EV sales, while Nissan warned jobs at its Sunderland plant, the largest in Britain, could be at risk unless the government relaxes its electric vehicle sales rules.

Energy Bills

Household energy bills in Britain will rise again in January after regulator Ofgem said it would lift the price cap by 1.2% following an **increase in wholesale costs**. The regulator on Friday set the energy price cap for the period between January and March at a level that will mean a typical household pays **£1,738 a year**, compared with £1,717 now. The move follows a bigger 10% increase in the cap that took effect in October. **Bills for about 26mn households remain hundreds of pounds higher than before the energy crisis, which was worsened by Russia's full-scale invasion of Ukraine in 2022.**

Storm Bert

Storm Bert has wreaked havoc in parts of the West Midlands.

Policy Considerations

THEME	KEY INSIGHTS
Outlook	• **The overall UK economy had a strong start to 2024, recording substantial GDP growth of 0.7% and 0.5% in the first two quarters, respectively, but growth has fallen in the second half of this year.** • While part of the initial rise reflects a bounce-back recovery from a technical recession at the end of 2023, it was driven by strong consumer sentiment on the demand side and was helped by construction and production firms on the supply side. **Most of the strong start however came from the services sector**, which NIESR estimated to have driven the majority of the growth in the first quarter and almost all of the growth in the second quarter. Since then, **consumer sentiment has fallen sharply and led to a modest fall in per person spending and a rise in household savings**. • Recent data from the Office for National Statistics (ONS) reveals **monthly real gross domestic product (GDP) is estimated to have grown by 0.1% in the three months to September 2024** compared with the three months to June 2024. **Monthly real GDP is estimated to have fallen by 0.1% in September 2024.** • **NIESR forecasts GDP to grow by 0.3% in the fourth quarter of 2024.** • The EY ITEM Club **expects GDP growth to be steady rather than spectacular in 2025.** Policy changes in the recent Budget suggest the fiscal stance will be less restrictive than under the previous government's plans, while further gains in real incomes should support consumer spending. However, the lagged passthrough of past interest rate rises will continue to weigh on the growth outlook.
Trading Conditions	• The Consumer Prices Index including owner occupiers' housing costs (CPIH) **rose by 3.2% in the 12 months to October 2024,** up from 2.6% in September. **The Consumer Prices Index (CPI) rose by 2.3% in the 12 months to October 2024,** up from 1.7% in September. • 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', **continued to fall to 1.3%, remaining around the lowest levels in nearly three years.** • **NIESR predicts inflation will reach between 2.5% to 3.0% by December 2024, to a peak in January 2025 of 2.8% to 3.5%,** suggesting that inflationary risks have not receded from the UK economy. • While inflation is down considerably from this time last year, the larger than expected uptick in October highlights the continuing price pressures in the economy. Electricity and gas costs have risen sharply, with households facing challenges as we head into winter. British Chamber of Commerce **research** shows that while concerns about inflation have been steadily declining, it remains a significant issue for many businesses. SMEs now face making tough decisions to deal with the increase in National Insurance Contributions, the rise in the National Living Wage and the impact of the Employment Rights Bill. **SMEs are now deeply concerned about rising costs on the horizon next year.** • To help mitigate cost pressures, the British Chamber of Commerce call on government to **accelerate the permanent cuts in business rates for retail, hospitality and leisure properties – currently scheduled for 2026.** Much also depends on the government's strategies on industry, infrastructure and trade, as these plans are needed to deliver at pace and help drive forward business growth across the UK. • **The cost of borrowing remains a major barrier to investment, despite the recent interest rate cut by the Bank of England to 4.75%.** • The **Midlands has recorded a rise in start-ups and a fall in the amount of businesses in liquidation with outstanding debts**, according to new data. • EY-Parthenon report the number of listed companies in the **Midlands issuing profit warnings increased during the third quarter. The quarterly rise in industrials profit warnings nationally also reflects the pressure we've seen in the automotive sectors in the Midlands.** Demand in the sector is under greater pressure, with annual car sales in Europe still materially below pre-pandemic levels, and OEMs having to navigate regulatory requirements to increase the mix of electric vehicle sales.
Labour Market	• **The Midlands recorded accelerated declines in the demand for staff during October**, according to the KPMG and REC, UK Report on Jobs. October data pointed to a sharp and accelerated reduction in permanent placements in the Midlands, extending the current sequence of decline to five months. The rate of contraction was the fastest since January. Temporary billings continued to rise, however, with the rate of expansion solid and faster than in September. Demand for both permanent and temporary workers declined during October, and to larger extents than was the case in September. • The Labour Government's **Get Britain Working White Paper outlines proposals to reform employment, health and skills support to tackle economic inactivity and support people into good work to achieve an 80% employment rate**, which is equivalent to getting around 2.4 million back into work. • The chancellor has opted for a 1.2 percentage point rise in the rate of employer National Insurance Contributions. This is expected to raise up to £25 billion in revenue annually over the next five years. As a **tax on jobs**, NIESR expect this to lead to a **fall in job creation and a gradual rise in the unemployment rate over the forecast horizon.** • Recruitment difficulties are weighing hard on businesses, with latest research showing that over **three quarters of SMEs are still struggling to find staff with the skills they need.**

Regional Business Activity

Business Activity Index

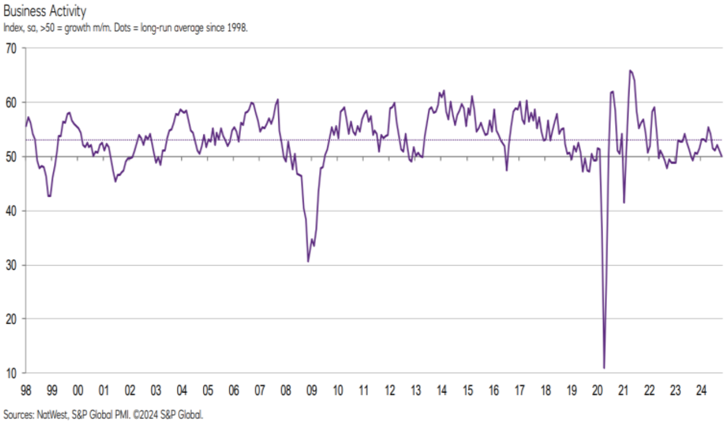
The West Midlands Business Activity Index decreased from 51.2 in September 2024 to 50.0 in October 2024, registered at the no-change mark to signal the end of a 12-month sequence of expansion. Uncertainty surrounding the October government budget, competitive conditions and demand weakness dented business activity.

The East Midlands Business Activity Index decreased from 51.4 in September 2024 to 50.4 in October 2024, signalling a softer rise in output compared to the previous month. This was the third month of consecutive expansion. Some firms raised output in response to recent increases in new orders, while others reported that demand had softened.

The UK Business Activity Index decreased from 52.6 in September 2024 to 51.8 in October 2024.

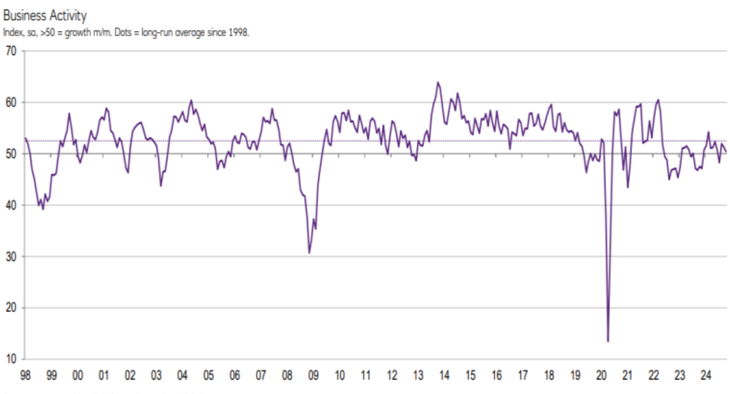
Business Activity Index Trends:

West Midlands



East Midlands

Source: NatWest, November 2024



In a typical business cycle, regions will move through four phases – expansion, slowdown, contraction and recovery. The October 2024 reading shows the East Midlands remained in slowdown meaning that the region is expanding, but at a slower rate than the trend over the past six months. While still in slowdown, business activity in the West Midlands stalled in October 2024, putting the region at risk of entering contraction.

Demand

The West Midlands New Business Index decreased from 50.8 in September 2024 to 50.5 in October 2024. The East Midlands New Business Index decreased from 52.3 in September 2024 to 49.9 in October 2024.

Exports

The West Midlands Export Climate Index increased from 50.9 in September 2024 to 51.6 in October 2024. The East Midlands New Business Index decreased from 52.3 in September 2024 to 49.9 in October 2024. This signalled the tenth consecutive month of favourable export conditions for both regions.

Business Capacity

The West Midlands Employment Index decreased from 48.8 in September 2024 to 46.7 in October 2024. The East Midlands Employment Index increased from 48.3 in September 2024 to 48.4 in October 2024. Respectively, this was the ninth and sixteenth consecutive monthly drop in employment.

The West Midlands Outstanding Business Index decreased from 47.5 in September 2024 to 46.5 in October 2024, the twenty-third consecutive monthly decline. The East Midlands Outstanding Business Index decreased from 49.6 in September 2024 to 46.1 in October 2024.

Prices

The West Midlands Input Prices Index decreased from 59.0 in September 2024 to 56.8 in October 2024. The East Midlands Input Prices Index decreased from 60.4 in September 2024 to 56.8 in October 2024.

The West Midlands Prices Charged Index decreased from 54.5 in September 2024 to 54.4 in October 2024. The East Midlands Prices Charged Index decreased from 55.1 in September 2024 to 54.6 in October 2024.

Outlook

The West Midlands Future Business Activity Index increased from 69.8 in September 2024 to 71.0 in October 2024. Firms that foresee output growth in the year ahead were hopeful of a recovery in demand and good sales performances of new product releases.

The East Midlands Future Activity Index decreased from 71.1 in September 2024 to 67.1 in October 2024, signalling a third consecutive month of falling optimism as levels were lowest seen in 2024 so far for the region. Firms that predicted a rise in output over the coming year linked this to the planned expansion of market share and the launch of new products.

Source: NatWest: UK regional growth tracker report for October 2024, released November 2024. Please note, readings above the 50-mark indicates growth.

2. Labour Market Impacts

Midlands Engine Jobs

In the Midlands Engine area there were **4.6m jobs in 2023**. This is an **increase of 0.3% (+16,000 jobs) since 2022**, below the national increase of 1.3%.

Out of the 65 local authorities within the Midlands Engine, **20 experienced an increase in the overall number of jobs** (with an additional 18 local authorities with no change) between 2022 and 2023.

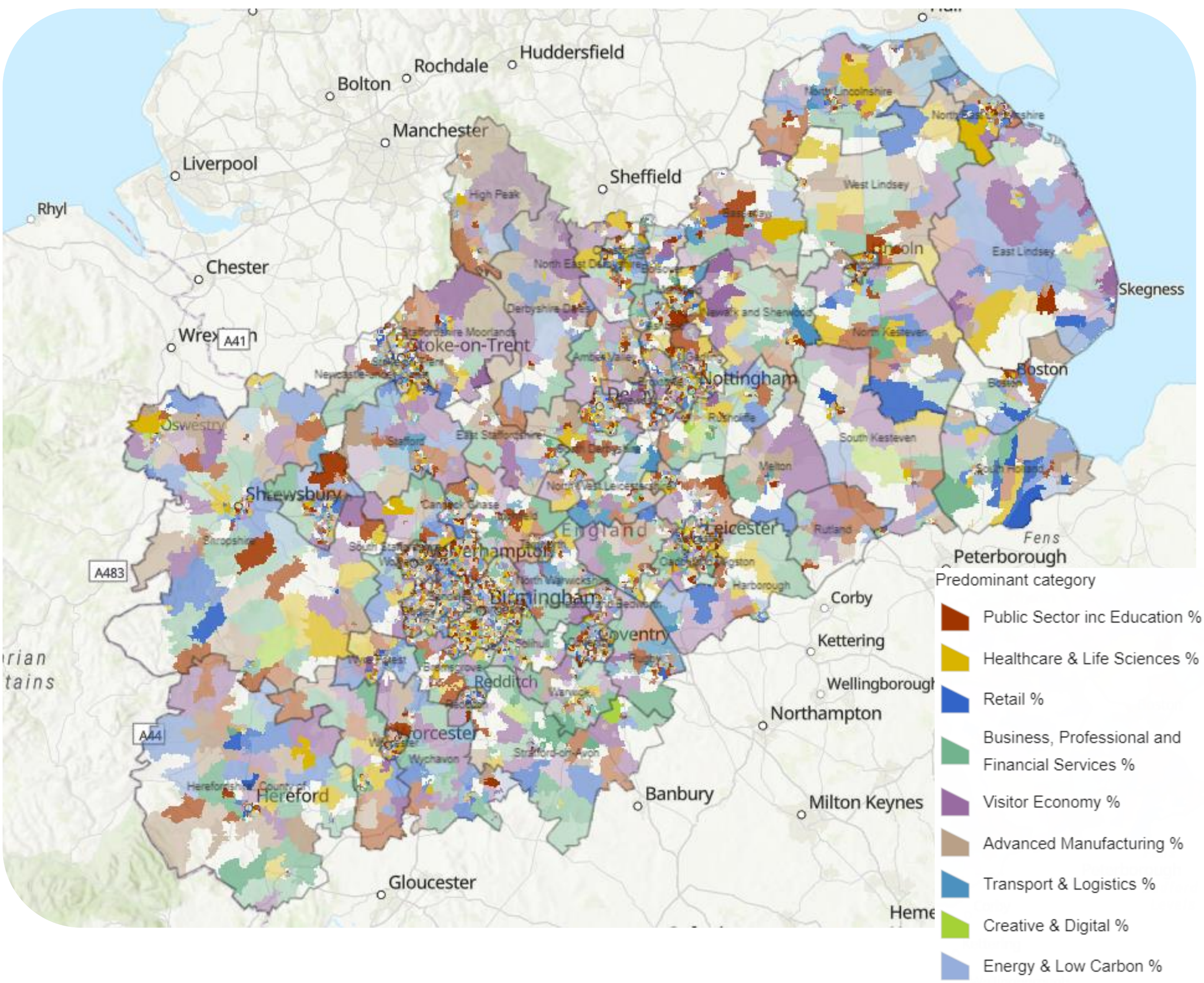
In 2023, there were **3.1m full-time employees and 1.5m part-time employees** in the Midlands Engine area. When compared to 2022, full-time employee jobs increased by 0.4% (England +1.3%), while part-time jobs slightly increased by 0.1% (England +1.5%).

Jobs by Defined Sector
In 2023, the **Midlands Engine area had a higher proportion of jobs than the national proportion in six sectors (out of ten); advanced manufacturing** (11.4% vs 7.4%), **energy & low carbon activities** (2.2% vs 1.6%), **healthcare & life sciences** (14.0% vs 13.5%), **public sector** (13.3% vs 12.9%), **retail** (15.2% vs 13.7%) and **transport technologies & logistics** (6.2% vs 5.1%).

The highest proportion of jobs was in **business, professional & financial services** (18.5% vs 23.5% nationally) despite a decrease of 5.1% (-45,400 jobs) between 2022 and 2023; nationally there was an increase of 1.7%.

Visitor economy jobs increased the most in real terms and by percentage at +9.7% (+39,770 to 447,800). This was followed by public sector jobs at +6.1% (+34,900 to 611,700).

Job by Predominant Sector, 2023:

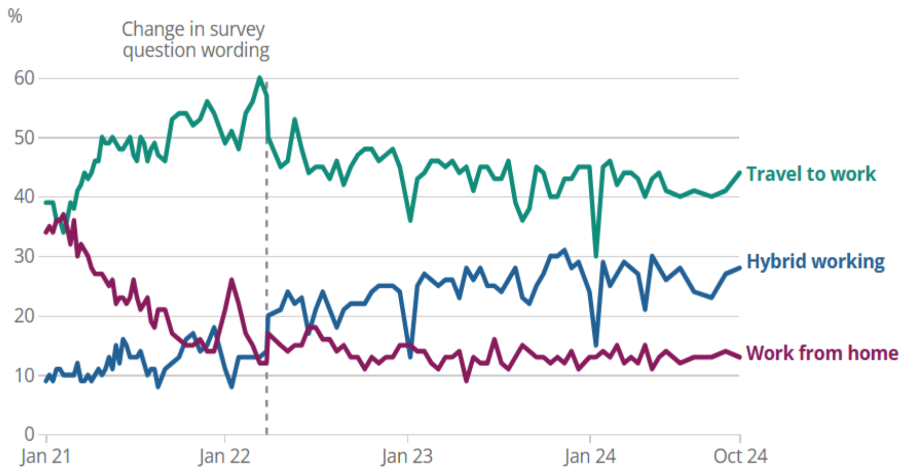


Source: ONS, Business Register and Employment Survey, released 2024

Hybrid Working

The rise of hybrid working models has reshaped the professional landscape, merging remote and on-site work to offer flexibility and balance in unprecedented ways. Accelerated by the COVID-19 pandemic, this shift has continued into 2024 as organisations increasingly recognise the benefits of hybrid work for both employee productivity and satisfaction. Not only does hybrid work allow companies to tap into a wider talent pool, but it also meets the modern workforce's demands for greater work-life balance and autonomy. These advantages have led many organisations to formalise hybrid policies, with offices now more frequently utilised for collaborative, team-based activities rather than just routine, individual tasks.

ONS data shows more than a quarter (28%) of working adults in Great Britain are hybrid working:



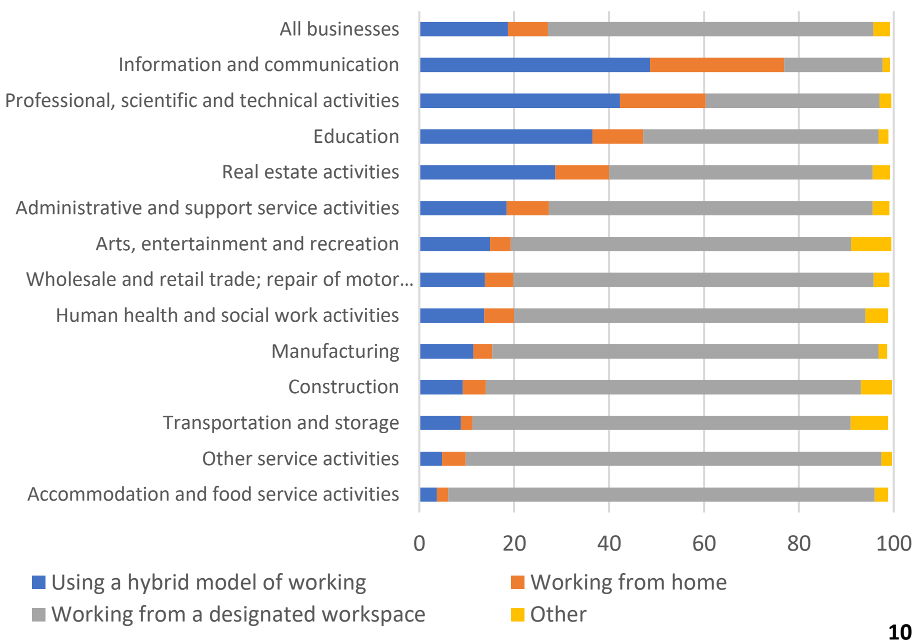
As the future of work evolves, **organisations that embrace a well-rounded, inclusive hybrid model are likely to have a competitive advantage, fostering innovation and retaining talent more effectively.** By focusing on these trends, companies can not only adapt to the shifting workforce dynamics but also create an environment where employees feel empowered, connected, and productive, regardless of location.

A recent report [Who are the hybrid workers? - Office for National Statistics] offers an in-depth look into hybrid working patterns across the UK, identifying demographic, economic, and occupational factors that influence the adoption of hybrid work. The data highlights several key trends in hybrid work adoption:

Demographic Patterns: Older workers, individuals with dependents, and senior professionals are more likely to work in hybrid arrangements. Those aged 35–54 are the most likely to report hybrid work, as this age group often balances professional responsibilities with family commitments. **This pattern is particularly notable among parents, who benefit from the flexibility hybrid work provides for managing childcare and household duties.**

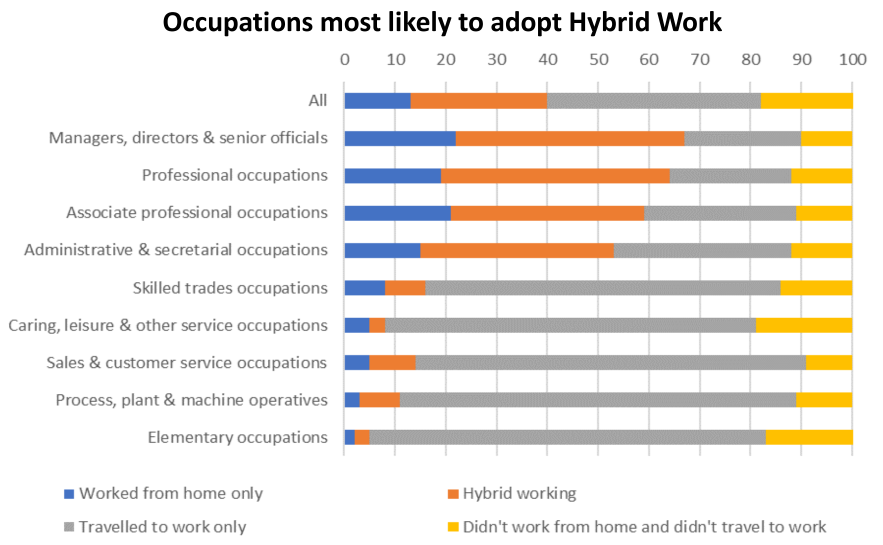
Professional and Sectoral Trends: Hybrid work adoption varies widely across industries, with certain sectors showing a higher affinity for remote flexibility. Workers in information technology, professional services, and roles that rely on digital tools are the most likely to engage in hybrid work. In contrast, sectors such as healthcare, retail, and manufacturing, where physical presence is more integral to job duties, report lower hybrid work participation. **Professionals in higher-skilled, knowledge-based roles have the greatest access to hybrid work, while those in less flexible roles experience more barriers.**

Industries most likely to adopt Hybrid Work



Hybrid Working

Impact of Educational Background: The report indicates that **workers with advanced degrees or higher qualifications are more likely to participate in hybrid work arrangements.** This correlation suggests that higher education levels often correlate with roles that are amenable to remote work and offer greater autonomy, contributing to an increased likelihood of hybrid work. Those in managerial and technical roles, who frequently possess such qualifications, are often equipped with the skills and resources to manage flexible schedules.



Health and Well-being Benefits: Hybrid work arrangements have contributed to improved work-life balance, with hybrid workers reporting increased time for well-being activities. **Many workers find that commuting less frequently provides time for physical activity, personal projects, and family interactions, leading to higher job satisfaction.** This arrangement is particularly beneficial for mental health, with more employees reporting reduced stress and burnout levels. The flexibility of hybrid work also fosters a more balanced work environment, contributing to overall life satisfaction.

Productivity and Efficiency: Although some initially questioned hybrid work's impact on productivity, the **ONS data suggests that many workers feel more productive. Access to a quieter home environment on remote days can enhance focus, while collaborative days in the office improve team cohesion and problem-solving.** Productivity tools and collaboration platforms have enabled seamless workflows, reducing the negative impact of physical distance among teams.

Office Use and Scheduling: Hybrid workers tend to favour on-site work mid-week, with peak attendance on Tuesdays, Wednesdays, and Thursdays. The flexibility to choose in-office days allows employees to manage workspaces more effectively and minimise travel time. Offices are increasingly adapting to these schedules, shifting toward hot-desking arrangements and open, collaborative areas designed for teamwork rather than individual tasks.

Challenges and Barriers: Despite the benefits, hybrid work does have its challenges. Employees in roles with limited autonomy or those in team-dependent functions may find it challenging to work independently or remotely. Additionally, the lack of structured guidelines in some companies can result in ambiguity around expectations, which can affect performance and engagement levels. The report suggests that structured, well-defined hybrid policies can alleviate uncertainties and help create a balanced, productive environment.

The ONS report concludes that, although hybrid work is popular across many demographics, it isn't a universal solution. As organisations adjust policies to meet diverse needs, hybrid models are expected to evolve further.

Essential Digital Skills

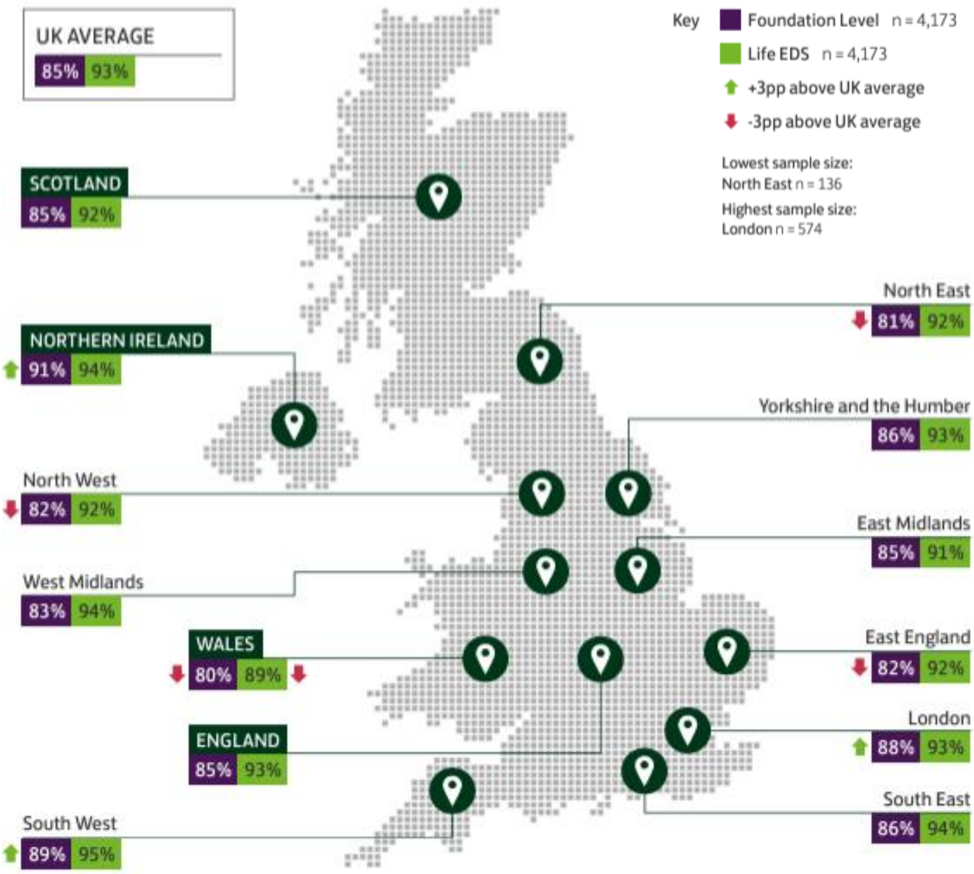
The 2024 UK Consumer Digital Index is the ninth in its series. The study uses the behavioural and transactional data of one million consumers to build a view of digital and financial lives across the UK.

Headline data:

- 14.2 million UK adults have the highest digital capability
- 41.5 million people have used the Internet to save money/shop around for cheaper deals
- 8.6 million more people have the highest digital capability than in 2020
- 22.6 million people think their skills need further improvement
- **Just 48% of the labour force can do all 20 Work tasks**

The 2024 data shows most regions have more than 80% of individuals achieving the Foundation Level. The gap between the lowest and highest areas with the Foundation Level is 11pp, indicating continued regional disparities in digital adoption. **83% of adults in the West Midlands achieve Foundation Level, as do 85% in the East Midlands.**

Proportion of UK adults 18+ who have the Foundation Level or Life Essential Digital Skill:



Proportion of UK adults 18+ and their level of Essential Digital Skills for Life, and who are able to do the listed number of tasks within Life EDS, across the regions:

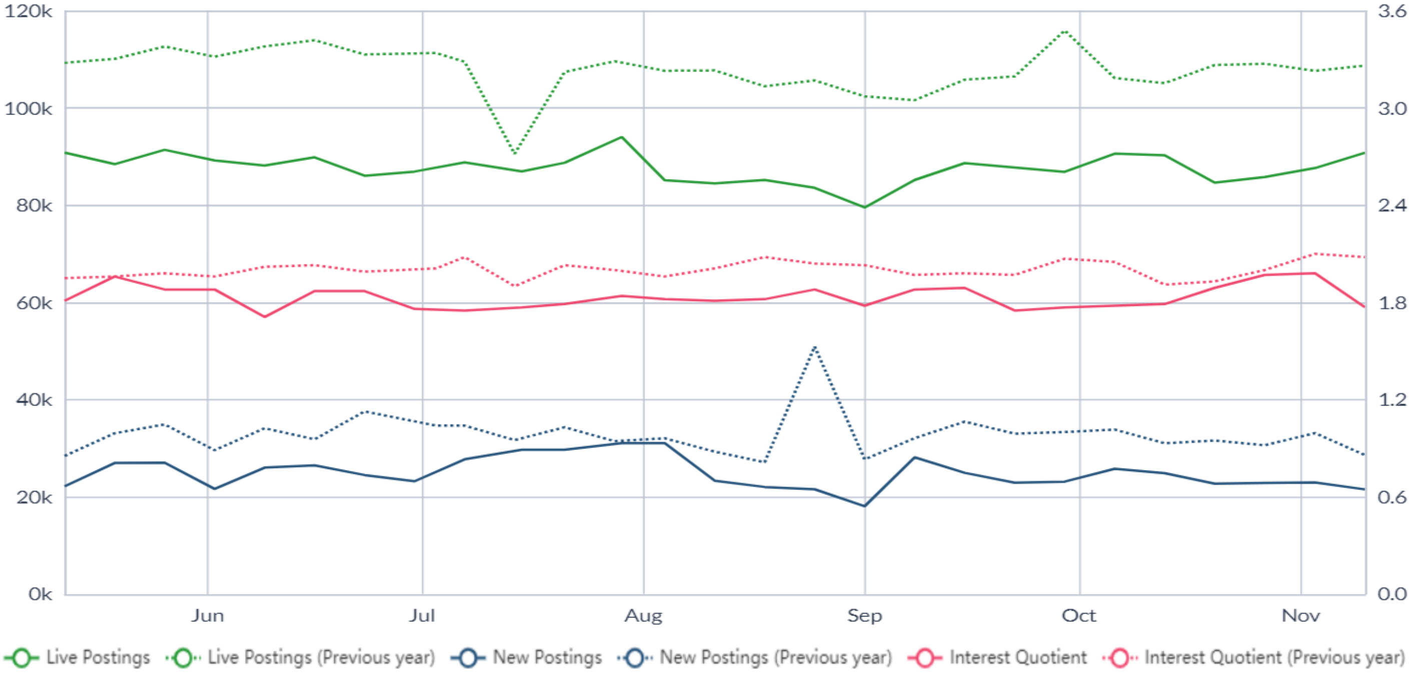
Region	Life EDS (5 skills)	Partial Life Skills (1-4 skills)	Zero Life Skills (0 skills)	Without Life EDS (0-4 skills)	Can do all 26 tasks	Can do 0-25 tasks
East Midlands	91%	7%	2%	9%	54%	46%
East England	92%	6%	2%	8%	54%	46%
London	93%	6%	1%	7%	59%	41%
North East	92%	7%	1%	8%	49%	51%
North West	92%	6%	2%	8%	48%	52%
South East	94%	5%	1%	6%	54%	46%
South West	95%	4%	1%	5%	54%	46%
West Midlands	94%	5%	1%	6%	51%	49%
Yorkshire and the Humber	93%	5%	2%	7%	52%	48%
Scotland	92%	6%	2%	8%	53%	47%
Wales	89%	9%	2%	11%	49%	51%
England	93%	6%	1%	7%	53%	47%
Northern Ireland	94%	5%	1%	6%	49%	51%

Labour Market and Job Postings

The latest labour market data continues to present a mixed picture. Economic inactivity rates have improved, but unemployment has increased to 4.3%, with employment remaining at 74.8%. **Worklessness continues to be a key concern, particularly** among young people aged 16-34, with a notable increase in the 25-34 age group. **Vacancy levels remain subdued, dropping to their lowest point since mid-2021,** with most industries reporting declines, although 831,000 jobs remain unfilled.

The latest total unique job postings data shows that the **number of postings across the Midlands dropped 24.3% over the last six months to 733,719,** however, the number of postings is high compared to the average for all regions. The number of new job postings fell by 25.4% to 636,676, again the number of new job postings was high compared to other regions. Despite employer demand narrowing, **those seeking work - wanting a job, currently remains heightened (1.8 Interest Quotient).**

Overall demand and interest for the Midlands: *Source: Adzuna Intelligence*



The **advertised median salary across the Midlands has increased by 10.7%** year-on-year to £33,378 per year.

Salary trends for the Midlands: *Source: Adzuna Intelligence*

Sectors Hiring in the Midlands

Job posting demand was greatest for roles in engineering (98k), teaching (93k) and sales (56k).

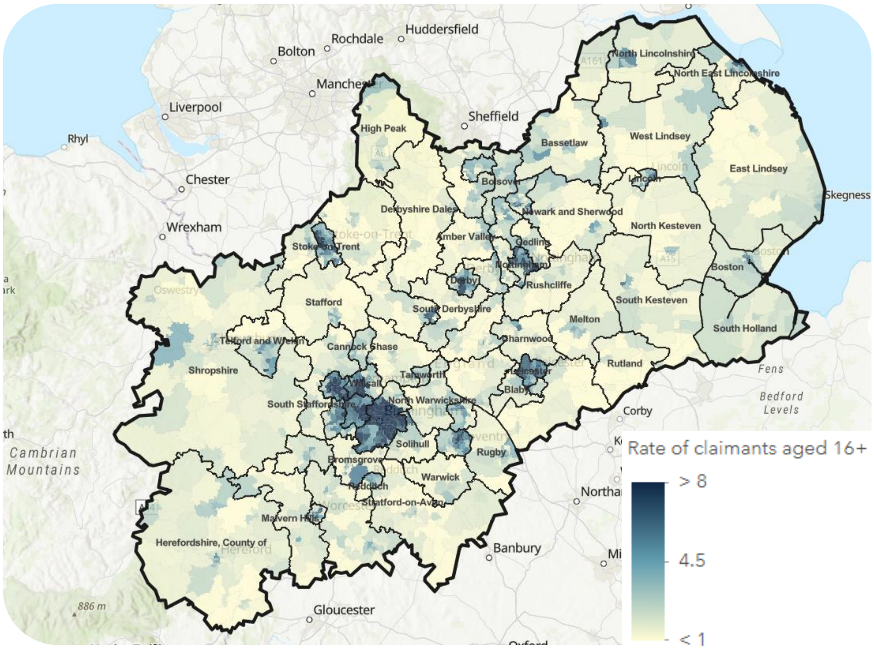
Source: Adzuna Limited Job Posting Intelligence, Accessed Nov 2024. The Interest Quotient uses jobseeker data to quantify the level of interest in particular roles

Labour Market Impacts: Claimants

There were 321,805 claimants aged 16 years and over in the Midlands Engine area in October 2024, an increase of 4,250 claimants (+1.3%, UK +1.2%) since the previous month. There are 53,440 more claimants (+19.9%, UK +17.5%) when compared to October 2023.

Overall, for the Midlands Engine area the number of claimants as percentage of residents aged 16 years and over was 3.8% compared to 3.3% for the UK in October 2024.

Claimants as a percentage of residents aged 16 years and over:



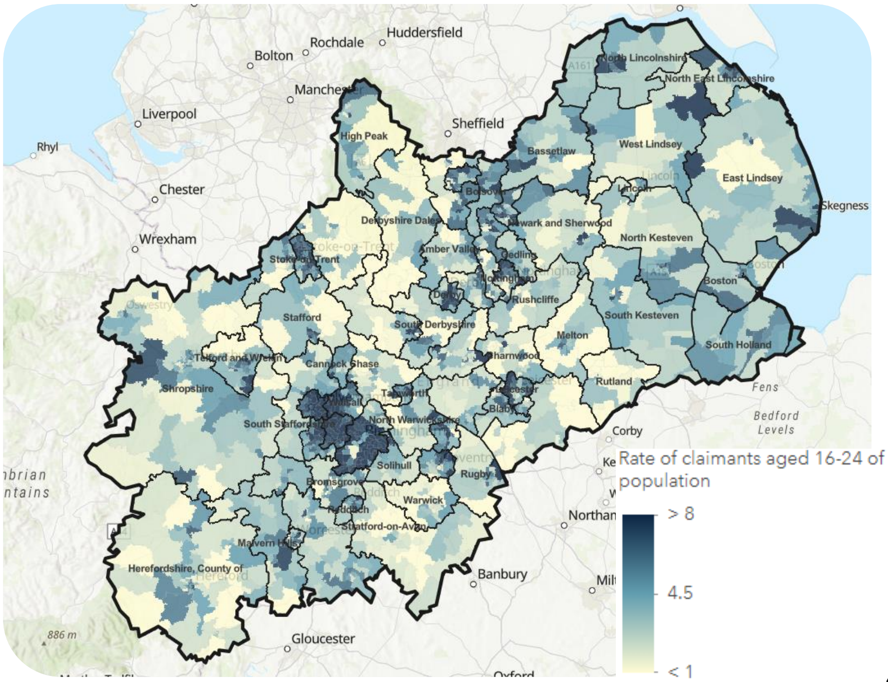
Out of the 1,511 wards within the Midlands Engine, 396 were at or above the UK average of 3.3% for the number of claimants as a percentage of the population aged 16 years and over in October 2024.

The wards with the highest number of claimants as a percentage of the population were based in Birmingham, with Lozells at 21.6%, Aston at 19.8% and Birchfield at 19.2%. In contrast, the lowest proportions were Keele (Newcastle-Under-Lyme) and Ashby Castle (North West Leicestershire) at 0.2%, followed by Chatsworth (Derbyshire Dales) and Alton (Staffordshire Moorlands) at 0.4%.

There were 58,690 claimants aged 16-24 years old in the Midlands Engine area in October 2024, a monthly increase of 2,040 youth claimants (matching the UK growth rate of 3.6%. Since October 2023, the number of youth claimants has increased by 6,360 (+12.2%, UK +9.6%).

The number of claimants as a percentage of residents aged between 16-24 years old was 5.2% in the Midlands Engine and 4.3% for the UK in October 2024.

Claimants as a percentage of residents aged 16-24 years:



Out of the 1,511 wards within the Midlands Engine, 655 were at or above the UK average of 4.3% for the number of claimants as a percentage of the population aged 16–24 years and over in October 2024.

The ward with the highest number of youth claimants as a percentage of the population was Handsworth (Birmingham) at 17.9%, followed by Joiner's Square (Stoke-on-Trent) at 17.1% and Birchfield (Birmingham) at 15.7%. In contrast, **within the Midlands Engine there were 88 wards with no youth claimants in October 2024.**

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

Source: ONS/ Department for Work and Pensions, released November 2024

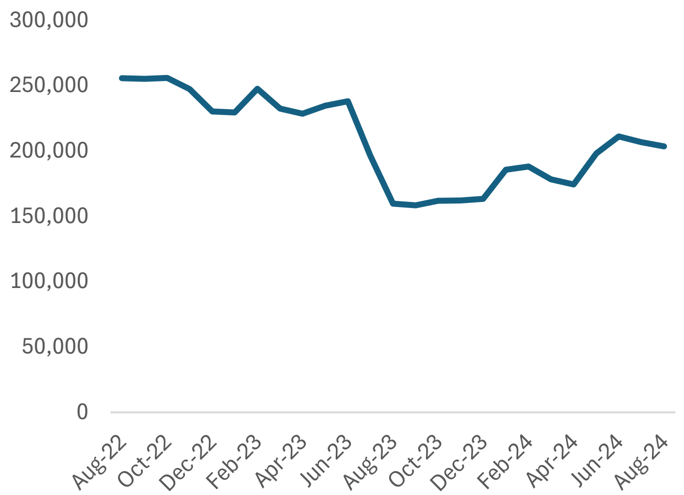
Labour Market Demand & Occupational Shortages

Recent government data explores what skills employers are seeking across the UK through the number of online job adverts and estimates of demand for workers to supply of the workforce (skills of the working-age population).

Job Adverts

A snapshot of online job adverts from August 2024 show there was a total of **203,655 job postings in the Midlands** region (113,080 in the West Midlands and 90,575 in the East Midlands) accounting for 16.1% of job adverts across England. This represents an increase of 27.4% job adverts compared to the same month in the previous year while job postings nationally increased by 24.4%. **There were 107,585 new job adverts in the Midlands** region in August 2024, accounting for 17.5% of job adverts nationally.

Midlands online job postings:



Jobs by Sector

In the Midlands region, the occupation in highest demand in August 2024 was business & public service associate professionals with 21,570 job adverts, accounting for 10.6% of jobs. This occupation also accounted for the most job adverts nationally at 11.1% of job adverts. Job adverts for Business & public service associate professionals were 13.4% higher than the same month in the previous year compared to 10.6% higher nationally. Jobs were in relatively higher demand in the Midlands than nationally in 8 occupations, shown in green in the table below. The highest relative demand for an occupation was in Skilled metal, electrical and electronic trades where job adverts for this occupation accounted for 1.5 percentage points (pp) more jobs in the Midlands than nationally (7.3% of Midlands job adverts compared to 5.8% nationally). In contrast, business, media and public service professionals were in the least relative demand compared to the national average accounting for 7.2% of job adverts in the Midlands compared to 8.6% of jobs nationally (1.5pp lower).

Job adverts by Standard Occupational Classification in the Midlands region and England:

Standard Occupational Classification (2-digit)	Midlands				England				Percentage Point Difference
	Aug-23	Aug-24	Annual % change	% of total	Aug-23	Aug-24	Annual % change	% of total	
Business and public service associate professionals	19,020	21,570	13.4%	10.6%	127,375	140,895	10.6%	11.1%	-0.5pp
Administrative occupations	14,630	17,015	16.3%	8.4%	87,095	100,105	14.9%	7.9%	0.5pp
Caring personal service occupations	10,455	15,620	49.4%	7.7%	68,795	97,205	41.3%	7.7%	0.0pp
Skilled metal, electrical and electronic trades	12,160	14,805	21.8%	7.3%	59,360	73,410	23.7%	5.8%	**1.5pp**
Elementary administration and service occupations	9,000	14,660	62.9%	7.2%	55,855	89,030	59.4%	7.0%	**0.2pp**
Business, media and public service professionals	13,715	14,570	6.2%	7.2%	102,380	109,165	6.6%	8.6%	-1.5pp
Science, research, engineering and technology professionals	13,260	12,710	-4.1%	6.2%	91,245	90,960	-0.3%	7.2%	-0.9pp
Health professionals	10,485	12,695	21.1%	6.2%	63,035	78,290	24.2%	6.2%	**0.1pp**
Transport and mobile machine drivers and operatives	5,120	9,140	78.5%	4.5%	26,640	42,175	58.3%	3.3%	**1.2pp**
Process, plant and machine operatives	5,960	8,565	43.7%	4.2%	28,995	40,690	40.3%	3.2%	**1.0pp**
Science, engineering and technology associate professionals	7,145	8,235	15.3%	4.0%	41,850	48,595	16.1%	3.8%	**0.2pp**
Corporate managers and directors	6,410	7,550	17.8%	3.7%	45,340	53,365	17.7%	4.2%	-0.5pp
Teaching and other educational professionals	5,300	6,985	31.8%	3.4%	36,565	45,720	25.0%	3.6%	-0.2pp
Health and social care associate professionals	3,870	5,895	52.3%	2.9%	25,200	38,150	51.4%	3.0%	-0.1pp
Other managers and proprietors	3,845	5,295	37.7%	2.6%	24,630	33,780	37.1%	2.7%	-0.1pp
Textiles, printing and other skilled trades	2,930	4,845	65.4%	2.4%	20,690	32,230	55.8%	2.5%	-0.2pp
Sales occupations	3,185	4,680	46.9%	2.3%	21,320	29,645	39.0%	2.3%	0.0pp
Customer service occupations	2,920	3,315	13.5%	1.6%	18,310	20,165	10.1%	1.6%	0.0pp
Skilled construction and building trades	1,970	3,305	67.8%	1.6%	13,210	20,555	55.6%	1.6%	0.0pp
Culture, media and sports occupations	2,375	3,015	26.9%	1.5%	18,535	22,970	23.9%	1.8%	-0.3pp
Secretarial and related occupations	2,060	2,915	41.5%	1.4%	14,515	19,165	32.0%	1.5%	-0.1pp
Elementary trades and related occupations	1,540	2,655	72.4%	1.3%	9,840	15,510	57.6%	1.2%	**0.1%**
Leisure, travel and related personal service occupations	1,375	2,205	60.4%	1.1%	11,425	17,160	50.2%	1.4%	-0.3pp
Skilled agricultural and related trades	315	580	84.1%	0.3%	2,310	4,030	74.5%	0.3%	0.0pp
Protective service occupations	505	550	8.9%	0.3%	3,595	3,960	10.2%	0.3%	0.0pp
Community and civil enforcement occupations	60	90	50.0%	0.0%	360	565	56.9%	0.0%	0.0pp
Unknown	215	180	-16.3%	0.1%	1,210	1,170	-3.3%	0.1%	0.0pp
Total	159,825	203,655	27.4%	100.0%	1,019,680	1,268,660	24.4%	100.0%	0.0pp

* please note that figures are subject to rounding

Occupational Shortages

From a snapshot of job adverts in 2023, **the proportion of all adverts that people met the skill requirements for was 51.7% in the Midlands, while nationally this was 74.1%.** When looking at health and social care occupations, people met the skill requirements for 54.7% of job adverts while nationally this was 77.6%. The proportion of people with skills to work at least one job was higher in Derbyshire and Nottinghamshire than the national average (8.2% vs 7.4%).

Employment of Disabled People

The Government have a long-term ambition to achieve an 80% employment rate. The Pathways to Work report has laid the path for a new Government White Paper to get Britain working. The report highlights the need to reduce ill-health related economic inactivity and close the disability employment gap. The latest data shows that:

- **nearly one in four of the working-age population are classed as disabled**
- the number of people reporting a long-term health condition and the number classed as disabled continue to rise
- the increase in disability prevalence is associated with an increase in people reporting mental health conditions and "other health problems or disabilities"
- nearly one in three people classed as being disabled one year were no longer classed as being disabled the next year

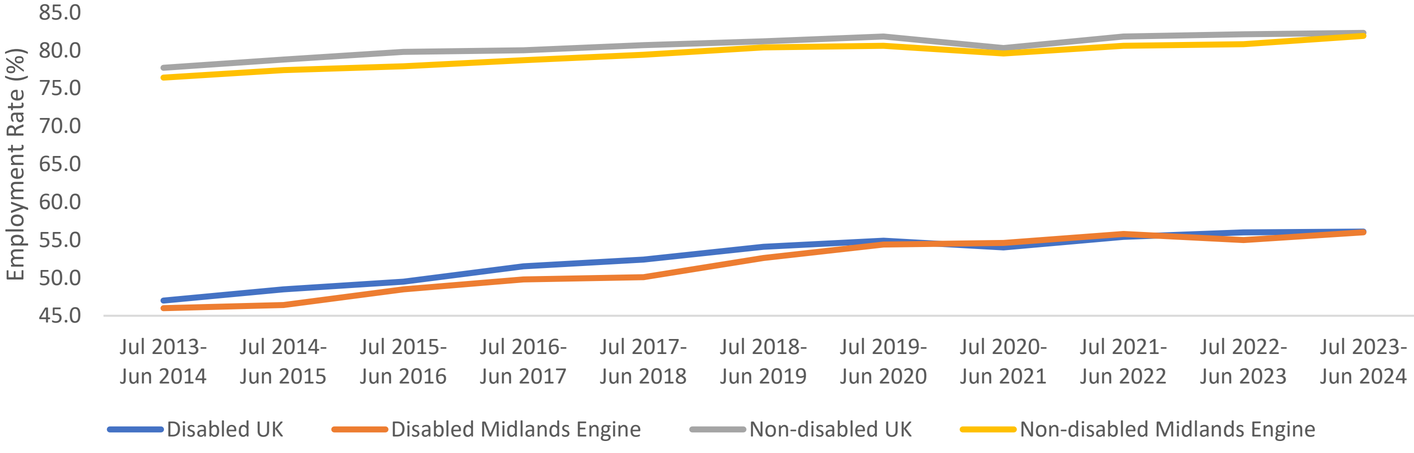
The disability employment gap is wider for:

- males
- older (aged 50 to 64) people
- people with no qualifications
- people living in social housing
- people not living in a couple
- people living in Northern Ireland, the North of England, Scotland and Wales
- people who are in the "White" ethnic group

Since 2013, the earliest comparable year up to the start of the pandemic (March 2020) the general trend in disability employment was positive. There had been strong growth in the number and rate of disabled people in employment and a narrowing of the gap between the rate of disabled and non-disabled people in employment (the disability employment gap) across both the UK and the Midlands Engine.

- There were 971,000 disabled people in employment in the Midlands Engine in Q2 2024. This is an increase of 91,300 on the year (+11.1%), compared to a 4.7% increase across the UK.
- In June 2023/24 the employment rate for disabled people in the Midlands Engine was 56.0%, compared to 56.1% in the UK, a gap of 0.1pp (percentage points).
- The employment rate for non-disabled people was 81.9% in the Midlands Engine and 82.3% in the UK in comparison.
- **There is a slightly smaller gap between employment rates for disabled people and non-disabled people in the Midlands Engine (25.9pp) than the UK (26.2pp).**

Trends in employment rate of disabled people and non-disabled people, Midlands Engine and UK:



Gap in the employment rate between disabled people and non-disabled people, Midlands Engine and UK

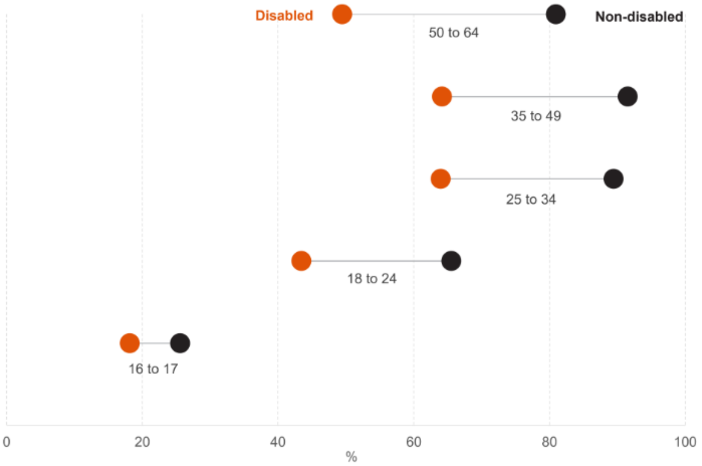
	Jul 2013-Jun 2014	Jul 2014-Jun 2015	Jul 2015-Jun 2016	Jul 2016-Jun 2017	Jul 2017-Jun 2018	Jul 2018-Jun 2019	Jul 2019-Jun 2020	Jul 2020-Jun 2021	Jul 2021-Jun 2022	Jul 2022-Jun 2023	Jul 2023-Jun 2024
Midlands Engine	-30.4	-31	-29.4	-28.9	-29.3	-27.8	-26.2	-25	-24.8	-25.8	-25.9
UK	-30.7	-30.3	-30.3	-28.5	-28.3	-27.1	-26.9	-26.3	-26.4	-26.1	-26.2

- **In the Midlands Engine, the disability unemployment rate was 6.2% in Q2 2024, compared to 3.6% for non-disabled people**. For disabled people, this is a decrease of 0.5 percentage points from last year. In the UK, the disability unemployment rate was 6.2%, compared to 3.1% for non-disabled people. The disability unemployment rate decreased by 0.1pp since last year.

Employment of Disabled People

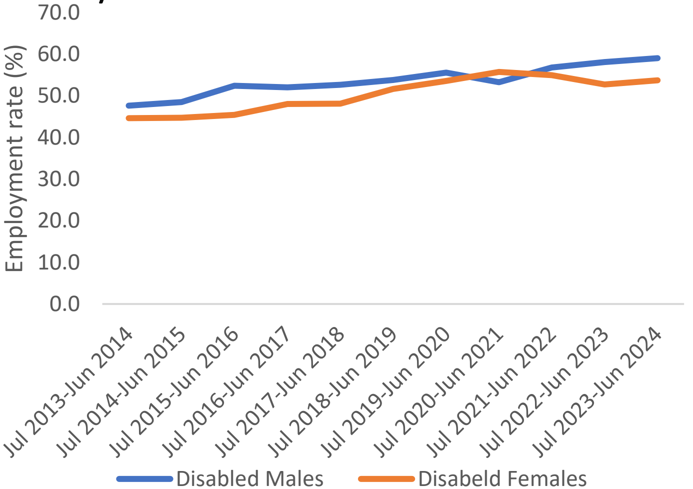
Employment of disabled people by characteristics
Across the UK, employment rates for disabled people, across all ages, are lower than those of non-disabled people. **For both disabled and non-disabled people, employment rates generally increase with age up to the age of 50, where they start to decrease. 16 to 17-year-olds have the lowest employment rates but this is because they are [more likely to be in education or training than in employment](#).**

Proportion of people in employment by disability status and age, people aged 16 to 64 years, UK, 2023/24:



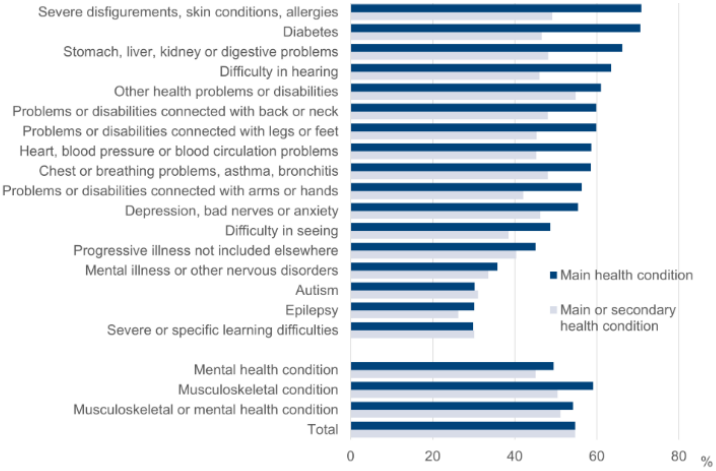
In the Midlands Engine, the gap between the employment rates of disabled females and disabled males has been closing, up until Q2 2020 where the employment rate for disabled females was higher than disabled males. However, the gap has since increased and stands at 5.3pp, with the employment rate for disabled males at 59.0%, and 53.7% for disabled females. Across the UK, the gap has narrowed over recent years. The rate for disabled males in 2023/24 was estimated at 56.4%, marginally greater than for disabled females at 55.8%.

Proportion of people in employment by sex, disabled people aged 16 to 64 years, Midlands Engine, 2013/14 to 2023/24:



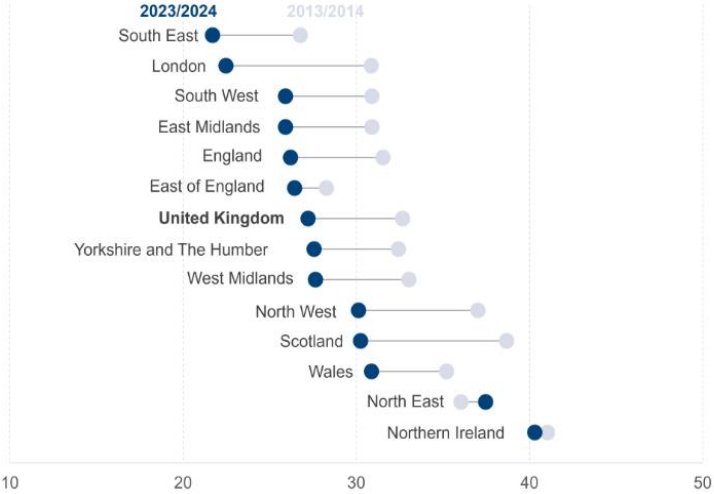
There is a lot of variation in employment rates of disabled people for different health conditions. For example, in 2023/24, people whose main health condition is severe disfigurements, skin conditions or allergies are over twice as likely to be in employment compared to someone whose main health condition is severe or specific learning difficulties (70.8% compared to 29.9%).

Proportion of people in employment by main or secondary health condition, people aged 16 to 64 years, UK, 2023/24:



All areas of the UK have seen a reduction in the disability employment gap between 2013/14 and 2023/24 except for the North East where the gap has increased by 1.4pp. **The West Midlands ranked above the UK disability employment gap average in 2023/24. The East Midlands ranked below**. The West Midlands (2.1pp) has seen the largest increases in the disability employment gap in the past 12 months.

Disability employment gap (percentage points) by country and region, people aged 16 to 64 years, UK, 2013/14 and 2023/24:



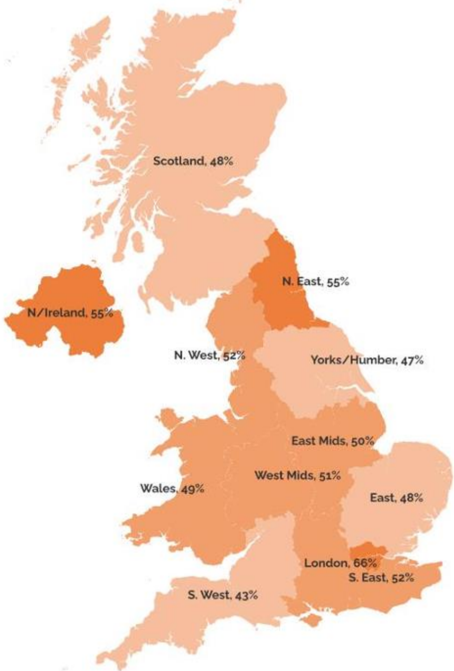
Adult Participation in Learning Survey 2024

Learning matters. It can help people with their work and careers, to support health and wellbeing, to promote integration and reduce loneliness, and so much more including personal fulfilment. The Adult Participation in Learning Survey gives a helpful insight into who takes part in all kinds of learning across the UK, the reasons people do and don't take part in learning, and the types of learning taking place.

A record proportion of adults, 52%, say they are taking part in learning. People have found informal, self-directed ways to learn, including online. That's good and positive, but we also need to ensure people have routes to more formal learning and accreditation where they want to and where that would be of benefit to them. Austerity has meant people have far too few routes through which to engage with learning.

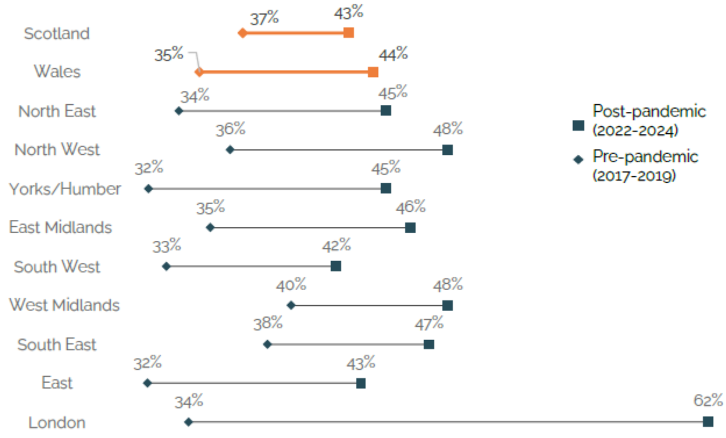
Participation is unequal with substantial differences between geographies and groups. In 2024, participation in learning is significantly higher in London than other English regions, with two thirds of adults (66%) reporting that they have taken part in learning in the past three years. **Learning rates are 51% in the West Midlands, and 50% in the East Midlands.**

Participation in learning by UK nations and English regions:



Participation in learning has increased across all English regions and nations in the UK post-pandemic. Over the three-year average immediately before (2017-2019) and after the pandemic (2022-2024), participation has increased by roughly 10 percentage points for most nations and regions, including **11pp in the East Midlands and 8pp in the West Midlands.**

Participation in learning by English regions and nations pre-pandemic and post-pandemic:



Demographic differences

Participation in learning varies considerably between sociodemographic groups. Age, social grade, the age people left full-time education, employment status, and ethnicity are strongly associated with adult participation in learning.

Social grade remains a key predictor of learning, with individuals in the highest social grade (AB) one and a half times more likely to participate in learning than those in the lowest (DE) (60% compared to 39%). Similarly, the results continue to show that the longer individuals remain in full-time education the more likely they are to learn as an adult, with 62% of adults who left education aged 19+ participating in learning compared to 34% of adults who left at 16 or younger. **Participation also decreases with age:** the likelihood of participating in learning decreases by 4% for each additional year of age.

Closer proximity to the labour market is associated with higher participation rates. The increase in participation rate has been driven by those who are in work or are looking for work, rather than people who are economically inactive. Less than one half of those who are economically inactive report having participated in learning in the last three years: 30% of adults who are out of work and not looking for work and 29% of those who are unable to work are participating in learning, compared with 65% of people employed full-time.

The rise in independent and online learning post-pandemic are the main component of increased participation rates. Learners most commonly reported learning independently on their own (34%), followed by work (21%), on the job (17%) and through a higher education institution (16%). Almost two thirds (63%) of learners say that at least some of their main learning has been online.

Source: Adult Participation in Learning Survey 2024 - Learning and Work Institute

3. Business Environment

Midlands Engine Business Demography

The ONS released their annual business demography publication, providing **data on the number of enterprises, births, deaths, survival rates and high growth firms across the UK in 2023.**

Active Enterprises

For the Midlands Engine area, there **were 395,935 active enterprises in 2023**. This has **decreased by 2.2% (-9,020 enterprises)** since 2022, which reflects national trends (-1.9%).

In 2023, there were **386 enterprises per 10,000 population in the Midlands Engine area**, compared to 452 per 10,000 population nationally. This has decreased from 2022, where there was 386 per 10,000 population (England 452 per 10,000 population).

For the Midlands Engine to reach the national average of 452 per 10,000 population requires an additional 69,331 active enterprises.

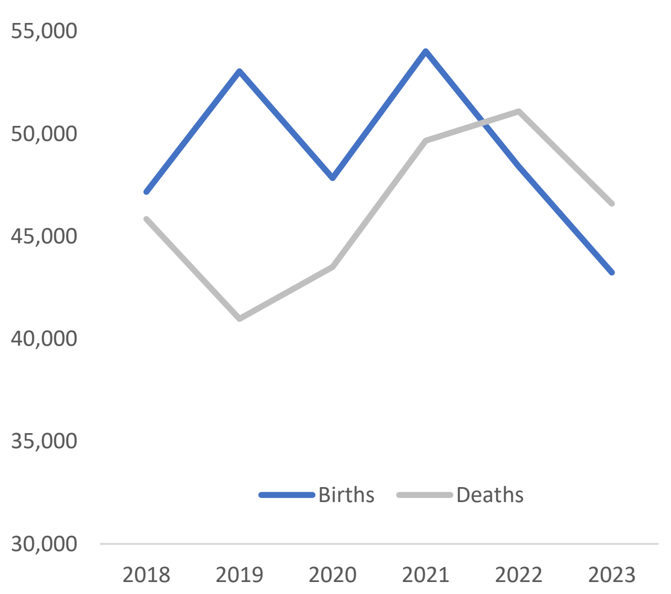
Enterprise Births and Deaths

There were **43,230 enterprise births in the Midlands Engine** in 2023. This represents a decrease of 10.7% (-5,165 births) since 2022, with the UK also decreasing (-6.2%) over the same period.

There were **41 enterprise births per 10,000 population** in the Midlands Engine area in 2023, below the England figure of 49 births per 10,000 population. For the Midlands Engine to reach the national average, an additional 8,574 enterprise births are required each year.

Enterprise deaths in the Midlands Engine area decreased by 8.8% (-4,500 deaths) between 2022 and 2023 to 46,585, below the UK overall decline of 11.3%.

Midlands Engine Enterprise Births and Deaths in Recent Years:

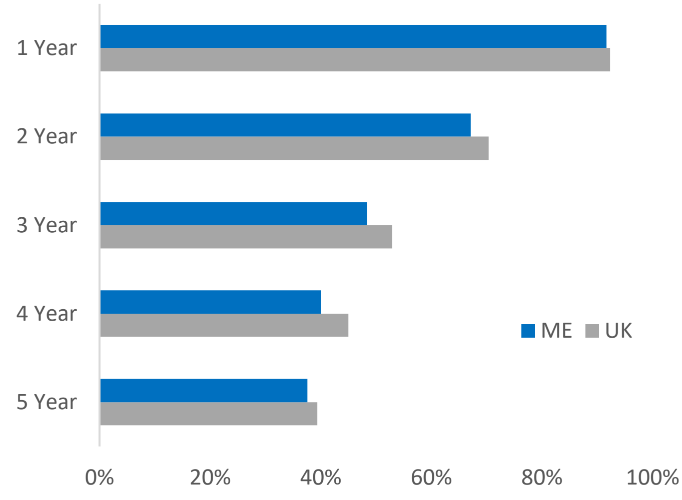


Survival Rates

The findings suggest the **Midlands Engine lags behind in survival rates** for both the short and long term:

- Of the 48,395 enterprise births in 2022 in the Midlands Engine area, **91.7% (44,395) were still active after 1 year**. This was below the UK 1-year survival rate of 92.3%.
- Of the 54,015 enterprise births in 2021 in the Midlands Engine area, **67.2% (36,275) were still active after 2 years** compared to 70.4% for the UK.
- Of the 47,840 enterprise births in 2020 in the Midlands Engine area, **48.4% (23,145) were still active after 3 years** compared to 53.0% for the UK.
- Of the 53,040 enterprise births in 2019 in the Midlands Engine area, **40.1% (21,255) were still active after 4 years** compared to 45.0% for the UK.
- Of the 47,155 enterprise births in 2018 in the Midlands Engine area, **37.6% (17,735) were still active in 2023.** This is below the UK survival rate of 39.4%.

Five Year Survival Rates (From 2018 Births) for the Midlands Engine area and the UK:



High Growth Enterprises

Defined as all enterprises with average annualised growth greater than 20% per annum, over a three-year period. The latest available data suggests there **was 1,675 high growth enterprises** across the Midlands Engine in 2023. This represents an increase of 16.7% (+240) since 2022, with the UK increasing by 19.7%. **The latest annual change is the second year of growth following three years of consecutive declines.**

At the local authority level, 28 increased. The greatest increases in high growth businesses between 2022 and 2023 were reported in Herefordshire (+20), Nottingham (+15) and Charnwood (+15). There were 18 local authorities that remained at the same level. There were 9 local authorities which fell by 5.

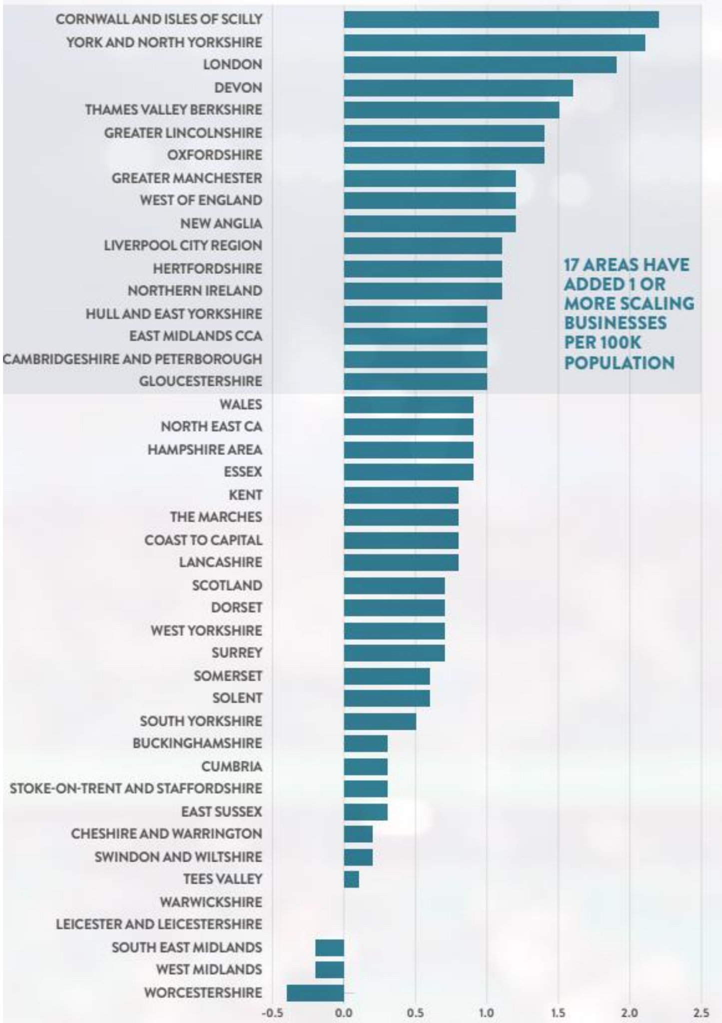
ScaleUp Annual Review

The ScaleUp Institute have released their ScaleUp Annual Review for 2024. **In the UK there are 34,180 Scaleups, contributing a total of £1.4 trillion. The Scaleups employ 3.2 million people with an average turnover per employee of £449,317. Despite making up only 0.6% of businesses, Scaleups contribute 55% of the total output of SMEs to the UK economy.** In 2022, there were 1.4m people employed by scaling businesses, with 16,450 businesses growing between 15-19.99%. Scaling businesses generated £359bn in 2022.

Scaleups by local area

There are **4,570 scale ups across the Midlands** (2,535 in the West Midlands and 2,035 in the East Midlands) and an additional 2,330 scaling pipeline businesses (1,280 in the West Midlands and 1,050 in the East Midlands). Greater Lincolnshire and the East Midlands CCA have both high growth in scaleup density with both areas adding 1 or more scaling businesses per 100,000 population from 2013 to 2022 (+1.4 and +1.0 respectively). Whereas scaleup density was unchanged in Warwickshire and Leicester and Leicestershire in this period while it decreased in the West Midlands CA (-0.2) and Worcestershire (-0.4).

Average growth in scaleup density (2013 – 2022):



Mid-Market Scaleups

In the **Midlands** there are 1,005 scale ups with 50-250 employees (520 in the West Midlands and 485 in the East Midlands) and 770 scaleups with £10-50m turnover (400 in the West Midlands and 370 in the East Midlands).

Female Founded Scaleups

The Female-Founded Super ScaleUp Index puts a spotlight on the 63 female founded / cofounded visible scaling businesses with a total turnover of £20.4bn and 67,000 jobs. A total of 8 of these businesses are located in the **Midlands** (4 in the West Midlands and 4 in the East Midlands), **the most of any region except London. Notably, female founded-scaleups in the West Midlands have the largest turnover of any region outside of London totalling £3.6bn.**

Regional Clusters – West Midlands

The most prominent sector for scaleups in the West Midlands is wholesale & retail with 17.7% of the scaleups in the region. This was followed by manufacturing with 12.8% of scaleups and admin & support services with 11.4% of scaleups. The sector with the largest proportional growth in scaleups in the West Midlands was accommodation & food to total 8.1% of scaleups, an increase of 1.5 percentage points (pp). This was followed by construction (+1.1pp to 8.9% of scaleups) and professional, scientific & technology (+1.1pp to 9.1% of scaleups.

Regional Clusters – East Midlands

The sector with the most scaleups in the East Midlands was wholesale & retail with 17.3% of scaleups in the region. This was followed by manufacturing (12.8% of scaleups) and accommodation & food (10.4% of scaleups). The sector with the greatest proportional growth in the East Midlands was accommodation & food with an increase of 2.7pp to total 10.4% of scaleups. Construction has the second largest proportional growth of 1.5pp to total 9.2% of scaleup businesses and this was followed by transport with growth of 0.9pp to 5.0% of scaleups.

Sectoral Scaleup Clusters

There are 682 advanced manufacturing scaleups in the UK with a total turnover of £13.7bn and 57,298 employees. **There is notable support and sector specialism in this sector in the Midlands including Warwick's Manufacturing Group and a manufacturing catapult centre in Coventry. There is also support for the FinTech sector in the Midlands through through Warwick Business School's FinTech Research Group. Net zero & clean tech startups have a total turnover of £280.5bn from 2,124 startups.** This sector is supported in the **Midlands** by the Energy Systems Catapult based in **Birmingham**.

ScaleUp Annual Review

Academic Institutions

The University of Oxford was the academic institution with the most spinouts from the scaleup cohort in 2024 with 12, while the **University of Birmingham was amongst the top academic institutions (2 spinouts).**

Unicorn Insight

Since 1998, the UK has generated 168 unicorns generating £80.8bn in turnover and employing 219,000 people. Of these businesses, 28 have been spin outs with 20 from UK universities. The sector with the most Unicorns is Fintech with 35, followed by life sciences with 17 and creative with 15. **There are 3 unicorns headquartered in the West Midlands and 3 headquartered in the East Midlands.**

Scaleup Survey

Survey results in the report show that scaleups are ambitious for the future, with 9 in 10 expecting growth in turnover and/or employees in 2025; 1 in 4 scaleups expect growth over 50%. However, **scaleups remain cautious;** 5 in 10 are apprehensive of increasing costs and 4 in 10 are apprehensive of lower levels of business/consumer confidence. 9 in 10 scaleups have been involved in some innovative activity in the last 3 years. Results from the survey also show that 5 in 10 scaleups export internationally, with 7 in 10 planning to export in the future.

Barriers to growth

When ranking challenges to future growth, **62% of scaleups state access to UK and international markets in their top 3 challenges to overcome, while 54% stated talent & leadership development and 47% stated access to the right bank / equity finance.** 6 in 10 scaleups would like easier local access to tailored growth support. In terms of funding, 7 in 10 scaleups do not think they have the right funding in place to support their growth ambitions and 6 in 10 feel that most of the money and business advice is provided in London / the South East. To improve their access to investment, 5 in 10 scaleups want relationship management support and 4 in 10 want briefings for businesses and investors on sectors and trends.

Contracts for Scaling Businesses

In 2022, there were 131 public procurement contracts awarded in the Midlands to scaling businesses (63 West Midlands and 68 East Midlands), with the Midlands region being awarded the most contracts outside of London.

Public Procurement

While scaleups generate 55% of the revenue of SMEs in the UK, they only won 4% of procurement contracts compared to 60% won by all SMEs. At a regional level, **the West Midlands was one of only two regions that do not buy locally,** with contracting authorities issuing more contacts to scaling businesses to in the North West (91) compared to locally (36). More contacts were awarded by London contracting authorities in the West Midlands (57) than local contracting authorities (36). Conversely, **in the East Midlands the majority of contracts issued and won were based locally** (40).

Public procurement contracts by region:

	CONTRACTING AUTHORITY REGION											
SCALEUP REGION	East Midlands	East Of England	London	North East	North West	Northern Ireland	Scotland	South East	South West	Wales	West Midlands	Yorkshire And The Humber
East Midlands	40	7	14	4	26		3	11	9	2	11	5
East Of England	16	42	63	3	11		7	32	10	5	16	28
London	24	29	276	20	20		16	89	77	11	23	37
North East	1	6	14	86	9		3	4	3	1	8	25
North West	11	5	58	9	239	1	15	9	18	3	91	20
Northern Ireland		2	1	1	1	24	1		4	1	2	3
Scotland	2	2	7	16	6		109	3	4	2		2
South East	18	14	95	5	9	2	14	67	32	19	18	15
South West	6	11	34	2	6	1	3	23	155	5	17	9
Wales	4	2	9		1		1		6	42	2	3
West Midlands	16	10	57	1	20	1	2	10	35	5	36	12
Yorkshire And The Humber	21	7	52	10	18	1	9	18	25	3	10	86

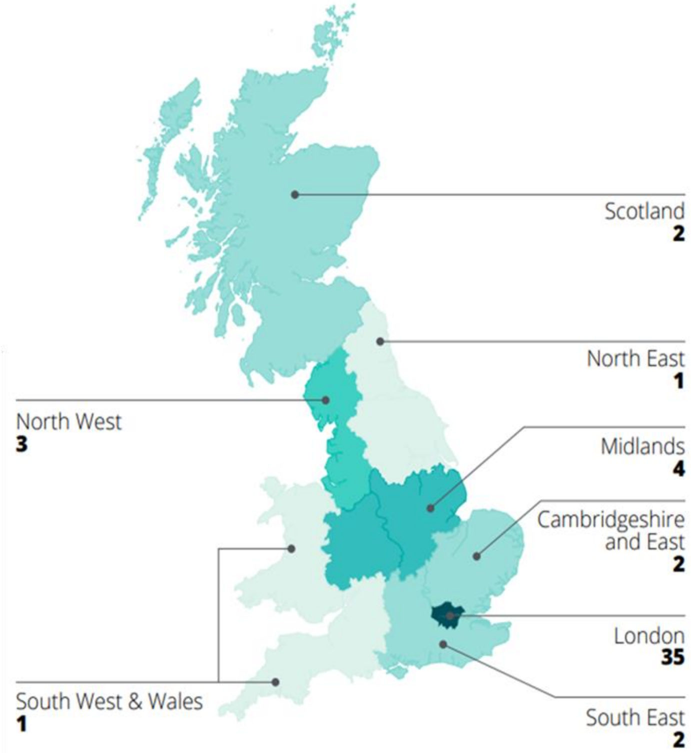
The Fast 50

The 27th edition of Deloitte UK's Technology Fast 50 recognises some of the UK's most innovative high-growth tech companies as well as outlining the current state of the UK tech sector and the market conditions that will shape its future.

The Fast 50

The companies featured on the Fast 50 list are companies in the category of being 'technology enabled' ranked according to their revenue over a three-year period. Similar to previous years, these companies are heavily concentrated in London, with 35 companies, accounting for the majority of winners. **The Midlands was the second highest outside of London with 4 companies,** followed by the North West with 3 companies.

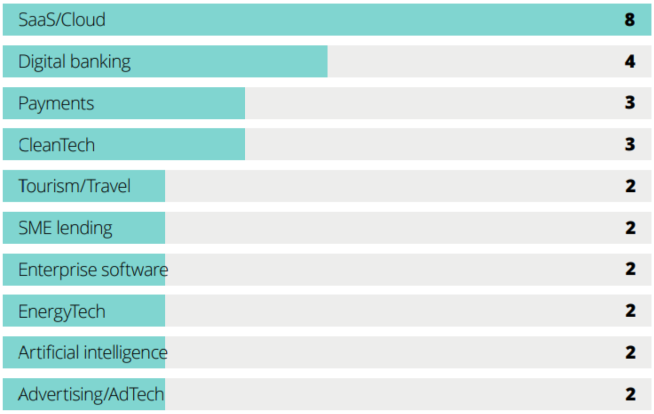
Regional distribution:



Industry Focus and subsectors

Software was the most popular sector (with 20 companies) among the Fast 50 list showing the increased demand for tech in Business to Business and Business to Customer markets. FinTech (15 companies), Environmental Technology (7 companies) and Healthcare & Life Sciences (3 companies) also show notable representation. The subsector with the highest number of companies was SaaS/Cloud with 8 companies, this was followed by Digital Banking (with 4). The presence of CleanTech (3) and EnergyTech (2) show the importance of sustainable innovation in the UK. **Furthermore, the presence of Artificial Intelligence (2 Companies) highlights its increasing importance of the sector.**

Sector Ranking for the Fast 50 Companies (2024):



Funding and Support

Since 2019, 43 companies from the 2024 Fast 50 list have collectively secured £3.31bn of equity through 191 deals. The median size of investment is £3.71m and the average is £17.6m – this was skewed by nine deals worth over £100m. In addition to private funding, 13 of the Fast 50 have been awarded 39 innovation grants totalling £199m. Furthermore, 24 companies have leveraged accelerator programs to drive growth.

Gender

There is a striking gender imbalance in the Fast 50 list with 88% of companies having all-male founding teams, while 6% were majority male founded, 2% with equal split and 4% being majority female founded.

Employees and turnover

The Fast 50 list reports a total turnover of £1.93m which is more than double the figure from last year. These companies employ a total of 7,829 people with Starling Bank contributing to 41.3% of this figure, while the majority of companies were much smaller with the median headcount being 36 employees.

The 2024 Winners - Midlands

The fastest growing company was Allica Bank, based in London, in the FinTech sector with 13,411% growth. **The fastest growing company in the Midlands was Previsico (ranked 14th) in Environmental Technology with 2,714% growth.** Low 6, a software company based in the **Midlands**, ranked 17th with 2,208% growth. Also based in the **Midlands**, software company Zenzero (860% growth) and hardware company Moasure (849% growth) ranked 31st and 32nd respectively in the list. **Midlands** based companies were not among the top 5 companies with women in leadership or the top 5 in the CleanTech sector.

Exits

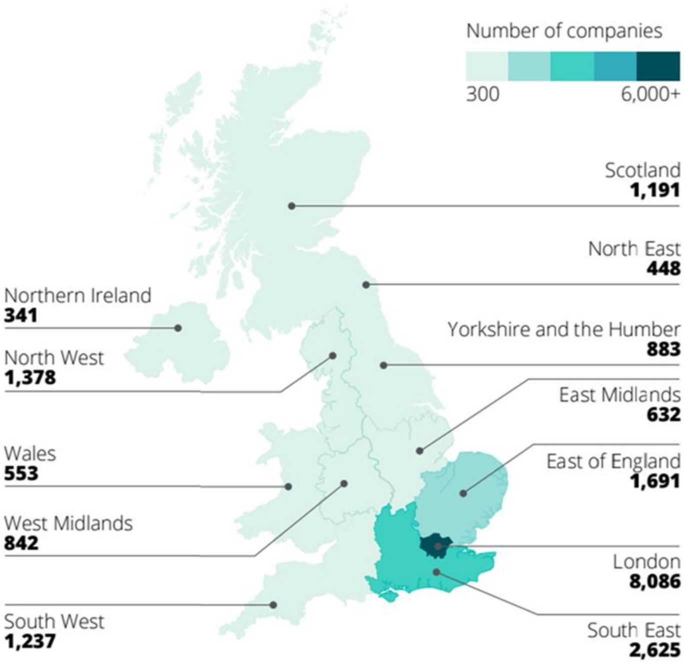
Among the largest known exits in 2024 for tech companies was Birmingham based Flooid with an exit amount of £169m in an acquisition. This was the 6th largest exit amount in 2024.

The Future for UK Tech

The number of high-growth tech companies in the UK has more than tripled in the last decade with the UK being one of Europe's leading tech ecosystems with over 20,000 high-growth companies. **As the UK strives to become a tech superpower by 2030, it must focus on challenges including international competition and shifting economic conditions.** As tech clusters expand nationwide, the landscape for investment and exits becomes increasingly crucial as companies might list elsewhere. **The US is the UK's main competitor for tech company listings, as the US offers larger financial markets, greater access to capital and in some industries a favourable regulatory environment.** However, reforms to the Financial Conduct Authority listing regime has been seen as a positive step toward attracting more companies to list domestically. Looking forward, the UK's attractiveness as a listing destination will be defined by government policy, academia and business interaction to create a supportive tech ecosystem.

Regional overview

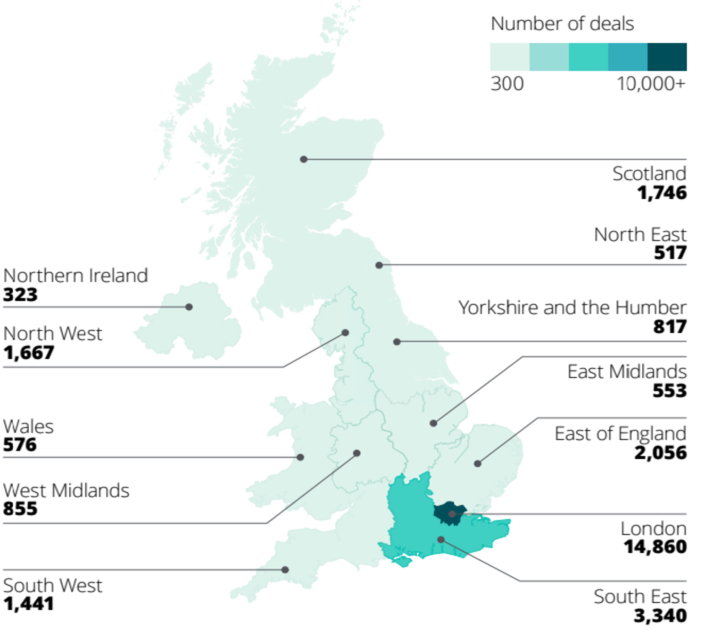
London has the highest population of high-growth tech firms with 8,086, followed by the South East with 2,625. **The Midlands has a total of 1,474 high-growth tech companies (842 in the West Midlands and 632 in the East Midlands).** While there is a high concentration of tech companies in London, other regional cities are rapidly emerging as tech clusters. Birmingham's tech population has surged, growing 152% between 2014 and 2023. Bruntwood Scitech announced a £4.5m project to create a major tech hub in Birmingham's city centre to drive innovation and collaboration.



Regional Investment

Over the last decade the UK's tech sector has grown in terms of number of deals and the magnitude of individual deals. London had the highest total of investment between 2019 and H1 2024 of £55.5bn, while the W**est Midlands had £1.61bn and the East Midlands had £0.49bn over the same period (ranked 7th and 11th of 12 regions) bringing the Midlands total to £2.1bn.** In this period, 855 deals completed by high-growth companies in the West Midlands and 553 in the East Midlands bringing the Midlands total to 1,408 deals.

Number of deals completed by high-growth tech companies (2019- H1 2024):



Survey results

The US market remains top choice for UK businesses looking to go abroad with 62.5% of respondents looking to go there in the next 1-2 years, this was followed by Europe with 53.8%. In response to a more challenging economic environment, 51.8% of respondents are not planning any changes while 20.5% of businesses are planning to implement cost reduction strategies. **High growth tech leaders remain optimistic despite a challenging funding environment.** 56.6% of respondents intend to raise capital growth in the next 1-3 years with Venture Capital being the most popular type of growth capital with 77.8%. Respondents to the survey in the report revealed that 74.8% had maintained steady relationships with their investors in the last 12-18 months. Among the respondents, 55.4% indicated a plan to exit the business while 44.6% preferred to remain privately owned; the preferred exit type from respondents was Trade sale/corporate merger at 51.4% and the most popular response to the ideal timeline to exit being 3+ years at 55.9%.

Local Business and Policy Intelligence By Sector

SECTOR	KEY INSIGHTS

Tech / Digital	• Deloitte's new report on the **UK Technology Fast 50** **reveals 4 of these are in the Midlands.** 842 high-growth tech firms are in the West Midlands, with 632 in the East Midlands.
	• The latest report from TechUK shows **the economic impact, as well as the potential to boost the positive impact, of data centres on the UK economy. Data centres are currently contributing:**
	  ○ **£4.7 billion in gross added value (GVA) to the UK economy, 43,500 jobs in the UK economy, £640 million in tax to the exchequer.**
	• If the UK can increase its data centre capacity above its recent trend growth rate – from 10% a year to 15% a year – it will result in a:
	  ○ **£44 billion in additional GVA between 2025-2035 from the construction and operation of data centres, 40,200 additional jobs directly employed in (often high paying) data centre operational roles, 18,200 additional jobs directly employed in data centre construction roles over the period 2025-35, £9.7 billion in additional tax revenue generated by the industry over the period 2025-35.**

Construction	• **Construction output** **is estimated to have increased by 0.8%** in Quarter 3 (July to Sept) 2024 compared with Quarter 2 (Apr to June) 2024; this came solely from an increase in new work (2.0%), as repair and maintenance fell by 0.6%.

Retail, Hospitality and Tourism	• **Retail sales volumes** **(quantity bought) are estimated to have fallen by 0.7% in October 2024,** following a rise of 0.1% in September 2024 (revised down from 0.3%). Non-food stores sales volumes fell on the month as retailers reported that Budget uncertainty affected sales.
	• In the UK, **Black Friday** **spending is set to reach £7.1 billion, up 36% from last year's £5.2 billion** and 17% on a per head basis.
	• **After the biggest drop in over two years,** **consumer sentiment** **reached 2024's lowest level** in late September.
	• The British Retail Consortium reports **the retail industry is bracing for £7 billion of additional costs in 2025 as a result of changes to Employers' National Insurance Contributions, an increase to the minimum wage and a new packaging levy.** For an industry that already operates on slim margins, these new costs will inevitably lead to higher prices. **There is also the risk of job losses and store closures if retailers attempt to limit the impact on their customers.**
	• **A new report from the** **British Chamber of Commerce** **reveals:**
	  ○ **52% of businesses in the visitor economy expect to raise prices in the next three months.**
	  ○ **21% of hospitality, catering, and tourism businesses expect their turnover to worsen over the next 12 months.**
	  ○ **61% of visitor economy businesses cite inflation as a growing concern, compared to 49% of all firms.**

Manufacturing	• **SME manufacturers in the Midlands are calling for more government funding to help them bridge the digital skills divide.** A new report produced by Oxford Innovation Advice said that more than two thirds (67%) of SME manufacturers are calling for additional funding to help address the issue, with 56% of West Midlands firms **and 50% of East Midlands** firms reportedly unable to address digital skills gaps in their business. The use of apprenticeships to tackle skills was reported by 34% of businesses in the UK, dropping to 19% in the West Midlands. • **Manufacturing output volumes fell** in the quarter to November, and at a faster pace than in the three months to October, according to the CBI's latest Industrial Trends Survey (ITS). **But the near-term picture is more positive, with manufacturers expecting output volumes to rise modestly in the quarter to February**.
Environmental Technologies	• **The UK's largest transmission-connected** **battery energy storage system** **(BESS) to date has been connected to the grid.** • A new report by Centrica and FTI Consulting suggests that **hydrogen storage could save the UK up to £1 billion annually by 2050.** This approach would help manage the intermittency of renewable energy and provide a cost-effective way to stabilise the energy grid. • **Hydrogen** **is forecast to contribute to future droughts in 83% of catchments in England.**
Transport Technologies	• **Great Britain's railways** **contribute significantly to the economic success of the country, delivering £26bn in benefits every year.** The total benefits to passengers are worth £14bn each year. The total value of decreased congestion is worth £8bn to people and businesses each year. £4bn additional benefits from environmental and social benefits and wider economic impacts. **£1.48bn in benefits are delivered to the West Midlands.** £690m passenger benefits, £530m value of decreased congestion, £260m additional benefits – in wider environmental & societal benefits and economic impacts. **£750m in benefits are delivered to the East Midlands,** £390m passenger benefits, £200m value of decreased congestion, £160m additional benefits – in wider environmental & societal benefits and economic impacts.

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MIDLANDS ENGINE
OBSERVATORY

__THE PAN-REGIONAL PARTNERSHIP FOR THE MIDLANDS__
The Midlands Engine connects, champions and amplifies the work of its partners.