West Midlands
Monthly Economic Impact Monitor

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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.

This month the IMF forecasts stable but underwhelming global growth, with US upgrades offsetting downgrades for European economies and emerging markets impacted by conflicts, weather events, and commodity disruptions. The UK's Invest 2035 plan is under consultation and focuses on tackling growth barriers and creating high-quality jobs in high-growth sectors, with a modern industrial strategy set to launch in spring 2025.

Global, national and regional economic trends

- *Emerging Asia Strength*: Surging semiconductor and AI-driven electronics demand, along with investments in China and India, are driving growth in emerging Asia.
- *Medium-Term Growth Outlook*: Global growth is projected to reach 3.1% in five years; this is below pre-pandemic averages.
- *Inflation Trends*: Global disinflation is ongoing, but elevated services price inflation highlights the need for targeted monetary policy and structural reforms.
- *UK Retail and Redundancies*: Retail footfall rose by 4% in mid-November 2024 compared with the previous week, while potential redundancies were 19% lower than the same period in 2023.
- *UK Energy Prices*: Gas prices increased by 9% in mid-November 2024 compared to the prior week, while electricity prices remained stable but rose 3% year-on-year.
- *Business Turnover and Challenges*: 16% of UK businesses reported increased turnover in October 2024, but 22% expect a decrease in December, with economic uncertainty cited as a major challenge.
- *Worker Shortages*: In early November 2024, 8% of UK businesses reported worker shortages, consistent with early October levels.
- *Consumer Price Inflation*: UK CPI rose by 2.3% in the year to October 2024, with housing and household services driving the increase; core CPIH excluding volatile items rose by 4.1%.
- *Producer Price Inflation*: Producer input prices fell by 2.3% annually in October 2024, with crude oil being the largest contributor to declining input costs.
- *Factory Gate Prices*: Producer output prices fell by 0.8% annually in October 2024, driven by lower refined petroleum product prices.
- *UK Business Expectations*: 14% of businesses expect performance to decrease in the next 12 months, an upward trend since July 2024, with taxation concerns rising.
- *Fuel Prices*: Annual growth in automotive fuel prices stabilised by mid-November 2024 but remained 2 percentage points lower year-on-year.
- *UK Port and Flight Activity*: Ship visits to UK ports fell 7% year-on-year in mid-November 2024, while flight numbers rose 3% compared to the same period in 2023.
- *Infrastructure and Devolution*: High Speed 2 (HS2) construction is progressing, enhancing connectivity to London. The WMCA has secured unprecedented control over devolved spending areas, including adult skills.
- *Innovation Recognition*: The West Midlands ranked third in the European Capital of Innovation Award, recognising its legacy in digital technology and healthcare and earning €100,000 for future initiatives.
- *West Midlands Futures Project*: A long-term economic vision addresses six regional "Grand Challenges," emphasizing leadership, innovation, market-shaping, equity, and integration of economic and urban development strategies.

Autumn Budget 2024

- *Budget Highlights* - Personal Finances: Minimum wage will rise to £12.21/hour in April 2025. Private school fees will face VAT from 2025, and non-domicile tax status will be abolished.
- *Business Taxes and Support*: National Insurance thresholds for businesses will lower, while Employment Allowance increases to £10,500. Corporation tax remains at 25%.
- *National Insurance* - From April 2025 businesses will have to pay national insurance on worker's earnings over £5,000, down from £9,100 currently, with the rate employers pay increasing from 13.8% to 15%.

- *Energy, Health, and Education*: £3.4bn allocated to retrofit homes for energy efficiency, NHS budgets increase by £22.6bn, and £6.7bn is allocated for education, including rebuilding 500 schools.
- *Interest Rates and Inflation*: Interest rates were reduced to 5% in 2024, the first cut since 2020, but remain high. CPI inflation is expected to drop to 2.6% by 2025.
- *Devolution and Investment*: The West Midlands Combined Authority secured a single settlement for spending control, while 133 foreign direct investment (FDI) projects created 7,581 jobs in 2023-2024.

Business activity

- *Business Activity*: The West Midlands Business Activity Index dropped to 50.0 in October 2024, ending a 12-month expansion streak. Demand weakness and uncertainty surrounding the Budget contributed. UK-wide, the index also declined slightly.
- *Future Business Outlook*: Confidence rose with the Future Business Activity Index increasing to 71.0, signalling hope for demand recovery and successful product launches despite remaining below long-term averages.
- *Employment and Business Capacity*: Employment in the West Midlands declined for the ninth consecutive month, with job shedding at its steepest in nearly four years. Outstanding business volumes also fell for the 23rd consecutive month.
- *Prices*: Input costs eased slightly due to lower energy and steel prices but remained pressured by rising costs of electronic components, food, and insurance. Selling price increases were moderate.
- *Enterprise Births and Deaths*: In 2023, the WMCA area saw 14,080 enterprise births (-8.8% year-on-year) and 14,630 deaths (-1.6%), reflecting challenges in enterprise sustainability compared to national trends.
- *Trade and Exports*: Favourable export conditions continued for the 10th month, driven by stronger expansions in China and the US. However, key European markets remained in contraction.
- *Business Challenges*: 26.1% of West Midlands businesses reported competition impacting turnover, with 20.7% expecting turnover to increase in December 2024. Falling demand remains a key concern.
- *Supply Chain and Trade Activity*: 81.3% of businesses secured necessary materials domestically, while 4% reported global supply chain disruptions, with the Middle East conflict cited as a major factor.
- *Worker shortages*: Worker shortages affected 13.6% of businesses, and 15.5% faced recruitment challenges. Only 13.0% expected employee numbers to increase by December 2024.

Business Growth: AI and Innovation Skills

- *Business Growth Roadmap*: The Business Commission West Midlands (BCWM) highlights five levers for growth, including AI, digitization, and innovation, alongside closer collaboration between businesses and educational institutions.
- *AI and Skills Demand*: AI and digital skills are crucial for business growth, with 52% of surveyed firms in the Business Commission West Midlands Final Report are planning increased investment in technology and AI, and 64% emphasise stronger links with education.
- *Innovation Trends*: 36% of businesses anticipate boosting research and development efforts, and 58% plan to diversify products and services within the next year, driven by innovation and skill needs.
- *Innovation Skills Framework*: Effective innovation requires a mix of conceptual, evaluative, technical, relational, and self-reflective skills, plus technical and soft skills like adaptability and creativity.

Labour Market

- *Regional Labour Market Insights*: The West Midlands employment rate (73.9%) grew by 1.2 percentage points since June 2024, but unemployment (4.5%) remains slightly above the UK average (4.3%).
- *Claimant Count Increase*: October 2024 saw a 23.9% annual rise in claimants within the West Midlands Combined Authority (WMCA), reaching 8.3% of working-age residents, compared to 4.2% nationally.
- *Youth Claimant Trends*: Youth claimants (aged 18-24) in the WMCA increased by 13.5% year-on-year, representing 9.5% of the age group, the highest among combined authorities in the UK.
- *Economic Inactivity Rates*: The West Midlands' economic inactivity rate is 22.5%, slightly above the national average of 21.8%, reflecting challenges in engaging certain workforce segments.
- *Payrolled Employees Growth*: The West Midlands experienced a 0.5% annual increase in payrolled employees, outperforming London (-0.1%) but trailing Northern Ireland (1.1%).
- *Skills for Growth*: Universities, acting as connectors, play a vital role in bridging skills, research, and innovation needs, with targeted training for advanced digital and innovation-related competencies essential for regional progress.

Birmingham Economic Review 2024

- *Economic Growth and Contribution*: the Greater Birmingham economy grew by 9.7% in gross value added (GVA) since 2021, contributing £60.78bn in 2022, UK economic growth projected to increase modestly over the next 3 years.
- *Demographics and Skills Deficits*: Birmingham has a young and diverse population, with 22.1% under 15 years old and over half identifying as ethnic minorities. However, the region lags in skills attainment, with 6.5% of working-age residents having no formal qualifications.

- *Economic Growth and Business Confidence*: The UK economy is forecasted to grow by 1.1% in 2024, with Greater Birmingham contributing £60.78bn GVA in 2022, marking a 9.7% increase since 2021. Business confidence is high, with 65% expecting turnover growth in 2024.
- *Population and Diversity*: Birmingham has a young and diverse population, with 22.1% under 15 and 51.4% identifying as Black, Asian, or Minority Ethnic.
- *Skills and Economic Inactivity*: Skills attainment remains below average, with a 43.2% rate of RQF 4+ qualifications compared to 46.7% nationally. Economic inactivity has declined but is still higher than pre-pandemic levels at 23.7%.
- *Earnings and Child Poverty*: Median weekly earnings rose 9.2% in 2023, outpacing the UK average, but over a third of Birmingham's children live in relative poverty.
- *Infrastructure Developmen*t: HS2 construction progresses, with new funding for London tunnelling. Plans include upgrading the Trans-Pennine rail line and extending the affordable homes budget by £500m.

WMREDI Final Report

- *Purpose and Creation*: WMREDI (West Midlands Regional Economic Development Institute) was established to bridge the gap between academic research and practical policy in the West Midlands, fostering collaboration among universities, businesses, and policymakers to address regional economic challenges.
- *Theories and Frameworks*: Anchored in a "theory of place" and "theory of change," WMREDI focused on tailoring strategies to the region's unique assets, challenges, and opportunities, emphasising localized economic and social factors.
- *Collaborative Model*: WMREDI's model brought together universities, local authorities, businesses, and LEPs through shared governance and a collaboration agreement, enabling resource pooling, data sharing, and coordinated projects.
- *Key Achievements*: WMREDI contributed to the West Midlands' Local Industrial Strategy, supported productivity, skills, and innovation growth, and informed policy during the COVID-19 pandemic and Brexit, addressing challenges like resilience and regional disparities.
- *Legacy and Future*: Although its funding ended in 2024, WMREDI's collaborative approach and insights provide a model for other regions, with City-REDI continuing its mission to deliver policy-relevant research and strengthen regional economic resilience in the West Midlands and beyond.

Supporting Refugees

- *Community Sponsorship Scheme (CSS)*: The CSS empowers volunteers to support refugee integration through practical and emotional assistance, fostering social capital and facilitating navigation of essential systems.
- *Volunteers and Integration*: Relationships between volunteers and refugees evolve from weak ties (practical support) to strong ties (deep care), providing critical emotional security and a sense of belonging for refugees.
- *Challenges in CSS Implementation*: While effective, CSS is limited by the socio-economic backgrounds of volunteers and their capacity to address complex issues like employment and immigration, requiring specialist support.
- *Resettlement Context Matters*: Refugees in diverse areas benefit from co-ethnic networks, while those in less diverse regions form deeper bonds with sponsors, highlighting the importance of tailored integration approaches.
- *Future Improvements*: Enhancing CSS impact requires specialised services to complement volunteer efforts, context-sensitive programmes, and further research on long-term outcomes for refugees across different resettlement methods.

Global, National and Regional Outlook
Alice Pugh, WMREDI

Global

International monetary fund
The International Monetary Fund (IMF) has released their World Economic Outlook report. Below is the summary that the IMF provided:

Global growth is expected to remain stable yet underwhelming. However, notable revisions have taken place beneath the surface since April 2024, with upgrades to the forecast for the United States offsetting downgrades to those for other advanced economies, in particular, the largest European countries. Likewise, in emerging market and developing economies, disruptions to production and shipping of commodities—especially oil, conflicts, civil unrest, and extreme weather events have led to downward revisions to the outlook for the Middle East, Central Asia and sub-Saharan Africa. These have been compensated for by upgrades to the forecast for emerging Asia, where surging demand for semiconductors and electronics, driven by significant investments in artificial intelligence, has bolstered growth, a trend supported by substantial public investment in China and India. Five years from now, global growth should reach 3.1 percent—a mediocre performance compared with the pre-pandemic average.

As global disinflation continues, services price inflation remains elevated in many regions, pointing to the importance of understanding sectoral dynamics and of calibrating monetary policy accordingly. With cyclical imbalances in the global economy waning, near-term policy priorities should be carefully calibrated to ensure a smooth landing. At the same time, structural reforms are necessary to lift medium-term growth prospects, while support for the most vulnerable should be maintained. Strategies to enhance the social acceptability of these reforms is a crucial prerequisite for successful implementation.

National

Industrial Strategy Green Paper
The UK government's new Industrial Strategy Green Paper, launched in October, is designed to stimulate debate on how best to position the UK for economic growth. The new modern industrial strategy, Invest 2035, introduced the government's 10-year plan to deliver the certainty and stability businesses need to invest in high growth sectors. The strategy will focus on tackling barriers to growth in the highest growth-driving sectors and places, to create the right conditions for greater investment, high-quality jobs and ensuring tangible impact in communities right across the UK. The Green Paper sets out the government's approach and asks for evidence to help develop a successful, modern industrial strategy to be launched in spring 2025.

Economic activity and social change in the UK
The ONS released data on the UK economy and society. The key findings in the latest release were:

- Overall retail footfall increased by 4% in the week to 17 November 2024 when compared with the previous week and was 2% higher when compared with the equivalent week of 2023; the week-on-week increases in overall retail footfall were seen across shopping centres, retail parks and high streets, which grew by 5%, 4% and 3%, respectively (MRI OnLocation).
- Nearly 2 in 5 (39%) trading businesses with 10 or more employees reported that labour costs were causing them to consider raising prices in December 2024; this is up 9 percentage points from November 2024 (final results from wave 120 of the Business Insights and Conditions Survey).
- The number of potential redundancies in the week to 3 November 2024 was 19% lower than the equivalent week of 2023, this was calculated as a four-week rolling average; the number of employers proposing redundancies was 1% lower when compared over the same period (The Insolvency Service: HR1 forms).
- The annual growth rate in average automotive fuel prices remained broadly unchanged in the week to 10 November 2024 when compared with the previous week but decreased by 2 percentage points when compared with the equivalent week of 2023 (Department for Energy Security and Net Zero (DESNZ)).

- The System Average Price (SAP) of gas increased by 9% to 3.849 pence per kilowatt hour (p/kWh) in the week to 17 November 2024 when compared with the previous week and increased by 10% when compared with the equivalent week of 2023; the System Price of electricity was broadly unchanged at 9.409 p/kWh when compared with the previous week and increased by 3% when compared with the equivalent week of 2023 (National Gas Transmission, Elexon).
- The number of ship visits to major UK ports decreased by 1% in the week to 17 November 2024 when compared with the previous week and decreased by 7% when compared with the equivalent week of 2023; the number of UK flights decreased by 3% in the most recent week but increased by 3% when compared with the equivalent week of 2023 (exactEarth, EUROCONTROL).
- The total number of Energy Building Performance Certificates (EPCs) for new dwellings across England and Wales in the week to 17 November 2024 was 3% lower when compared with the equivalent period of 2023; the total number of EPCs for existing dwellings, however, was 4% higher than the equivalent period of 2023 (Ministry of Housing, Communities and Local Government).

Business insights and impact on the UK economy

The ONS released data on the impact of challenges facing the economy and other events on UK businesses. The key findings in the latest release were:

- Approximately one in six (16%) trading businesses reported that their turnover had increased in October 2024 compared with September 2024, broadly stable with the previous month; in contrast, 22% reported that their turnover had decreased from September 2024, with 23% citing economic uncertainty as a challenge.
- More than one in five (22%) trading businesses reported that they expect their turnover to decrease in December 2024, up 6 percentage points from expectations for November 2024; meanwhile 50% of businesses reported that they expect turnover to stay the same, down 7 percentage points over the same period.
- Approximately one in seven (15%) trading businesses with 10 or more employees reported that they expect to raise the prices of goods or services they sell in December 2024, with 39% citing labour costs as a reason for considering doing so; these percentages are up 4 and 9 percentage points, respectively from November 2024.
- In early November 2024, 8% of all businesses and 18% of businesses with 10 or more employees reported that they were experiencing worker shortages; both figures are broadly stable with early October 2024.
- Looking ahead to December 2024, over three in five (61%) businesses have some form of concern for their business, broadly stable from November 2024; the most reported main concern was falling demand of goods and services (16%), however, there was a 4 percentage point rise from November 2024 in the proportion of businesses that reported that their main concern was taxation (14%).
- Approximately one in seven (14%) trading businesses reported they expect their overall performance to decrease over the next 12 months, with this proportion trending upwards since July 2024 (9%); meanwhile 43% of trading businesses reported they expect their overall performance to stay the same over the next 12 months, with this proportion trending downwards since July 2024 (49%).

Consumer Price inflation

The ONS released data on price changes in the UK in the form of consumer price inflation. The key findings in the latest release were:

- 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.
- On a monthly basis, CPIH rose by 0.6% in October 2024, up from 0.1% in October 2023.
- The Consumer Prices Index (CPI) rose by 2.3% in the 12 months to October 2024, up from 1.7% in September.
- On a monthly basis, CPI rose by 0.6% in October 2024, up from being little changed in October 2023.
- The largest upward contribution to the monthly change in both CPIH and CPI annual rates came from housing and household services, mainly because of electricity and gas prices; the largest offsetting downward contribution came from recreation and culture.
- Core CPIH (excluding energy, food, alcohol and tobacco) rose by 4.1% in the 12 months to October 2024, up from 4.0% in September; the CPIH goods annual rate rose from negative 1.4% to negative 0.3%, while the CPIH services annual rate was unchanged at 5.6%.

- Core CPI (excluding energy, food, alcohol and tobacco) rose by 3.3% in the 12 months to October 2024, up from 3.2% in September; the CPI goods annual rate rose from negative 1.4% to negative 0.3%, while the CPI services annual rate rose from 4.9% to 5.0%.

Producer price inflation

The ONS released data on price changes of goods bought and sold in the UK by manufacturers. The key findings in the latest release were:

- Producer input prices fell by 2.3% in the year to October 2024, down from a revised fall of 1.9% in the year to September.
- Producer output (factory gate) prices fell by 0.8% in the year to October 2024, down from a revised fall of 0.6% in the year to September.
- On a monthly basis, producer input prices rose by 0.1%, while output (factory gate) prices were flat at 0.0% in October 2024.
- Crude oil continues to be the largest contributor to falling input prices.
- The fall in the annual inflation rate for output prices between September and October was more than accounted for by lower prices for refined petroleum products.

Regional

Birmingham Economic Review 2024

The review highlights the ongoing recovery of the Greater Birmingham Economy that the city-region has been experiencing, during a period of UK and global political uncertainty. Highlighting both the challenges and opportunities facing the region. Below are some key findings from this year's Birmingham Economic Review (BER):

- National economic growth: the latest forecasts from the Office for Budgetary Responsibility anticipate the UK economy growing by 1.1% in 2024, before increasing to 2.0% and 1.8% in 2025 and 2026.
- Growth in the city-region: Greater Birmingham contributed an estimated £60.78bn in gross value added (GVA) to the national economy in 2022, accounting for 2.7% of the UK's total GVA. The city-region's GVA appears to have grown by 9.7% since 2021.
- Young and diverse: 22.1% of Birmingham residents are aged 0-15 years (compared to 18.5% across England) and 51.4% identify as Black, Asian and/or Minority Ethnic.
- Skills attainment remains below average: 6.5% of working-age people in Greater Birmingham have no formal qualifications compared to 6.2% across England. The city-region also has a shortfall of residents with RQF 4+ qualifications – 43.2% compared to 46.7% nationally, although the region has been closing skills attainment gaps with the national outlook.
- High Speed 2: construction of HS2 is well underway, and new funding has been allocated for tunnelling between Old Oak Common and London Euston to help connect Birmingham Curzon Street to central London.
- Devolution: the West Midlands Combined Authority (WMCA) has secured a departmental style 'single settlement', giving local leaders unparalleled control over spending on devolved areas including adult skills.

West Midlands shortlisted as one of the most innovative European locations

The West Midlands Combined Authority has won third place in the prestigious European Capital of Innovation Award. The 3rd place announcement will mean the WMCA will be awarded €100,000. The nomination recognised the region's 200-year legacy of innovation, particularly in digital technology and healthcare advancements.

WMCA long-term economic research programme

Over the past year, the WMCA has been carrying out an extensive literature review and has held a series of interviews with over 70 stakeholders from across the region. Some of this work has now been published in two new reports.

- Regional 'Grand Challenges' – This report is the first phase the West Midlands Futures (WMF) project. WMF aims to create a shared vision for the region's long-term future and its places in the UK's and global economy. The vision will be developed jointly with our Local Authority, business, community, and other partners. Initial key findings from this paper are:

1. Make the case to use the concept of 'Grand Challenges' to frame the challenge of driving significant change in the West Midlands over the long-term.
2. Propose 6 Grand Challenges that a regional vision should address.
3. Suggest a series of 'Big Questions' that will help us better understand the dynamics of each Grand Challenge in the next phase of WMF.

- Learning Lessons from Elsewhere - This report takes insights gained from 79 academic, think-tank and government papers; 53 interviews with more than 70 interviewees from the private sector, civil service, academia, local government and think tanks; and a workshop testing initial findings to identify common lessons from around the world in successfully addressing Grand Challenges. These key lessons are:
    1. Take collective regional leadership, set the strategic direction and settle in for the long-term.
    2. Build an authentic narrative on existing strengths and identity.
    3. Rally wide and deep political and public support to give the strategy momentum.
    4. Don't just fix markets, shape and create them.
    5. Take risks, experiment and learn from doing.
    6. Collaborate with and crowd-in partners.
    7. Invest in internal capabilities and capacities.
    8. Focus economic and innovation strategy on raising the productivity ceiling and floor.
    9. Use policy tools to pre-distribute and re-distribute the benefits of economic prosperity so all benefit.
    10. Consider economic & urban development together.

The Impact of WMREDI: A Collaborative Approach to Regional Economic Development

Ellie MacDonald, City-REDI

This blog explores the impact of the West Midlands Regional Economic Development Institute (WMREDI), looking at its role in creating collaboration between universities, businesses, and policymakers to drive regional economic growth.

The West Midlands Regional Economic Development Institute (WMREDI) was created in response to a need in the region for a more collaborative, evidence-based approach to economic development, explored in the recent WMREDI Story report.

This initiative, which included looking at themes like the "theory of place" driven by a "theory of change," has played an important role in addressing the region's unique challenges, such as the gaps in university-based research and the need for more localized, actionable economic strategies. The establishment of WMREDI marked an important chapter in the region's growth story, creating a new framework for knowledge exchange, regional collaboration, and long-term sustainability.

The Need for WMREDI

The West Midlands region faced a significant gap in translating academic research into practical policy interventions that could foster economic growth. This gap was particularly apparent in the disconnect between university-based research and regional stakeholders, including businesses and public sector organizations.

A platform that could bring together universities, local authorities, businesses, and other regional partners to collaborate on regional innovation and development efforts was clearly needed.

WMREDI was built to address this gap by establishing a knowledge exchange hub where academic research could meet real-world needs. Its creation was further driven by the development of the West Midlands Combined Authority (WMCA). This highlighted the necessity for a place-based policy institute that could bridge the gap between research, policy, and practice.

A Theory of Place and Change

At the heart of WMREDI's approach is the "theory of place," which emphasizes the importance of local context in driving economic growth and development. The West Midlands, with its diverse economy and distinct challenges, required a tailored approach that considered local assets, challenges, and opportunities. By focusing on the unique dynamics of the region, WMREDI aimed to foster growth through a localized understanding of economic and social factors.

Early Partnerships

The journey to WMREDI's creation began with the formation of the City-Region Economic Development Institute (City-REDI) in 2015, backed by a £4.3 million investment from the University of Birmingham.

Initially based within Birmingham Business School, City-REDI looked at understanding urban economic growth and bridging the gap between academic research and policy.

The establishment of WMREDI followed shortly after, with funding from Research England. This allowed the initiative to expand its reach, involving universities across the region and other key partners. The result was a collaborative, multi-university effort that focused on addressing the region's specific economic challenges, such as productivity, skills development, and inclusive growth.

The WMREDI Model

WMREDI's operating model is built on collaboration, shared governance, and trust. The institute brought together key regional partners, including local enterprise partnerships (LEPs), local authorities, universities, and businesses, all contributing funding or in-kind support. One of the most innovative aspects of WMREDI's structure is the collaboration agreement, which enabled seamless partnerships across multiple stakeholders. This agreement facilitated the pooling of resources, data sharing, and commissioning of joint projects, simplifying what would otherwise be a complicated process of inter-organizational cooperation.

The Research England funding also provided a physical hub for WMREDI at The Exchange in Birmingham: a centrally located building that served as a focal point for collaboration. This space allowed partners to meet, exchange ideas, and engage in policy workshops, further enhancing WMREDI's ability to bring together diverse perspectives and expertise.

Key Achievements

WMREDI's early successes were rooted in its ability to align academic research with regional needs. The institute focused on developing tools for evaluating and promoting innovation, conducting comparative benchmarking to assess the strengths and weaknesses of UK regions, and providing policy inputs to shape local strategies.

WMREDI also prioritized the development of skills in technology commercialization, business innovation, and non-commercial innovations aimed at improving public services and health.

One of the central achievements of WMREDI has been its contribution to the development of the Local Industrial Strategy (LIS) for the West Midlands. In consultation with regional partners, the institute helped identify key sectors for economic growth and supported the development of targeted interventions to improve productivity, skills, and infrastructure in the region. As part of the LIS, WMREDI also played a critical role in the regional response to the COVID-19 pandemic and Brexit, conducting research that informed policy decisions and regional resilience efforts.

Challenges and Adaptations

Regional funding pressures, particularly during the COVID-19 pandemic and the subsequent economic downturn, meant that many of the traditional funding streams began to shrink. This necessitated a shift in approach, where WMREDI increasingly focused on one-off commissioned projects, collaborative bidding, and national and international partnerships.

Despite these challenges, WMREDI was able to adapt and continue to provide valuable support to the region. Its flexibility allowed it to remain engaged with local stakeholders and respond to emerging needs, such as conducting policy reviews and statistical analyses.

Looking to the Future

As of early 2024, WMREDI's funding from Research England has come to an end. However, the lessons learned from its experiences have provided a solid foundation for continued collaboration. City-REDI, now a part of the University of Birmingham's efforts, continues to deliver policy-relevant research and maintain its strong civic engagement.

WMREDI's legacy lies in its successful demonstration of how collaboration across multiple stakeholders—government, universities, and business—can drive meaningful change in regional economic development. By blending academic expertise with local policy knowledge, WMREDI helped to strengthen the region's economic resilience, improve its innovation capacity, and lay the groundwork for future growth.

In the future, the lessons from WMREDI can serve as a model for other regions facing similar challenges, showcasing the importance of local leadership, collaboration, and knowledge exchange in driving sustainable and inclusive growth.

[Find out more and download the WMREDI Story]

Birmingham Economic Review 2024: A Year of Hope Recovery

Alice Pugh, City-REDI, and Emily Stubbs and Gemma Dilkes, Greater Birmingham Chambers of Commerce

The Review highlights the ongoing recovery of the Greater Birmingham Economy that the city-region has been experiencing, during a period of UK and global political uncertainty. Highlighting both the challenges and opportunities facing the region. Below are some key findings from this year's Birmingham Economic Review (BER):

Easing of economic pressures

- National economic growth: the latest forecasts from the Office for Budgetary Responsibility anticipate the UK economy growing by 1.1% in 2024, before increasing to 2.0% and 1.8% in 2025 and 2026.
- Growth in the city-region: Greater Birmingham contributed an estimated £60.78bn in gross value added (GVA) to the national economy in 2022, accounting for 2.7% of the UK's total GVA. The city-region's GVA appears to have grown by 9.7% since 2021.
- Export growth: the value of goods exports from the West Midlands in Q2 2024 was £8.8bn, 1.4% higher than one year ago in Q2 2023 and 16% higher than pre-pandemic levels.
- A sense of business confidence: in Q3 2024, 65% of businesses anticipated seeing an increase in their turnover in the following 12 months and 57% expected an increase in profitability over the next year.
- Interest rates are beginning to decrease: in August 2024, the Bank of England cut interest rates for the first time since 2020, however, rates remain high at 5.0% and are expected to remain high for a prolonged period.

Population: A Young and Diverse City

- Young and diverse: 22.1% of Birmingham residents are aged 0-15 years (compared to 18.5% across England) and 51.4% identify as Black, Asian and/or Minority Ethnic.
- Skills attainment remains below average: 6.5% of working-age people in Greater Birmingham have no formal qualifications compared to 6.2% across England. The city-region also has a shortfall of residents with RQF 4+ qualifications – 43.2% compared to 46.7% nationally, although the region has been closing skills attainment gaps with the national outlook.
- Economic inactivity has declined but remains high: following a peak in local economic inactivity in 2021, as of 2023 this has since declined to 23.7%, although it remains higher than pre-pandemic levels, contributing to tight labour markets.
- Increasing earnings: between 2022 and 2023, total median weekly earnings in Greater Birmingham rose considerably by 9.2% from £498 to £544, which is greater than the UK rise of 8.0% from £524 to £566.
- High levels of child poverty: as of 2023, over a third of children in Greater Birmingham are in relative poverty and a quarter are in absolute poverty.

Unleashing the potential of Greater Birmingham

- High Speed 2: construction of HS2 is well underway, and new funding has been allocated for tunnelling between Old Oak Common and London Euston to help connect Birmingham Curzon Street to central London.
- Devolution: the West Midlands Combined Authority (WMCA) has secured a departmental style 'single settlement', giving local leaders unparalleled control over spending on devolved areas including adult skills.
- Industrial Strategy: the government has launched its industrial strategy green paper, setting out key sectors of focus, which the government feels can bring about the most robust growth. It is anticipated that mayors of devolved authorities will be given new powers to grow sectoral clusters.
- Maximising foreign direct investment: in the year 2023-2024, the West Midlands and the South East had the joint highest number of Foreign Direct Investment (FDI) projects outside of London (133 projects). 7,581 new jobs were created as a result of FDI in the West Midlands in this period – the highest of any UK region outside of London.

Read the Birmingham Economic Review in full

Key Announcements From the Autumn Budget 2024
Alice Pugh, City-REDI

Alice Pugh provides a breakdown of the key announcements in the first Labour budget since 2010. This budget was the first delivered by the first female Chancellor of the UK.

OBR Economic Fiscal Outlook
Today the budget economic forecasts for the next 5 years are released by the [Office for Budget Responsibility (OBR)]. These forecasts are important as they show the Autumn Statement's impact in the near, medium and long term. The main findings in the [OBR report] about this budget have been:

- Real GDP growth is expected to increase from close to zero last year, to 1.1% this year, then 2% in 2025, and 1.8% in 2026, before falling back to 1.5% thereafter.
- CPI inflation is anticipated to be 2.6% in 2025, partially as a result of the direct and indirect impacts of budget measures.
- Interest rates are anticipated to fall to 3.5% by 2026/27.
- As a result of the Budget, unemployment is anticipated to fall from 4.3% this year to 4% in 2026, before returning to its estimated structural rate of 4.1% in 2028.
- Nominal wage growth is expected to fall from 4.7% this year to around 3.5% in 2025 and then 2.25% over the remainder of the 5-year forecast.
- Real household disposable income per person, as a measure of living standards, will grow by an average of just over 0.5% per year over the forecast.

Key Announcements within the Autumn Budget
The following are the [key announcements] that were made in the Autumn Statement 2024:

Wages, benefits and pensions
- Minimum Wage - legal minimum wage for over 21s is set to rise from £11.44 to £12.21 per hour from April. The wage for 18 to 20-year-olds to go up from £8.60 to £10, as part of a long-term plan to move towards a 'single adult rate'.
- Full-time Carers- Eligibility widened for the allowance paid to full-time carers, by increasing the maximum earnings threshold from £151 to £195 a week.

Personal Taxes
- Income tax and National Insurance- the freeze on income tax and national insurance thresholds will end in 2028, this should prevent individuals from being dragged into higher tax bands as earnings rise.
- Capital gains- capital gains tax paid on profits from selling shares to increase from 20% to 24%, though rates on additional property sales will remain the same.
- Inheritance tax – the threshold on this tax has been frozen beyond 2028 to 2030.
- Private school- VAT is set to be introduced on private school fees from January 2025.
- Non-domicile- the concept of non-domiciles will be abolished from April 2025.

Business Tax
- National Insurance- From April 2025 businesses will have to pay national insurance on worker's earnings over £5,000, down from £9,100 currently, with the rate employers pay increasing from 13.8% to 15%.
- Employment Allowance- This allows companies to reduce their NI liability, to increase from £5,000 to £10,500.
- Private Equity- tax paid by private equity managers on the share of profits from successful deals to rise to 32% from April.
- Corporation Tax- The main rate of corporation tax paid by businesses on taxable profits over £250,000, to stay at 25% until the next election.

Transport
- Bus Fares- The £2 cap on single bus fares in England to rise to £3 from January.
- Fuel Duty- 5p cut to fuel duty on petrol and diesel, extended to April 2026.

- HS2- a commitment to fund tunnelling work to take HS2 high-speed rail line to Euston station in Central London.
- Trans-Pennine rail line- a commitment to deliver an upgrade to the Trans-Pennies rail line between York and Manchester, running via Leeds and Huddersfield.
- Air Passenger Duty- the duty on flights by private jet will increase by 50%. Air passenger duty for economy short-haul flights will also increase by up to £2.

Housing

- Affordable homes- The affordable homes budget will receive a boost of £500m.
- Social housing- providers will be allowed to increase rents above inflation under a multi-year settlement.
- Stamp duty- the surcharge paid on second home purchases in England and Northern Ireland will increase from 3% to 5%.
- Right to buy- the government is decreasing the right to buy discounts, and local governments will retain the earnings from the council housing sales to allow them to reinvest.

Local Government

- Grant funding- there will be an additional grant funding worth £1.3bn for local government, including £600m for social care.
- Combined Authorities- Greater Manchester and West Midlands will get integrated settlements next year, increasing their control of spending.

Alcohol and Tobacco

- Tobacco- tobacco tax will be increased by 2% above inflation, and by 10% for rolling tobacco.
- Alcohol- the tax on non-draught drinks will increase to the higher rate of RPI measure of inflation, but tax on draught drinks will be cut by 1.7%.
- Vapes- a tax on vape liquid will be introduced in October 2026; this will be a flat duty rate of £2.20.

NHS

- Health Budget- the day-to-day health budget will see a £22.6bn increase and £3.1bn increase in the capital budget.

Energy

- Retrofitting- £3.4bn for the warm homes plan to upgrade buildings, lowering energy bills.
- Great British Energy- The government will fund Great British Energy, a publicly owned clean energy company.

Education

- Education- £6.7bn allocated for education investment next year, with £1.4bn earmarked for rebuilding over 500 schools.

Engaging Universities in ‘Pride in Place’ and Levelling Up

Eve Orford, City-REDI

In June, Rebecca Riley, Anne Green and Des McNulty published a paper, ***Engaging universities in ‘Pride in Place’ and levelling up*.** In this blog we look back at the Universities and Region Forum: Universities, Pride in Place and Levelling ***Up*** policy briefing, on which the paper was based.

The Levelling Up White Paper from 2022 aimed to address the decline of ‘left-behind’ UK areas caused by community demoralisation and structural deficits. It called for deeper changes beyond cosmetic efforts, involving comprehensive policies, effective leadership, and collaboration with civic institutions and universities. The goal was to increase local pride and close the performance gap by 2030.

Understanding the Root Causes of ‘Left-Behind’ Places

The Levelling Up White Paper was rooted in a spatial deficit model – the proximate causes of places being ‘left-behind’ are a combination of community demoralisation and the lack of effective leadership, to which ‘pride in place’ is seen to be the antidote. Past remedies have included sprucing up town centres and public buildings – based on the ‘hanging baskets’ theory of change whereby a small amount of highly visible, cosmetic short-term investment (Shaw 2022) leads to a sea-change in attitudes of local people and external perceptions of a place.

However, the White Paper acknowledged that being ‘left-behind’ is also attributable to a wider set of structural deficits. These include low productivity in most of the UK’s major conurbations outside London and south-east England; a half-life of long-term path dependency stemming from industrial job loss and closures, especially in towns remote from growth clusters or on the fringes of the main cities in northern England and the Midlands (Strangleman 2017); and population shifts with jobs and skilled workers leaving places that have become economically redundant or are isolated (such as peripheral rural or coastal communities in many parts of the UK).

Social Capital Depletion and Demographic Changes

Depletion of social capital can take various forms depending on circumstance, the most important of which is the out-movement of young ambitious people who are pulled to London and other cities by better educational opportunities and job prospects. In consequence, many towns and rural areas have higher proportions of older, less affluent and economically inactive people. The growth of remote working, housing costs and quality of life considerations have led to some people relocating away from the London commuter belt, where their purchasing power drives up prices, resulting in a lack of affordable housing for local families and young people, an additional push factor.

Many of those who remain are experiencing a loss of amenities and the fraying of the social fabric that previously allowed left-behind places to maintain themselves as viable communities – potent symbols of unwanted change include the replacement of stores by betting, payday loans and charity shops. Outside the more affluent and metropolitan areas of the UK, pollsters report many people feeling ignored and looked down on. Pressure on local services resulting from immigration and a perceived threat to the host culture and way of life were among concerns raised in places such as Wisbech in Cambridgeshire and Boston in Lincolnshire that voted overwhelmingly for Brexit.

In the 2019 General Election, disenchantment benefitted the Conservatives who were able to secure so-called red wall seats and strengthen their hold in other ‘leaver’ parts of England. David Goodhart’s analysis (Goodhart, D (2017), The Road to Somewhere) of the emergence of two value clusters: educated mobile people who value autonomy and fluidity and see the world from “Anywhere” versus more rooted, generally less well-educated people who prioritise group attachments and security and see the world from “Somewhere” is a simple framing of a complex process through which social cohesion is being eroded. Michael Sandel develops a different but related argument about the rise of populism and its corrosive effect on democracy in the USA (Sandel, M. (2020) The Tyranny of Merit).

Addressing Spatial Inequality Through Policy and Leadership

In left-behind places, lower levels of attainment and progression to higher levels of education is a vicious circle, leading to smaller proportions of graduates and other highly skilled people in their 20s and 30s, making it more difficult to retain and attract well-paid jobs (EPI 2022). Restricted opportunities available for upward mobility and the age-skewed population consequently found in many left-behind areas reinforce a tendency to hark back rather than look ahead. Resistance to change is not confined to poorer areas but in more affluent places it tends to be protectionist/ exclusionary (e.g., resistance to new infrastructure or housing) rather than a more generalised antipathy to change based on low expectations and/or prior experience of externally generated initiatives. Population movements towards cities and the increased diversity that comes with migration leads to cities being re-imagined and repurposed to meet the needs of incomers alongside existing residents, increasing multiculturalism, and creating a forward-looking mindset. This reinforces cultural and attitudinal divisions between cities, suburbs, and left-behind places.

Injecting dynamism and breaking this cycle of spatial inequality were the core aims of the Levelling Up White Paper. Still, it is not clear how the mission statement – to restore a sense of community, local pride and belonging, especially in those places where they have been lost – or the targets – by 2030, pride in place, increasing people's satisfaction with their town centre and engagement in local culture and community in every area of the UK, with the gap between top performing and other areas closing – could have been delivered.

Exploring the Role of the Community Sponsorship Scheme in Supporting Refugee Integration in the UK

Sara Hassan, City-REDI

Globally, resettlement is recognised as one of the most sustainable solutions for supporting refugees. The UK's introduction of the Community Sponsorship Scheme (CSS) represents an innovative approach, where local communities are empowered to resettle refugee families, providing them with enhanced integration support.

Dr Sara Hassan explores the effectiveness of this programme, particularly in the context of the UK's Indicators of Integration (IoI) framework and highlights the key findings from interviews with resettled refugee adults in both diverse and less diverse areas of the UK.

Read the paper: You Are Safe Here: Community Sponsorship Policy and Refugee Integration in the UK

The Importance of Volunteer Support in the Integration Process

The UK's Community Sponsorship Scheme stands out for its unique model of using volunteers to facilitate the integration of refugees. Volunteers play a pivotal role in helping refugees access essential resources and build connections within their new communities. This model, adapted from Canada's long-standing sponsorship programmes, demonstrates the potential for volunteer-driven support to add significant value to refugee resettlement.

Through the research conducted, it became clear that the relationship between refugees and volunteers lies at the heart of the integration process. Volunteers offered not just practical assistance, but also personal care, fostering relationships that evolved over time. The ability to access volunteers' networks and local knowledge proved invaluable for refugees, helping them navigate complex healthcare, education, and welfare systems. This social capital was crucial, especially in less diverse areas, where volunteers acted as 'navigators,' helping refugees and local service providers bridge gaps in understanding and knowledge.

Social Capital and the Role of Weak vs Strong Ties

One of the key insights from this study was the evolving nature of the relationships between volunteers and refugees. Initially, these relationships were based on what sociologist Mark Granovetter describes as 'weak ties' connections that provide access to new information and resources. Over time, however, many of these ties deepened into 'strong ties,' characterised by mutual care, understanding, and reciprocity. This shift often engendered a sense of belonging for refugees, which is a critical aspect of the integration process.

Contrary to some policy positions that view co-ethnic networks as problematic, the findings suggest that multiple forms of network support, including those fostered by volunteers, are beneficial. In more diverse areas, refugees benefitted from co-ethnic connections, which helped them acclimate to life in the UK, especially in understanding how to live on a low income. In less diverse areas, the relationships with volunteers offered a different but equally valuable form of support, providing refugees with a sense of security and intimacy.

Challenges and Limitations of the Community Sponsorship Scheme

While the Community Sponsorship Scheme has proven to be a promising model for refugee integration, it is not without its limitations. One key challenge is the socio-economic background of the volunteers themselves, who are often middle-class retirees. While these volunteers are committed and well-meaning, they often lack the experience needed to help refugees with issues such as finding entry-level employment or navigating life on a low income. Moreover, the CSS relies heavily on volunteers' knowledge and networks, which may not be sufficient for addressing the full range of integration needs. For example, refugees often require specialised support around citizenship, family reunion, and requalification for work in the UK. These are areas where volunteers may not have the expertise or the ability to influence outcomes, particularly given the UK's current immigration policies.

Context Matters: The Role of Place and Resettlement Location

Another critical factor influencing the success of refugee integration under the CSS is the context in which refugees are resettled. The findings suggest that refugees in more diverse areas, where they can connect with others from their ethnic backgrounds, often have an easier time adapting to life in the UK. These connections provide not only social support but also practical assistance, such as tips on where to find familiar foods or how to navigate the UK's welfare system.

However, refugees in less diverse areas reported building deeper, more intimate relationships with their sponsors, which contributed to their sense of safety and security. Gender also played a role, with women often forming important social connections through their children's schools.

The Way Forward for Refugee Sponsorship Programmes

The UK's Community Sponsorship Scheme has the potential to contribute significantly to refugee integration, particularly by enabling refugees to focus on broader aspects of their resettlement, such as learning English or rebuilding their lives, rather than being pressured into immediate employment. However, to maximise its impact, the scheme must address some of its limitations. Tailored programmes that consider the specific contexts of resettlement areas—whether diverse or less diverse—could enhance the support provided to refugees.

Additionally, volunteers, while essential, cannot be expected to meet all of a refugee's integration needs. Specialist services, particularly around employment, citizenship, and family reunion, are needed to complement the work of volunteers. Future research should examine the long-term outcomes for sponsored refugees and compare these with the experiences of those who arrive through other resettlement mechanisms.

In conclusion, while the CSS offers a valuable model for refugee resettlement, it is clear that a one-size-fits-all approach will not suffice. To continue to add value to global refugee resettlement efforts, the scheme must evolve, building on its strengths while addressing its limitations. With further refinement, the CSS has the potential to significantly improve the lives of refugees, helping them integrate and thrive in their new communities.

Read the paper: [You Are Safe Here: Community Sponsorship Policy and Refugee Integration in the UK]

Expert Insight: Developing Skills for Innovation and Business Growth in the West Midlands

Anne Green, City-REDI

Anne Green, Professor of Regional Economic Development and Co-Director of City-REDI, University of Birmingham, is a commissioner for the Business Commission West Midlands.

She has been supporting engagement in the region's business community and the creation of the final 'Roadmap for Business Growth' report.

In this blog, Anne reflects on her role in the commission and the next steps for business growth in the Midlands.

This blog was first posted on the Greater Birmingham Chambers of Commerce website.

Skills for Innovation

The Business Commission West Midlands (BCWM) surveyed local businesses to ask about their perspectives on business activity over the coming 12 months. These survey findings supplemented submissions from businesses and evidence-hearing sessions.

As a new West Midlands Mayor and a new Government embark on implementing strategies for economic development regionally and nationally, the BCWM's final report provides timely information on unblocking business growth across the West Midlands.

The Commission identified five key levers for growth. One of these is AI and digitisation, which are becoming more integral parts of business strategies and activities, and everyday lives.

The rapidly changing nature of AI poses challenges in how to incorporate it into business plans. Indeed, the legal frameworks surrounding AI lag behind the latest technological developments.

Likewise, ongoing developments mean that education and training providers are confronted with the ongoing task of ensuring that course content keeps abreast of digital skills requirements.

In turn, this means training and retraining for (potential) workers, especially as what was once intermediate digital skills come to be regarded as basic digital skills and new advanced digital skills emerge.

The demand for such skills is clear. The analysis presented in PWC's AI Jobs Barometer highlights that growth in jobs that require AI specialist skills nationally has grown 3.5 times faster than all jobs since 2016.

These are live issues locally, with the BCWM finding that:

- 52 per cent of firms were expecting to increase their investment in technology and AI over the next 12 months; and
- 64 per cent of firms felt it was important to cultivate closer relationships between education institutes and employers.

With regard to innovation – another of the five key levers of growth highlighted in the BCWM Final Report:

- 36 per cent of firms were expecting to increase their involvement in innovation/ research & development over the next 12 months; and
- 58 per cent of firms were planning on diversifying their products and services over the next 12 months.

People and skills are a key enabler here:

- 75 per cent of firms felt that it was important to cultivate closer relationships between education institutes and employers.

Together these levers and enablers of growth highlight the importance of innovation skills and training for innovation. Yet research on innovation often pays more attention to technology than to people.

Researchers at City-REDI at the University of Birmingham sought to remedy this gap in a recent workshop hosted in April on Skills for Innovation. Some of the key messages emerging included:

- Advanced digital skills are crucial for innovation. But for virtually all jobs a threshold level of digital competence is required.
- Looking ahead, AI is likely to play an ever greater role in innovation.
- Universities can play a key role as connectors – across people, research, skills, innovation and place – alongside intermediaries facilitating networking and providing innovation support.

Importantly, having a mix of skills is what matters most for innovation. There is a need for different skills and knowledge to come together for innovation. It is not just technical skills that matter. So-called ***soft skills*** – including communication, confidence, creativity, adaptability, etc. – are crucial too.

This is highlighted in the work of the Innovation Skills Framework developed by the Innovation Research Caucus. The Framework identifies five categories of innovation skills:

1. Conceptual skills – constituting an individual's capacity to generate, process, and engage with ideas
2. Evaluative skills – shaping an individual's capacity to find, select, and use information
3. Implementation skills – technical skills associated with the active planning and undertaking of innovation execution and management
4. Relational skills – interpersonal and social skills associated with the effective interaction and management of human resources
5. Critical self-reflection skills – intrapersonal skills underpinning the development of positive self-concept and affect how one relates to oneself as an innovator and/or leader

Unlocking growth requires coordinated local, regional and national action as set out in BCWM's Final Report.

Labour Market and Claimant Count Headlines: Released 12th November 2024
The Economic Intelligence Unit

Regional Labour Market[1] –

- For the three months ending September 2024, the West Midlands Region employment rate (aged 16 – 64 years) was 73.9%. Since the three months ending June 2024, the employment rate increased by 1.2 percentage points (pp). When compared to the same period in the previous year, the employment rate was 0.9pp lower. The UK employment rate was 74.8%, an increase of 0.3pp when compared to the previous quarter and unchanged compared to the previous year. The highest employment rate within the UK for the three months ending September 2024 was in the South West with 78.8% and the lowest in Wales with 70.0%, the West Midlands ranked among the middle of all regions.

- For the three months ending September 2024, the West Midlands Region unemployment rate (aged 16 years and over) was 4.5%, which has decreased by 0.4pp since the previous quarter but an increase of 0.8pp when compared to the previous year. The UK unemployment rate was 4.3%, an increase of 0.1pp from the previous quarter and an increase of 0.2pp when compared to the previous year. The highest unemployment rate in the UK for the three months ending September 2024 was in the London with 5.9% and the lowest in Northern Ireland with 2.0%, the West Midlands ranked fifth highest.

- For the three months ending September 2024, the West Midlands Region economic inactivity rate (aged 16 – 64 years) was 22.5%, a decrease of 1.0pp since the previous quarter but an increase of 0.2pp when compared to the previous year. The UK economic inactivity rate was 21.8%, a decrease of 0.4pp when compared to the previous quarter and a 0.1pp decrease from the previous year. The highest economic inactivity rate in the UK for the three months ending September 2024 was in Northern Ireland with 28.2%, with the lowest in the South West with 18.2%; the West Midlands ranked among the middle of all regions.

- Comparing October 2024 with the same period last year, payrolled employees[2] for the UK overall increased by 0.3% and regional changes in the number of payrolled employees ranged from a 1.1% increase in Northern Ireland, to a 0.1% decrease in London. The West Midlands increased by 0.5%.

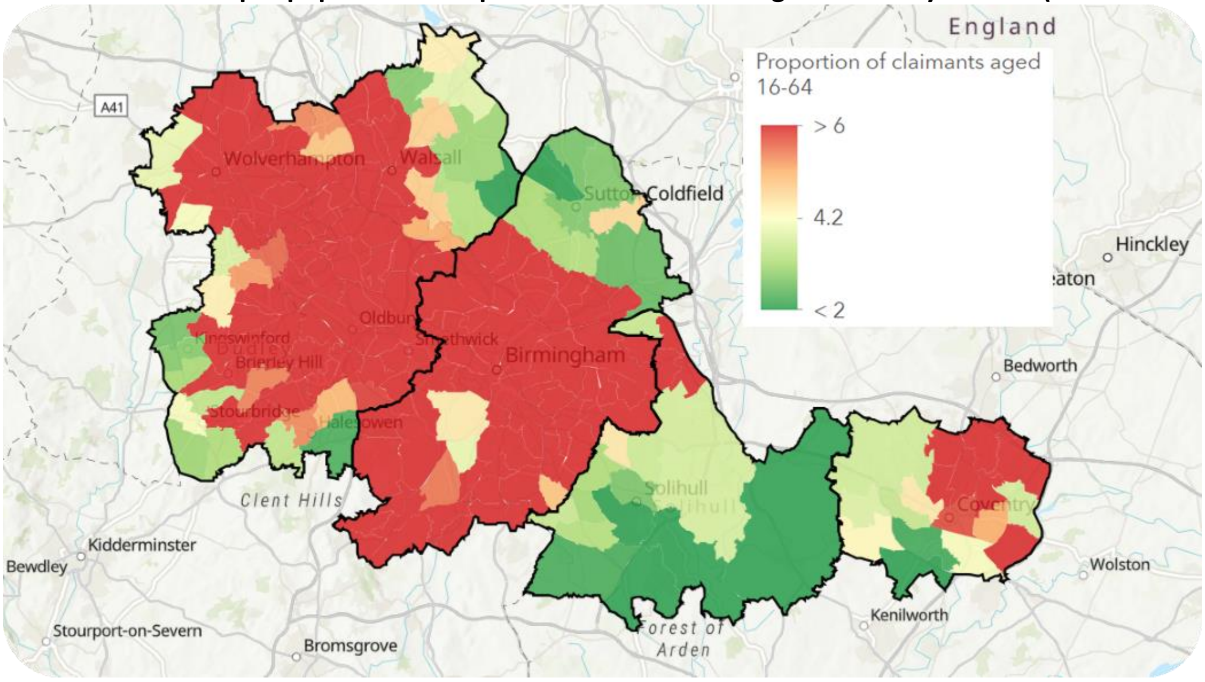
Claimant Count[3]
All Claimants Summary

- There were 152,165 claimants in the WMCA area in October 2024. Since September 2024, there has been an increase of 2.0% (+2,950) claimants in the WMCA area, while the UK increased by 1.2%. When compared to October 2023, claimants have increased by 23.9% (+29,340) in the WMCA area, with the UK increasing by 17.5%.

- Overall, for the WMCA the number of claimants as a proportion of residents aged 16-64 years old was 8.3% compared to 4.2% for the UK in October 2024. Across the Combined Authorities, the WMCA had the highest rates, West Yorkshire Combined Authority was the second highest at 5.7% down to 2.1% for York and North Yorkshire Combined Authority.

[1] Source: Office for National Statistics (ONS), Labour market in the regions of the UK: November 2024. Please note, *Labour Force Survey (LFS) estimates have been affected by increased volatility, resulting from smaller achieved sample sizes, meaning that estimates of change should be treated with additional caution, and we recommend using them as part of our suite of labour market indicators alongside Workforce Jobs (WFJ), Claimant Count data, and Pay As You Earn Real Time Information (PAYE RTI) estimates. The longer-term broad coherence between WFJ and RTI when looking at annual change suggests that these sources are likely to be providing a more reliable read on employment, particularly for employees; these sources continue to indicate that we have seen a sustained moderation of growth in employment across most regions over the last year. Despite these coherence challenges, the LFS continues to be the sole source of data for unemployment, economic inactivity and self-employment, and provides a range of breakdowns that are only possible from LFS data. LFS estimates have been weighted to population estimates published in November 2023 for periods from July to September 2022; headline UK seasonally adjusted series before this have been modelled, but other series, including regional, have a discontinuity at this point.*
[2] ONS, Earnings and employment from Pay As You Earn Real Time Information: November 2024
[3] Source: ONS/DWP, Claimant Count, November 2024. Please note, when new data is released, the previous month is also revised.

WMCA Ward claimant rate per population compared to National Average for 16-64 year olds (October 2024):

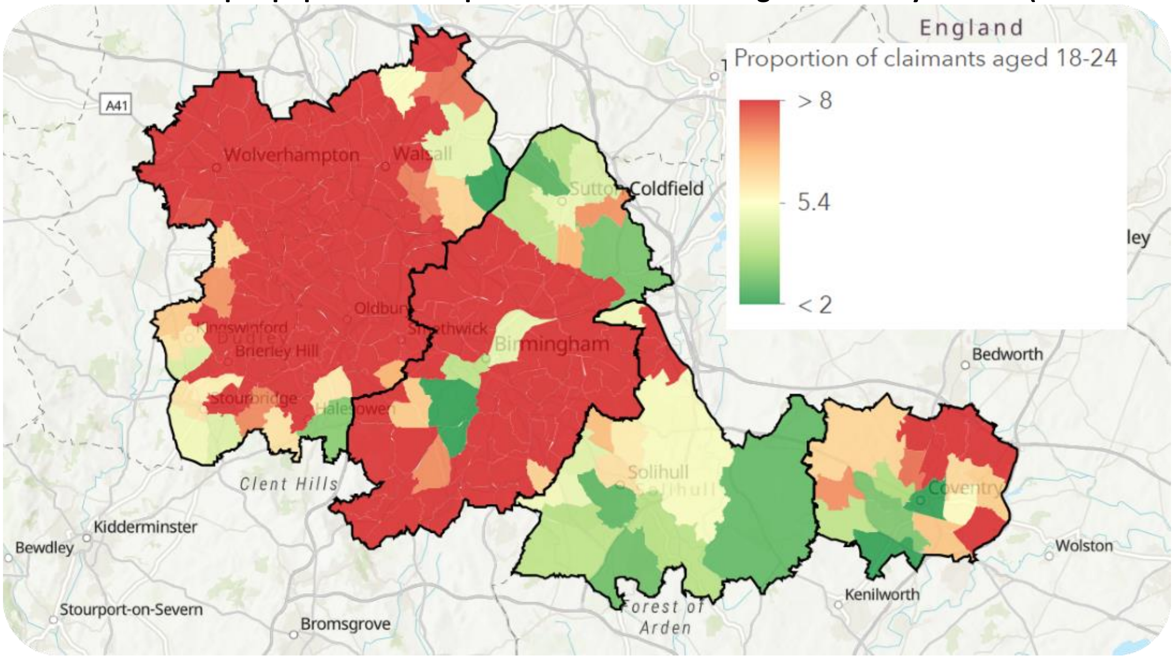


Youth Claimant (Aged 18-24) Summary

- There were 26,945 youth claimants in the WMCA area in October 2024. Since September 2024, there has been an increase of 3.5% (+920) youth claimants in the WMCA area, which matched the UK growth rate. When compared to October 2023, youth claimants have increased by 13.5% (+3,200) in the WMCA area, with the UK increasing by 9.6%.

- Overall, for the WMCA the number of claimants as a proportion of residents aged 18-24 years old was 9.5% compared to 5.4% for the UK in October 2024. Across the Combined Authorities, the WMCA had the highest rates, Tees Valley Combined Authority was the second highest at 8.0% down to 2.7% for York and North Yorkshire Combined Authority.

WMCA Ward claimant rate per population compared to National Average for 18-24 year olds (October 2024):



NatWest UK Regional Growth Tracker Report [4], Released November 2024: Midlands Regions

The Economic Intelligence Unit

In Summary:

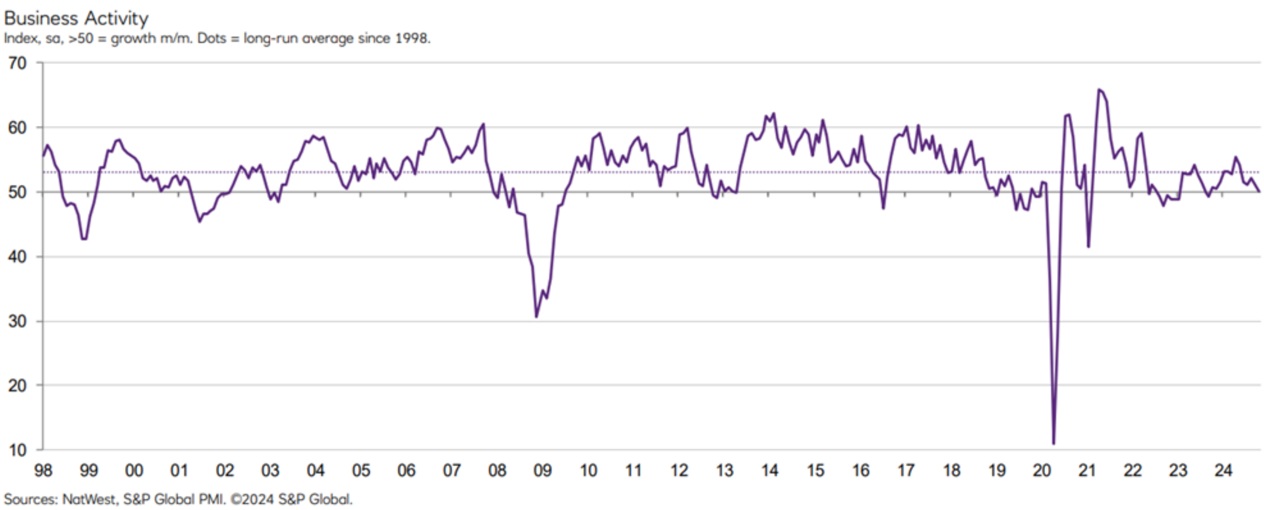
- The West Midlands Business Activity Index decreased from 51.2 in September 2024 to 50.0 in October 2024, registered at the no-change mark to signal the end of a 12-month sequence of expansion. Uncertainty surrounding the October government budget, competitive conditions and demand weakness dented business activity. The UK Business Activity Index decreased from 52.6 in September 2024 to 51.8 in October 2024.
- The West Midlands Future Business Activity Index increased from 69.8 in September 2024 to 71.0 in October 2024, despite business confidence increasing it is still below the long-run average. Firms that foresee output growth in the year ahead were hopeful of a recovery in demand and good sales performances of new product releases.

In Detail:

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 affected business activity.
- In a typical business cycle, regions will move through four phases – expansion, slowdown, contraction and recovery. While still in slowdown, business activity in the West Midlands stalled in October 2024, putting the region at risk of entering contraction.
- Out of the twelve UK regions, the West Midlands ranked fifth lowest for business activity in October 2024. Northern Ireland ranked highest at 55.8 and Wales ranked lowest at 47.0.

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



Demand

- The West Midlands New Business Index decreased from 50.8 in September 2024 to 50.5 in October 2024, this is the twentieth consecutive month of growth due to new client wins and prospects coming to fruition.

Exports[5]

- The West Midlands Export Climate Index increased from 50.9 in September 2024 to 51.6 in October 2024, this signalled the tenth consecutive month of favourable export conditions. China and the US posted economic

[4] Source: NatWest UK regional growth tracker report for October 2024, released November 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.

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

expansions that were stronger than in September. The other three of the top five export markets for the West Midlands (France, Germany and the Netherlands) remained in contraction.

Business Capacity

- The West Midlands Employment Index decreased from 48.8 in September 2024 to 46.7 in October 2024 signalling a ninth consecutive month of declines in employment with the rate of job shedding the steepest in close to four years. Companies reported that resignations, outsourcing, shortages of new business and expectations of greater employment costs all caused a fall in headcounts.
- 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 in outstanding business volumes.

Prices

- The West Midlands Input Prices Index decreased from 59.0 in September 2024 to 56.8 in October 2024. Companies indicated that higher prices for electronic components, food, freight and insurance drove business expenses, while lower prices for energy and steel eased cost pressures.
- The West Midlands Prices Charged Index slightly decreased from 54.5 in September 2024 to 54.4 in October 2024. West Midlands companies continued to share part of their additional cost burdens with clients however to a reduced extent.

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.

Future Activity Index across all UK regions in October 2024:

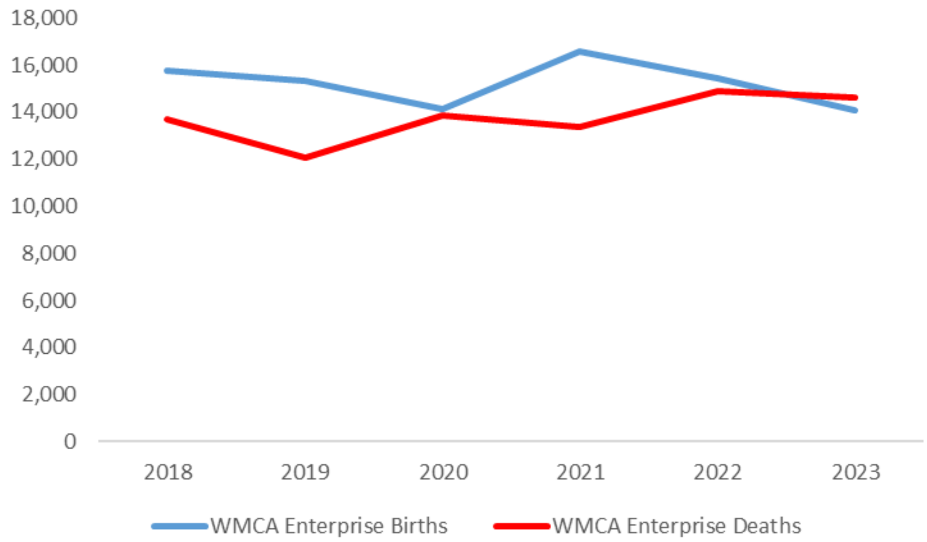
WMCA Business Demography[6] Headlines

The Economic Intelligence Unit

Enterprise Births and Deaths

- In 2023, there were 14,080 enterprise births in the WMCA area. Since 2022, this decreased by 8.8% (-1,355), following the national trend (-6.2%). Within the WMCA, the latest annual change shows there were increases in Solihull (+160) and Walsall (+40). When compared to 2018, the WMCA area has decreased by 10.8% (-1,705) while nationally there was a decline of 9.4%.
- In 2023, there were 14,630 enterprise deaths in the WMCA area. Since 2022, this is a decrease of 1.6% (-235), following the national trend (-11.3%). Within the WMCA, the latest annual change shows there were increases in Coventry (+85) and Wolverhampton (+540). When compared to 2018, the WMCA area has increased by 7.0% (+960) and nationally there was an increase of 4.3%.

Trends in WMCA enterprise births and deaths:



- In 2023, the WMCA enterprise birth rate dropped below the enterprise death rate at 13.3% and 13.8% respectively. This in contrast to the national trend where enterprise birth rates were higher than the enterprise death rates, 11.0% and 10.8% respectively.
- For the WMCA area, the enterprise birth rate has fallen from 2022 (14.4%) and from the 2018 rate (15.4%). The WMCA enterprise death rate was equal to 2022 (13.8%), while the death rate has increased from 2018 (13.3%)

Active Enterprises and High Growth

- In 2023, there were 106,200 active enterprises in the WMCA area. Since 2022, the WMCA area decreased by 1.1% (-1,200) while nationally there was a decline of 1.9%. When compared to 2018, enterprises have increased by 3.3% (+3,400) compared to a national increase of 1.0%.

Active enterprises:

	2022	2023	Annual Change
Birmingham	43,400	42,970	-1.0%
Coventry	12,125	11,790	-2.8%
Dudley	11,455	11,070	-3.4%
Sandwell	11,530	11,465	-0.6%
Solihull	8,860	9,045	2.1%
Walsall	9,545	9,545	0.0%
Wolverhampton	10,485	10,315	-1.6%

[6] Source: Office for National Statistics (ONS), Business Demography, released November 2024

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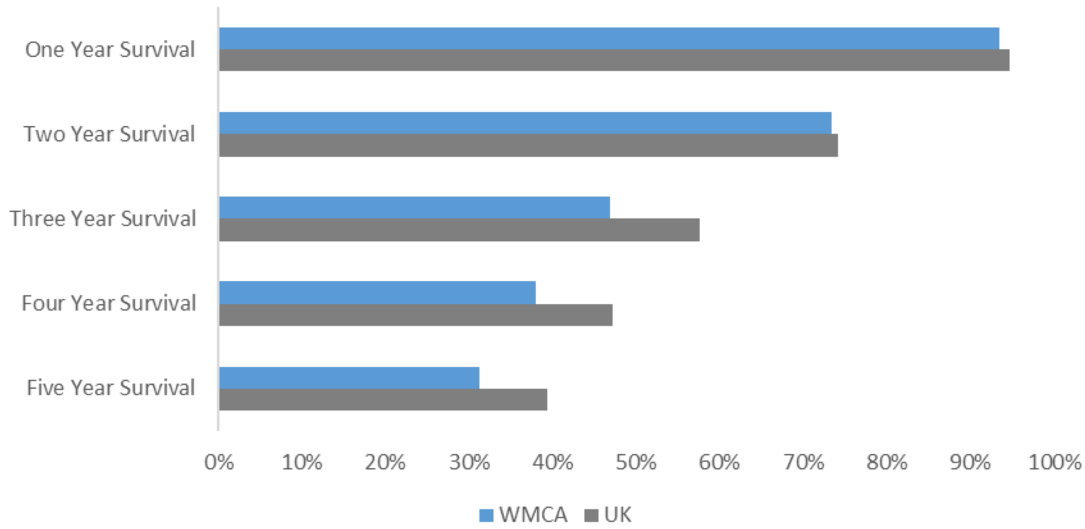
WMCA	**107,400**	**106,200**	**-1.1%**
UK	2,924,685	2,870,295	-1.9%

- In 2023, there were 385 high growth enterprises in the WMCA area. Since 2022, the WMCA area increased by 11.6% (+40) while nationally there was an increase of 19.7%. When compared to 2018, high growth enterprises have decreased by 15.4% (-70) compared to a national decrease of 1.3%.

Enterprise Survival Rates

- Of the 15,785 WMCA enterprise births in 2018, after five years 31.2% (4,925) were still active which was below the UK rate of 39.4%.
- Of the 15,310 WMCA enterprise births in 2019, after four years 39.5% (6,055) were still active which was below the UK rate of 45.0%.
- Of the 14,125 WMCA enterprise births in 2020, after three years 48.0% (6,775) were still active which was below the UK rate of 53.0%.
- Of the 16,550 WMCA enterprise births in 2021, after two years 67.7% (11,205) were still active which was below the UK rate of 70.4%.
- Of the 15,435 WMCA enterprise births in 2022, after one year 90.2% (13,930) were still active which was below the UK rate of 92.3%.

WMCA and UK enterprise five-year survival rates (2018 births):



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

On the 21st November 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 monthly basis (at the time of writing, the latest was from the 15th November 2024) social insights on daily life and events from the Opinions and Lifestyle Survey (OPN).

System Price of Electricity and System Average Price of Gas

The National Gas Transmission, Elexon reports the System Average Price (SAP) of gas increased by 9% to 3.849 pence per kilowatt hour (p/kWh) in the week to 17 November 2024 when compared with the previous week and increased by 10% when compared with the equivalent week of 2023; the System Price of electricity was broadly unchanged at 9.409 p/kWh when compared with the previous week and increased by 3% when compared with the equivalent week of 2023.

Footfall

Data from MRI OnLocation, shows overall retail footfall increased by 4% in the week to 17 November 2024 when compared with the previous week and was 2% higher when compared with the equivalent week of 2023; the week-on-week increases in overall retail footfall were seen across shopping centres, retail parks and high streets, which grew by 5%, 4% and 3%, respectively.

Advanced Notification of Potential Redundancies

Insolvency Service HR1 forms data shows the number of potential redundancies in the week to 3 November 2024 was 19% lower than the equivalent week of 2023, this was calculated as a four-week rolling average; the number of employers proposing redundancies was 1% lower when compared over the same period.

Business Insights and Conditions Survey

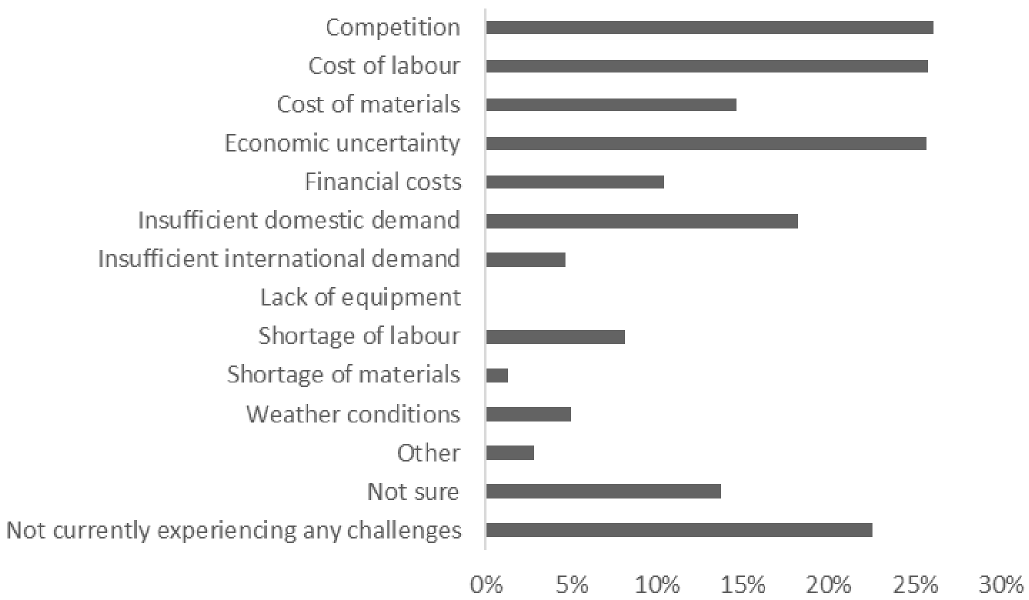
The final results from Wave 120 of the Business Insights and Conditions Survey (BICS) based off the 5,125 businesses surveyed across the West Midlands that businesses have a presence in with a response rate of 29.2% (1,496) and 3,128 businesses that are head quartered in the West Midlands, with a response rate of 26.5% (830). Please note, the survey reference period was 1st to 31st October 2024 with a survey live period of 4th to 17th November 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.

Financial Performance

32.8% of responding West Midlands businesses reported that turnover in October 2024 had increased when compared to the previous calendar month. 36.7% of West Midlands businesses reported turnover had stayed the same. However, 21.9% had reported that turnover had decreased.

26.1% of West Midlands businesses reported competition was impacting turnover.

Challenges (if any) impacting West Midlands business's turnover:



20.7% of West Midlands businesses expect turnover to increase in December 2024. 37.5% reported expectations of turnover to stay the same. 29.9% of West Midlands business's expect turnover decrease in December 2024.

Demand for Goods and Services

19.2% of responding West Midlands businesses reported that domestic demand for goods and services in October 2024 when compared to the previous month had increased. 45.8% reported the domestic demand had stayed the same and 14.6% of West Midlands businesses reported the domestic demand for goods and services had decreased.

5.5% of West Midlands businesses reported that international demand for goods and services in October 2024 when compared to the previous month had increased. 23.4% reported the international demand had stayed the same and 5.0% of West Midlands businesses reported the international demand for goods and services had decreased.

Prices

12.4% of responding West Midlands businesses reported the prices of goods and services bought in October 2024 when compared with the previous month had increased. 67.3% reported the prices had stayed the same and 1.3% reported a decrease.

5.4% of West Midlands businesses reported the prices of goods and services sold in October 2024 when compared with the previous month had increased. 76.5% reported the prices had stayed the same and 2.1% reported a decrease.

9.4% of West Midlands businesses expect the prices of goods and services sold in December 2024 will increase, 70.4% expect prices to stay the same and 1.5% expect a decrease.

31.2% of West Midlands businesses reported that labour costs would be a factor for raising prices in December 2024.

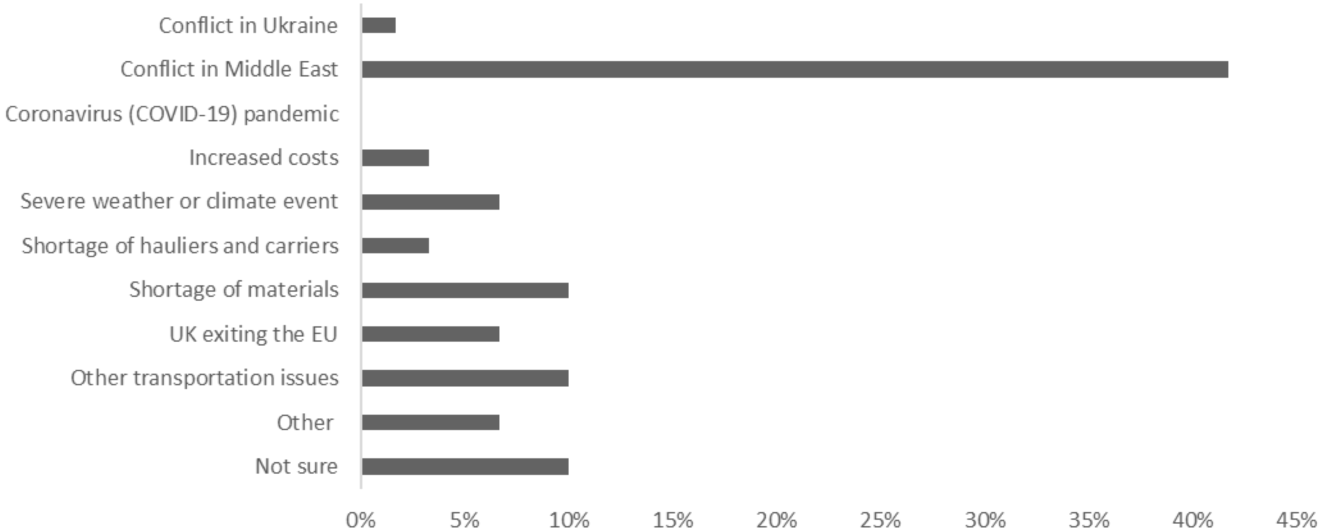
Factors (if any), causing West Midlands businesses to consider raising prices in December 2024:

Supply Chains
81.3% of responding West Midlands businesses reported to being able to get the materials, goods or services needed from within the UK in October 2024. A further 3.9% were able to get the materials, goods or services needed from within the UK but had to change suppliers or find alternative solutions. While 2.5% were not able to get the materials, goods or services needed.

Global Supply Disruption
4.0% of responding West Midlands businesses reported global supply chain disruption in October 2024. While 59.1% reported no disruption.

41.7% of West Midlands businesses reported the main reason for global supply disruption was due to the conflict in the Middle East.

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



Trade
25.2% of responding West Midlands businesses both exported and imported in October 2024. 2.9% exported only and 13.7% imported only. While 48.6% of West Midlands businesses did not export or import in October 2024.

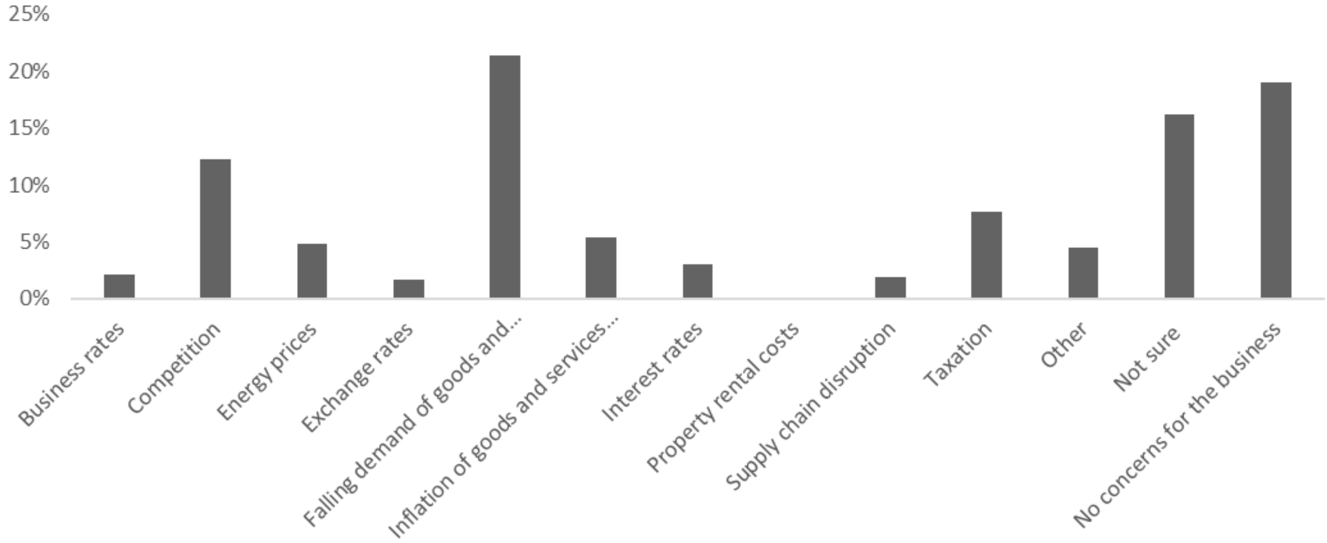
Number of Employees
13.0% of responding West Midlands businesses expect the number of employees to increase in December 2024. 66.0% expect the number of employees to stay the same and 9.4% expect a decrease.

Worker Shortages
13.6% of responding West Midlands businesses reported to experiencing a shortage of workers whereas 69.1% reported no shortages.

Recruitment Difficulties
15.5% of responding West Midlands businesses reported experiencing difficulties in recruiting employees in October 2024, whereas 58.2% experienced no difficulties in recruiting.

Main Concern for Business
21.4% of responding West Midlands businesses reported the main concern in December 2024 will be a falling demand of goods and services.

The main concern (if any) for West Midlands businesses in December 2024:



Overall Performance
25.2% of responding West Midlands businesses reported that overall performance in October 2024 increased when compared to the same month in 2023. 42.4% of West Midlands businesses reported that performance had stayed the same and 20.1% reported that performance had decreased.

Over the next 12 months,36.4% of West Midlands businesses expect that performance will increase, 36.4% expect performance will stay the same and 9.7% expect performance will decrease.

Public Opinions and Social Trends Headlines

Estimates are based on data collected (from adults in Great Britain) between 2nd to 27th October 2024.

Important Issues Facing the UK
The most commonly reported issues were the NHS (85%), the cost of living (84%), these have stayed relatively stable since first questioned in October 2022. This was then followed by the economy (69%), crime (60%), immigration (58%) and housing (58%).

Cost of Living
In the latest period, 53% of adults said their cost of living had increased compared with one month ago (45% said it had stayed the same and 2% said it had decreased). The proportion of adults reporting that their cost of living had increased has gradually decreased since the highest peak in October 2022, when 80% of adults reported this.

Affordability of Household Expenses

38% of adults who are currently making rent or mortgage payments reported that these payments had gone up in the last six months, with 35% reporting that they are finding it very or somewhat difficult to afford these payments. The proportion reporting difficulty affording rent or mortgage payments has increased slightly from March 2022 (30% in the period 16 to 27 March 2022). In contrast, those finding it very or somewhat difficult to afford their energy bills have decreased from 43% in the period 16 to 27 March 2022 to 33% in the latest period.

WMCA Growth Hub Intel

The Economic Intelligence Unit

Headlines

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

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, mainly because of growth in retail trade, excluding motor vehicles and motorcycles, and new construction work. **Monthly real GDP is estimated to have fallen by 0.1% in September 2024, largely because of declines in manufacturing output and information and communication services**, after unrevised growth of 0.2% in August 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.
- The latest NatWest Purchasing Managers Index (PMI) reports 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. Business activity was affected by uncertainty, competitive conditions and demand weakness.** The UK Business Activity Index decreased from 52.6 in September 2024 to 51.8 in October 2024.
- The **West Midlands Future Business Activity Index increased** from 69.8 in September 2024 to 71.0 in October 2024, despite business confidence increasing it is still below the long-run average. Firms that expect output growth in the year ahead were hopeful of a recovery in demand and good sales performances of new product releases.

Trading Environment

- 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. The largest upward contribution to the monthly change in both CPIH and CPI annual rates came from **housing and household services, mainly because of electricity and gas prices**.
- 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.** This is a positive development which indicates that the **headline rate is being driven by large price increases in a few sectors such as energy, with inflation rates broadly falling for most items.**

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SECTOR	KEY INSIGHTS
	• **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.** • **80% of Coventry and Warwickshire SMEs with a turnover of between £250,000 and £10 million think that the Autumn Budget will negatively affect their growth plans.** • To help mitigate cost pressures, the British Chamber of Commerce call on government to look 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%**. Coventry and Warwickshire Growth Hub surveys reveal the reduction in interest rates have made **funding more attractive to local businesses.** • 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 reveals **84 profit warnings were issued by UK-listed companies** between July and September 2024, an 11% increase since last year. Over the last year, **one-in-five (19.2%) UK-listed companies has issued a profit warning** – the highest rolling 12-month percentage since the pandemic. 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. • **EY note that uncertainty has been a persistent feature of the business environment for several years now** but, unusually, this latest surge in warnings wasn't preceded by a sudden economic downturn or one-off event. **This uncertainty seemed to intensify over the summer as companies awaited the new Chancellor's Autumn Budget and were also affected by ongoing heightened geopolitical tensions**. The latest profit warning data gives us a real-time indicator of this shift in business sentiment and the impact this can have on company earnings. • **The total value of deals in the Midlands surged to £11bn in the first nine months of the year despite a decline in volume**, following a strong performance for large and mega value transactions. Overall, **deal volume has decreased by 9.7%**, from 845 deals in the first nine months of 2023 to 763 deals so far this year. However, the **value of transactions has surged by 80%**, rising from over £6bn to £11bn. This increase is partly attributed to strong performances in the large and mega value ranges, with deal volume increasing by 9% and 100%. • The **new Global Entrepreneurship Monitor (GEM) Women's Entrepreneurship Report** reveals a **significant increase in women's startup activity rates, rising from 6.1% to 10.4%** on average across 30 GEM-participating countries between the 2001-2005 and 2021-2023 surveys.

SECTOR	KEY INSIGHTS
	• The latest report from the Office for Students reveals that **72% of universities in England could face deficits by 2025-26**, posing a serious threat not only to higher education but also to the wider economy and UK business. The National Centre for Universities and Business warns the **consequences of closures or scaled-back activities would ripple across industry, impacting businesses that rely on graduate talent and cutting-edge research.** The university sector is a major reason why multinational businesses invest in the UK, providing the workforce and research collaborations that fuel innovation. NCUB call for solutions that protect the unique role universities play in driving growth and global competitiveness. **Labour Market** • Estimates for payrolled employees in the UK decreased by 9,000 (0.0%) between August and September 2024, but rose by 136,000 (0.4%) between September 2023 and September 2024. • **The estimated number of vacancies in the UK decreased in August to October 2024, by 35,000 on the quarter to 831,000**. Vacancies decreased on the quarter for the 28th consecutive period but are still above pre-coronavirus (COVID-19) pandemic levels. • **Annual growth in employees' average regular earnings excluding bonuses in Great Britain was 4.8% in July to September 2024**, and annual growth in total earnings including bonuses was 4.3%. This total annual growth is affected by the civil service one-off payments made in July and August 2023. Real wage growth is expected to remain strong into next year. **This means workers will see a continued recovery in their standard of living.** • **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 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.** • Research from the Social Mobility Foundation reveals when people from working class backgrounds successfully enter professional occupations, they are paid over **£6,000 less per year than their more privileged peers – effectively working 1 in 8 days for free. This is holding both brilliant people and the UK economy back.** Workers in Northern Ireland face the largest Class Pay Gap, followed by Wales, The South & East of England, the North, and London, who have Class Pay Gaps that range from £4,780 to £7,393. The lowest Class Pay Gaps are found in Scotland, at £2,000, and **the Midlands, at £3,540.** • Recent research from Demos and Co-op found that **improving social mobility in our workplaces could boost annual GDP by £19bn per year.** • The Social Mobility Foundation are therefore **calling on the Government to introduce mandatory class pay gap reporting for all large employers to break down barriers to opportunity and unlock the growth that our country desperately needs.** • **Spending on childcare has increased by 41% over the past decade, boosting support for working parents. But major gaps in support mean that parents in education are missing out, with a parent studying in Further Education (FE) in England receiving no guaranteed support**, according to new research published by the Resolution Foundation.

SECTOR	KEY INSIGHTS
	• **Low-to-middle income families across Britain have got older and sicker over the past three decades, but they are still more likely to be in work** according to new research from the Resolution Foundation.
Manufacturing and Engineering	• The region's flagship **Innovation Accelerator and the Made Smarter programme** are to get fresh funding so they can continue to support businesses and drive growth across the West Midlands. **The two programmes have already helped local SMEs to create or upskill almost 5,000 jobs and secure more than £70 million of public and private sector investment.** Made Smarter has provided technical support or grants to 450 manufacturing firms to help them adopt new digital machinery and processes to increase productivity and drive growth. • **SME manufacturers in the West 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 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. 73% are planning to invest in digital technologies. **41% of manufacturers in the West Midlands are predicting growth in the next six months.** • **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**.
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.**
	• **The BBC's investment in Digbeth and the wider West Midlands is to bring more than £280m to the economy and create hundreds of jobs** over the next decade, according to a new report from City-REDI.

Digital / Tech	• 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. • **The West Midlands has been named one of the top three most innovative places in Europe in recognition of its long-standing role at the cutting edge of new technology.**

SECTOR	KEY INSIGHTS
	• UKTN's latest report explores the evolving AI landscape in the West Midlands, **highlighting key startups, investment levels, and growth challenges.** Despite its progress, the report notes that the West Midlands still faces challenges to fully harness AI's potential. Key areas for growth include investment scaling, tech talent development, and infrastructure to support the expansion of AI-based solutions. • 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.**
Transport Technologies and Logistics	• **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.
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.**

New Economic Shocks

COMPANY	LOCATION	SECTOR	DETAIL
QC Polymer	Bilston	Circular Economy	QC Polymer, a West Midlands recycling company, has entered administration. The firm's plant is now being offered for sale by public tender.
Post Office	Birmingham	Logistics	The Post Office has announced that 115 branches (including in **Birmingham**) are being axed across the country putting 2,000 jobs at risk.
St Giles Hospice	Sutton Coldfield	Social Care	St Giles Hospice, which supports patients at sites in Lichfield and **Sutton Coldfield,** has been forced to cut jobs and reduce inpatient care to address a £1.5m deficit. Following a period of consultation, the hospice has axed 21 jobs and cut back its inpatient capacity from 23 to just 15 beds, to focus on its specialist palliative care services.

New Investment, Deals and Opportunities

COMPANY	LOCATION	SECTOR	DETAIL
ChromaTwist	Birmingham	Manufacturing	ChromaTwist, a spin-out from the University of **Birmingham**, has secured an Innovate UK Smart grant to co-fund a £500,000 project advancing its novel fluorescent dyes. The grant, covering 70% of project costs, will help improve dye brightness and staining capabilities, improving bio-imaging for clearer visualisation of cells and structures.
Edgbaston Stadium	Birmingham	Hospitality	Proposals for the redevelopment of Edgbaston Stadium have been submitted. The home of Warwickshire Country Cricket Club is aiming to redevelop its 3,133-seat Priory and Raglan Stands into a 3,191-seat replacement stand. A concourse with enhanced food and drink options and improved facilities for disabled spectators will be created as part of the new stand. Plans also feature a Radisson-operated 4* hotel.
Waters Corporation	Birmingham	Life Sciences	A life sciences company has opened a new 45,000 sq ft manufacturing facility at Longbridge Business Park in **Birmingham**. The Longbridge facility will produce components for Waters' mass spectrometry systems—scientific instruments widely used by chemists and analytical scientists around the world in life, food, environmental, and materials sciences.
ROCKWOOL	Birmingham	Manufacturing	A global insulation manufacturer has struck an agreement to acquire 114 acres of land at a major West Midlands development site to enable the construction of a landmark facility which would create a significant number of jobs. ROCKWOOL has signed a deal to buy land at the Peddimore site.
IMI	Birmingham	Engineering	**Birmingham**-headquartered engineering giant IMI has expanded with the acquisition of a Dutch company in a deal worth €25m. TWTG Group is a specialist in smart connected asset monitoring services for process industries. The company's portfolio of wireless sensors and integrated software allows plant operators to optimise process performance and profitability.
Zara	Birmingham	Retail	Zara has joined the line-up at Bullring & Grand Central with a new 51,000 sq ft flagship store.
CSE / British Athletics	Birmingham	Logistics / Sport	CSE, a logistics and event management firm based in **Birmingham**, has renewed its long-standing partnership with British Athletics after 25 years of collaboration. The firm works with UK and international sporting governing bodies, providing logistical support for major events worldwide. The renewed partnership will see the firm continue to provide logistical support for British Athletics events.
JM Glendinning	Birmingham	Real Estate	**Birmingham**-based real estate insurance broker JM Glendinning is expanding with a new London office at 1 Bedford Row. The new base will help the company support property developers, investors and managers across a wider area.
Arden Fine Foods	Coventry	Food & Drink	Arden Fine Foods has completed a management buy-out, supported by Barclays. After doubling turnover, the now £40m **Coventry**-based supplier of premium biscuits and bakery products, works with global food manufacturers to

COMPANY	LOCATION	SECTOR	DETAIL
			develop products for UK retailers including Tesco, Asda, M&S and Sainsbury's.
Voltacon Energy Systems	Coventry	Manufacturing	A **Coventry**-based renewable energy company has formed a partnership with a solar panel manufacturer. Voltacon Energy Systems has become a UK partner for Shanghai-based JA Solar, and under the agreement, JA Solar will provide Voltacon with large shipments of its 440W and 600W dual-glass solar panels.
Hallam Land	Coventry	Property	Hallam Land has disposed of 52 acres at its mega-development in **Coventry**, in a deal which paves the way for a 645,000 sq ft industrial and logistics site. Royal London Asset Management Property has acquired the land at the Pickford Gate scheme which already has outline planning permission for new employment space and R&D facilities.
Provincial Safety Services	Oldbury	Manufacturing / Wholesale	A global industrial services provider has completed the acquisition of Provincial Safety Services, an industrial safety equipment supplier based in **Oldbury**, West Midlands. Headquartered in France, the acquiring company operates in over 50 countries and primarily serves sectors including Oil & Gas, Energy, Power Generation, Process, Environment, and Construction.
Panesar Foods	Sandwell	Food & Drink	Panesar Foods, which employs over 300 people from its **Black Country** base, will become part of Paulig after nearly 20 years of collaboration between the two companies as the Finnish firm looks to expand its world foods operation. All of Panesar Foods current employees will be retained as part of the deal.
Fusion Landscaping & Facilities	Walsall	Landscaping	A **Walsall**-based landscaping specialist has secured a multimillion-pound growth capital investment from private equity-backed environmental services group Servtron in a deal supported by Debrett's. Fusion Landscaping & Facilities, specialises in commercial services including grounds maintenance, landscaping, fencing and cleaning.
Midven	West Midlands	Finance	Midven has announced a £1m partnership with FundingHero to support high-growth businesses in the West Midlands. The next FundingHero cohort, starting in January 2025, will see Midven's investment team actively supporting the program and attending the demo day, where companies may be offered term sheets of up to £1m from the West Midlands Co-Investment Fund.
BBC	West Midlands	Creative / Media	The BBC's investment in the **West Midlands** is set to generate an additional £282m in the region by 2031. Recent moves include the relocation of BBC Radio 1Xtra and BBC Asian Network shows to Birmingham, along with new productions based in **Digbeth**. The BBC's increased investment in the region is expected to create 910 additional full-time equivalent (FTE) jobs. It could also lead to the establishment of 224 new businesses, supporting an additional 7,603 FTE jobs.
Recyclus	Wolverhampton	Circular Economy	A company focused on sustainable battery recycling has signed a 12-month contract with Redditch-based Halfords to recycle waste lithium-ion (Li-ion) batteries from e-mobility products. Recyclus, a subsidiary of Technology Minerals Plc, will collect and process spent batteries at its **Wolverhampton** LiBatt facility.

COMPANY	LOCATION	SECTOR	DETAIL
Orchid Cellmark / Eurofins Scientific Group	Wolverhampton	Life Sciences	Orchid Cellmark (Cellmark Forensic Services) has been acquired by **Wolverhampton**-based Eurofins Scientific Group marking a boost for the criminal justice forensic sector.
FBC Manby Bowdler	Wolverhampton / Solihull	Legal	Law firm FBC Manby Bowdler, operating across the West Midlands, has secured a £30 million investment to fund ambitious plans to double its size in the next 18 months. The £30m investment from Horizon Capital will fuel the expansion, which includes the creation of approximately 20 new jobs and the opening of a new office in Knowle, near **Solihull**.

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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