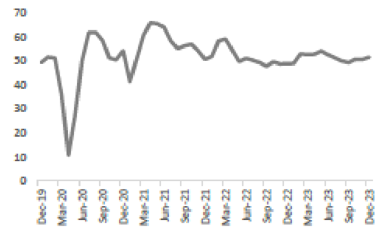
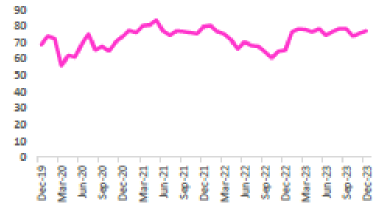
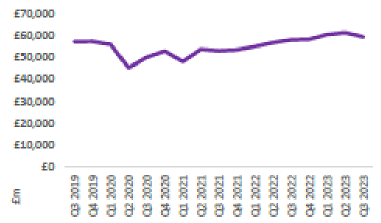
3.0 WISE February 2024 Annex

3.1 WMCA Dashboard

The Economic Intelligence Unit

WMCA ECONOMIC DASHBOARD – JANUARY 2024

Monthly/Quarterly Business Dashboard

Theme	Indicator	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Trend	Relative to Peer Group[1]	Commentary
Business	Regional Business Activity Index[2] (monthly update)	48.9	49.0	53.0	52.7	52.8	54.2	52.6	51.3	50.0	49.3	50.7	50.6	51.5	 Dec 2019: 49.3 / Dec 2020: 54.2 / Dec 2021: 50.7 / Dec 2022: 48.9 / Dec 2023: 51.5	WM: 3rd Highest Region UK: 52.1 London: 58.2 (1st) North East: 44.5 (12th)	The West Midlands Business Activity Index increased from 50.6 in November 2023 to a six-month high of 51.5 in December 2023. The increase in activity was linked to new contract wins and better demand conditions.
Business	Regional Future Business Activity Index[3] (monthly update)	65.3	76.5	78.4	78.0	76.5	78.5	74.4	76.8	78.5	78.4	73.8	75.7	77.2	 Dec 2019: 68.7 / Dec 2020: 73.6 / Dec 2021: 79.8 / Dec 2022: 65.3 / Dec 2023: 77.2	WM: Highest Region South East: 74.0 (2nd) Northern Ireland: 56.9 (12th)	The West Midlands Future Business Activity Index increased from 75.7 in November 2023 to 77.2 in December 2023. The West Midlands remains the most optimistic region and was at a three-month high. Optimism was linked to expected increases in new business, demand strength, marketing, investment and innovative sustainable approaches.
Business	National Business Investment[4] (update due February 2024)	£58.3bn (Q4)			£60.5bn (Q1)			£61.4bn (Q2)			£59.4bn (Q3)				 2019: £56.6bn Q1, £57.5bn Q2, £57.2bn Q3, £57.3bn Q4 2020: £56.0bn Q1, £45.3bn Q2, £50.1bn Q3, £52.9bn Q4 2021: £48.1bn Q1, £53.7bn Q2, £53.0bn Q3, £53.4bn Q4 2022: £55.1bn Q1, £56.8bn Q2, £58.1bn Q3, £58.3bn Q4 2023: £60.5bn Q1, £61.4bn Q2, £59.4bn Q3	N/A	UK Business investment decreased by 3.2% in Quarter 3 (July to Sept) 2023, (revised up from a 4.2% fall in the provisional estimate) to £59.4bn. The main contributor to the decline was a fall in transport investment. UK Business investment has grown by 2.3% compared with the same quarter a year ago.

The Dashboard has been updated to reflect the WMCA 7 Met. geography where available (due to data availability, FDI jobs and projects indicators have remained as WMCA 3 LEP geography). The dashboard has been RAG rated based on; Red indicating a decline in performance, Amber where they have been an improvement in performance and Green indicators an improvement above UK-wide (excluding the UK-wide indicator where they are either green or red depending on change each quarter and business activity and future business activity where amber shows a decline in performance but above the 50-growth mark and green indicators continually increases).

[1] Comparisons vary depending on geography; Birmingham has been compared to Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Liverpool, Manchester and Newcastle. Due to data availability, the WM 7 Met. has been either compared to other combined authorities (following what is available Greater London Authority is not always included), (combined authorities are Greater Manchester CA (GMCA), Sheffield City Region, West Yorkshire CA, Liverpool City Region CA, Tees Valley CA, Cambridgeshire and Peterborough CA, West of England CA, North East CA and North of Tyne CA) or NUTS 2 / ITL 2 geography. The West Midlands region has been compared to other regions in the UK. No comparators have been included for UK-wide.

[2] NatWest, UK PMI report – released January 2024.

[3] NatWest, UK PMI report – released January 2024.

[4] Office for National Statistics (ONS), Business investment in the UK: July to September 2023 revised results – released December 2023 (RAG rating based on quarterly change).

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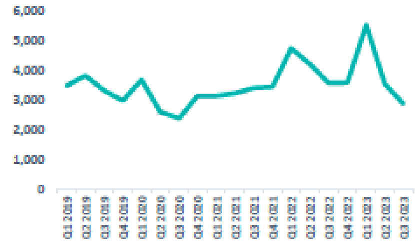
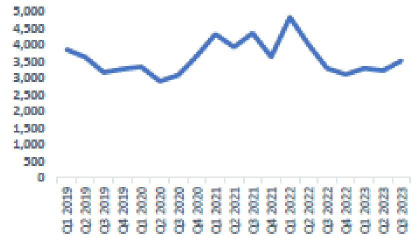
WMCA ECONOMIC DASHBOARD – JANUARY 2024

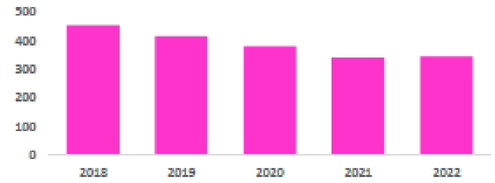
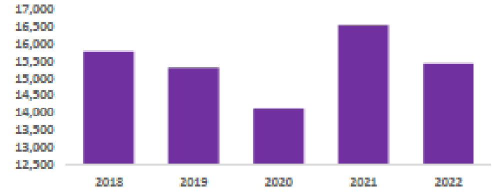
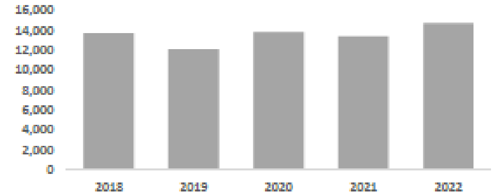
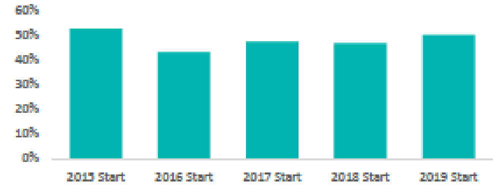
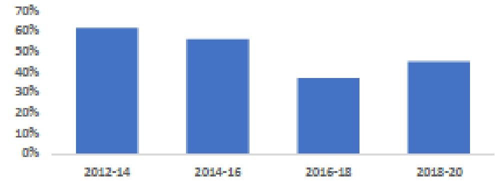
Theme	Indicator	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Trend	Relative to Peer Group[1]	Commentary
Business	WMCA (7 Met.) Enterprise Deaths[5] (quarterly – update due Feb 2024)	3,570 (Q4)			5,505 (Q1)			3,510 (Q2)			2,855 (Q3)				 Q3 2019: 3,300; Q3 2020: 2,370; Q3 2021: 3,390; Q3 2022: 3,555; Q3 2023: 2,855	WMCA: 2nd Highest CA GMCA: 2,960 (1st) Tees Valley: 480 (10th)	In Q3 2023, there were 2,855 business deaths in the WMCA area. A decrease of 19.7% when compared to Q3 2022 (UK -13.6%). Quarter on quarter analysis (between Q3 2023 and Q2 2023) shows a 18.7% decrease in business deaths across the WMCA area (UK -17.7%).
	WMCA (7 Met.) Enterprise Births[6] (quarterly – update due Feb 2024)	3,120 (Q4)			3,310 (Q1)			3,240 (Q2)			3,535 (Q3)				 Q3 2019: 3,180; Q3 2020: 3,100; Q3 2021: 4,365; Q3 2022: 3,305; Q3 2023: 3,535	WMCA: 2nd Highest CA GMCA: 3,635 (1st) Tees Valley: 615 (10th)	In Q3 2023, there were 3,535 business births in the WMCA area. An increase of 9.1% when compared to Q3 2022 (UK +1.9%). Quarter on quarter analysis (between Q3 2023 and Q2 2023) shows an 7.0% increase in business births across the WMCA area (UK +14.9%).

[5] ONS, Business demography, quarterly experimental statistics, low-level geographic breakdown, UK – released October 2023 (RAG rating based on quarterly change).
[6] ONS, Business demography, quarterly experimental statistics, low-level geographic breakdown, UK – released October 2023 (RAG rating based on quarterly change).

WMCA ECONOMIC DASHBOARD – JANUARY 2024

The Economic Intelligence Unit

Annual Business Dashboard

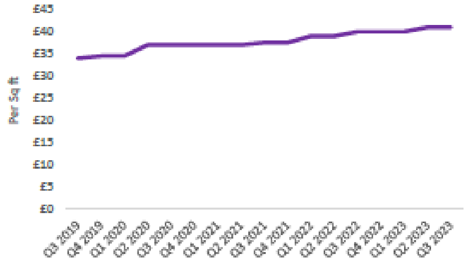
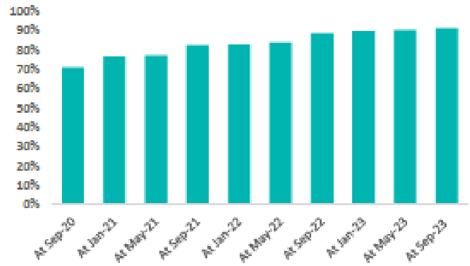
Theme	Indicator	2017	2018	2019	2020	2021	2022	Trend	Relative to Peer Group	Commentary
Business	WMCA (7 Met.) High Growth Enterprises[7] (annual – update due Nov 2024)	430	455	415	380	340	345		WMCA: 3rd Highest CA GMCA: 490 (1st) Tees Valley: 70 (10th)	The latest available data for the WMCA area shows that the number of high growth enterprises has increased after 3 consecutive years of declines. There was a total of 345 high growth enterprises in the WMCA area in 2022, an increase of 1.5%, the UK increased by 7.4% since 2021.
	WMCA (7 Met.) Enterprise Births[8] (annual – update due Nov 2024)	13,795	15,785	15,310	14,125	16,550	15,435		WMCA: 2nd Highest CA GMCA: 16,070 (1st) Tees Valley: 2,470 (10th)	Enterprise births in the WMCA area decreased by 6.7% (-1,115) since 2021 to 15,435 in 2022. Over this period, the UK decreased by 7.4%.
	WMCA (7 Met.) Enterprise Deaths[9] (annual – update due Nov 2024)	13,735	13,670	12,080	13,830	13,365	14,700		WMCA: 2nd Highest CA GMCA: 15,530 (1st) Tees Valley: 2,690 (10th)	Enterprise deaths in the WMCA area increased by 10.0% (+1,335) since 2021 to 14,700 in 2021. Over this period, the UK increased by 5.2%.
	WMCA (7 Met.) 3 Year Enterprise Survival Rates[10] (annual – update due Nov 2024)		52.8% (2015 birth)	43.4% (2016 birth)	47.7% (2017 birth)	46.9% (2018 birth)	50.4% (2019 birth)		WMCA: Lowest CA UK: 55.9% West of England: 59.2% (1st) Liverpool City Region: 51.7% (9th)	The WMCA area performs better on short-term survival (1 year enterprise survival rates are higher than the UK average), but lags behind when it comes to longer-term survival (2-5 years enterprise survival rates in the UK are higher). Of the 15,310 enterprise births in 2019 in the WMCA area, 50.4% (7,710) were still active after 3 years compared to 55.9% for the UK.
	WM 7 Met. Innovation Active Businesses[11] (Biennial – update due May 2024)		36.8% (2016-18)		45.0% (2018-20)				WM 7 Met.: Joint 17th (with Kent and Northumberland & Tyne & Wear) / 40 UK: 44.9% Inner London-East: 58.9% (1st) Highlands and Islands: 38.9% (40th)	Prior to 2016-18, the WM 7 Met. area had more "innovation active" businesses than UK-wide proportions. There was a notable drop in 2016-18 which reflected national trends and the WM 7 Met. figure dropped below the UK (36.8% vs 37.6%). The latest available data shows the WM 7 Met. area has rebounded and was narrowly back above the UK-wide figure (45.0% vs 44.9%).

[7] ONS, Business Demography, UK 2022 – released November 2023
[8] ONS, Business Demography, UK 2022 – released November 2023
[9] ONS, Business Demography, UK 2022 – released November 2023
[10] ONS, Business Demography, UK 2022 – released November 2023
[11] Department for Business, Energy & Industrial Strategy, UK Innovation Survey 2021 – released May 2022

The Economic Intelligence Unit

WMCA ECONOMIC DASHBOARD – JANUARY 2024

Quarterly Place Dashboard

Theme	Indicator	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	Trend	Relative to Peer Group	Commentary
Place	Birmingham City Centre Rent[13] (Quarterly – update due Jan/Feb 2024)	£40.00 Per Sq ft (Q3)			£40.00 Per Sq ft (Q4)			£40.00 Per Sq ft (Q1)			£41.00 Per Sq ft (Q2)			£41.00 Per Sq ft (Q3)		Birmingham: 4th Highest / 9 Manchester: £43.00 (1st) Cardiff: £25.00 (9th)	The city's prime rent remains at £41.00 per sq. ft, on the quarter but up 2.5% on last year.
	WMCA (7 Met.) Gigabit broadband Connectivity[14] (tri-annual – update due Spring 2024)	88.7% (As of Sep 2022)				90.1% premises (As of Jan 2023)				90.6% premises (As of May 2023)				91.3% premises (As of Sep 2023)		WMCA: Highest CA UK: 76.0% Tees Valley: 90.8% (2nd) North East: 70.6% (10th)	As of September 2023, 91.3% of premises in the WMCA area had gigabit broadband availability - significantly above the UK-wide figure of 76.0%.

2019	2020	2021	2022	2023
£33.00 Q1	£34.50 Q1	£37.00 Q1	£39.00 Q1	£40.00 Q1
£34.00 Q2	£37.00 Q2	£37.00 Q2	£39.00 Q2	£41.00 Q2
£34.00 Q3	£37.00 Q3	£37.50 Q3	£40.00 Q3	£41.00 Q3
£34.50 Q4	£37.00 Q4	£37.50 Q4	£40.00 Q4	

[13] Avison Young, The Big Nine – created November 2023.
[14] Ofcom, connected nations – released December 2023 (RAG rating based on quarterly change).

WMCA ECONOMIC DASHBOARD – JANUARY 2024

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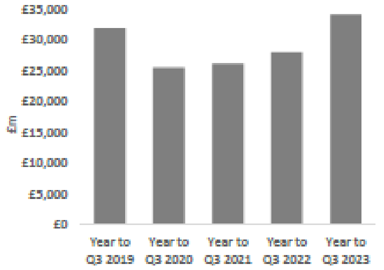
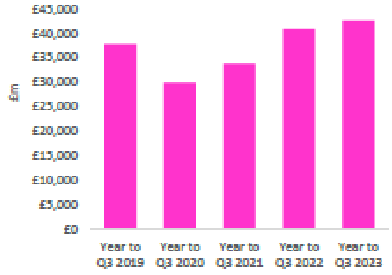
Quarterly Economy Dashboard

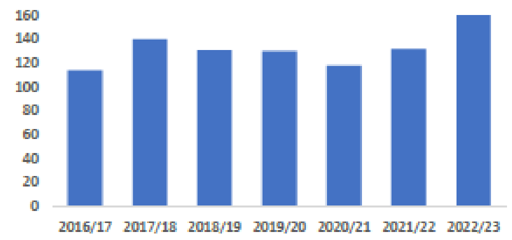
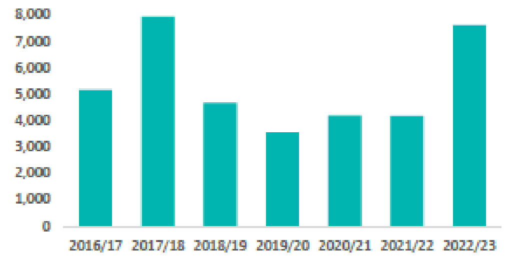
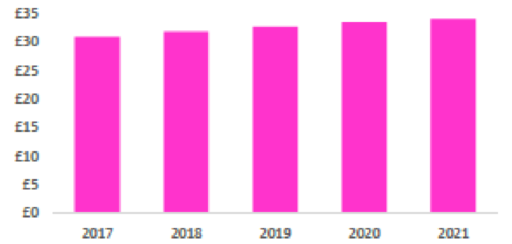
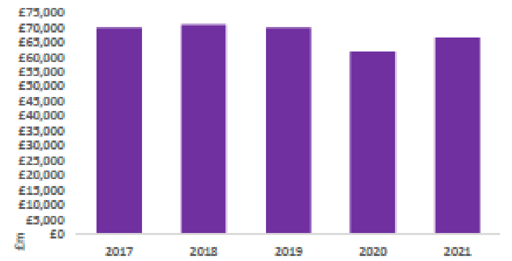
Theme	Indicator	September 2022	October 2022	November 2022	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	Trend	Relative to Peer Group	Commentary
Economy	Regional Exports in Goods[14] (quarterly – update due Mar 2024)	£28.0bn (Year to Q3 2022)			£29.9bn (Full Year 2022)			£31.6bn (Year to Q1 2023)			£33.4bn (Year to Q2 2023)			£34.1bn (Year to Q3 2023)		WM – 4th Highest Region South East: 11.5% (1st) Northern Ireland: 2.8% (12th)	Since the year ending Q3 2022, the West Midlands region's total value in goods exports increased by £6.2bn (+22.0%) to £34.1bn in the year ending Q3 2023 – the highest increase reported across all UK regions. The overall value of UK trade in goods exports increased at a slower rate, by 2.7%. Longer-term trends (back to year ending 2014 due to data availability) shows the West Midlands exports are at its highest. The West Midlands had a trade deficit of £8.5bn in the year ending Q2 2023.
	Regional Imports in Goods[15] (quarterly – update due Mar 2024)	£40.9bn (Year to Q3 2022)			£42.6bn (Full Year 2022)			£42.7bn (Year to Q1 2023)			£42.5bn (Year to Q2 2023)			£42.7bn (Year to Q3 2023)		WM – 5th Highest Region South East: 18.4% (1st) Northern Ireland: 1.6% (12th)	Since the year ending Q3 2022, the value of West Midlands region imports increased by £1.7bn (+4.2%) to £42.7bn in the year ending Q2 2023. UK-wide total imports increased by 2.2%.

[14] HMRC, UK regional trade in goods statistics – released December 2023. Data is not comparable across the dashboard; the RAG rating is comparing the same period to the previous year.
[15] HMRC, UK regional trade in goods statistics – released December 2023. Data is not comparable across the dashboard; the RAG on this occasion has not been applied.

WMCA ECONOMIC DASHBOARD – JANUARY 2024

The Economic Intelligence Unit

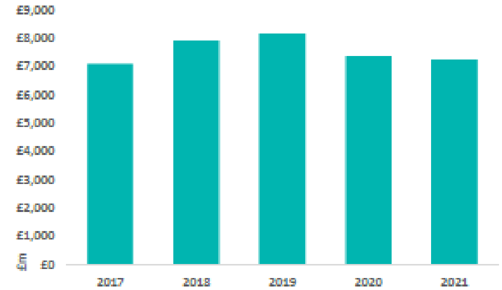
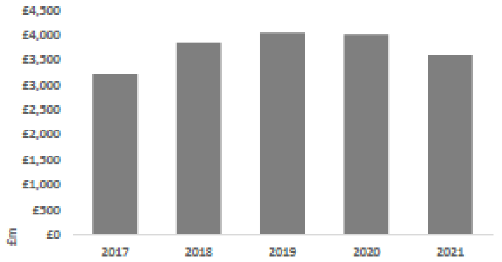
Annual Economy Dashboard

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
Economy	WMCA (3 LEP) FDI Projects[16] (annual – update due Jun/Jul 2024)	114 (2016/17)	140 (2017/18)	131 (2018/19)	130 (2019/20)	118 (2020/21)	132 (2021/22)	160 (2022/23)		-	In total there has been 1,446 FDI projects from 2011/12 to 2022/23 in the WMCA (3 LEP) area. Data shows for 2022/23 there were 160 FDI projects to the WMCA (3 LEP) area, an increase of 21.2% (+28) compared to an increase of 4.1% for the UK since 2021/22. Black Country LEP total FDI projects decreased by 32.0% (-8) since 2021-22 to 17 in 2022-23. Coventry & Warwickshire LEP increased by 24.4% (+11) to 56 and Greater Birmingham & Solihull LEP increased by 40.3% (+25) to 87.
	WMCA (3 LEP) FDI New Jobs[17] (annual – update due Jun/Jul 2024)	5,149 (2016/17)	7,933 (2017/18)	4,666 (2018/19)	3,558 (2019/20)	4,183 (2020/21)	4,176 (2021/22)	7,605 (2022/23)		-	In total there has been 70,072 new jobs created from FDI projects from 2011/12 to 2022/23 in the WMCA (3 LEP) area. Data shows for 2022/23 there were 7,605 new jobs in the WMCA (3 LEP) area, an increase of 82.1% (+3,429) compared to a decrease of 6.1% for the UK since 2021/22. Black Country LEP new jobs from FDI projects increased by 9.5% (+55) since 2021-22 to 634 in 2022-23. Coventry & Warwickshire LEP increased by 108.3% (+1,661) to 3,195 and Greater Birmingham & Solihull LEP increased by 83.0% (+1,713) to 3,776.
	WMCA (7 Met.) GVA per Hour[18] (Annual – TBC update due Jun 2024)	£30.96	£31.85	£32.69	£33.55	£34.05				WMCA: 5th Highest CA / 11 UK: £38.33 Greater London Authority: £51.08 (1st) South Yorkshire Mayoral CA: £30.04 (11th)	In 2021, GVA per hour in the WMCA area was £34.05. Since 2020, the WMCA area increased by 1.5% (+£0.50), which matched the UK growth rate. When compared to 2019, GVA per hour in the WMCA area increased by 4.2% (+£1.36) while the UK increased by 4.5% (+£1.64). In 2021, UK GVA per hour was £38.33 meaning the WMCA area had a shortfall of £4.28.
	WMCA (7 Met.) Total GVA – Chained Volume Measures in 2019 Money Value[19] (Annual – update due Mar 2024)	£69.9bn	£71.0bn	£70.0bn	£61.8bn	£66.6bn				WMCA: 3rd Highest CA / 11 Greater London Authority: £460.1bn (1st) Tees Valley CA: £13.4bn (11th)	In 2021, total GVA for the WMCA area was £66.6bn. An increase of 7.8% (+£4.8bn), which matched the UK growth rate. The latest annual change follows two years of declines in the WMCA (2018/19: -1.4%, UK +1.7% and 2019/20: -11.7%, UK -10.6%).

[16] Department for Business and Trade (DBT), inward investment results – released July 2023.
[17] DBT, inward investment results – released July 2023.
[18] ONS, subregional productivity in the UK – released June 2023.
[19] ONS, Regional economic activity by gross domestic product, UK: 1998 to 2021 – released April 2023.

The Economic Intelligence Unit

WMCA ECONOMIC DASHBOARD – JANUARY 2024

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
Economy	WMCA (7 Met.) Exports in Services[10] (Annual – update due TBC 2024)	£7.1bn	£7.9bn	£8.2bn	£7.4bn	£7.3bn				WM 7 Met.: 11th Highest ITL 2 / 31 Inner London - West: £96.5bn (1st) Cornwall & Isles of Scilly: £562m (36th)	Since the year ending 2020, the WMCA's total value in service exports decreased by £123m (-1.7%) to £7.3bn in 2021. The overall value of UK trade in service exports increased, by 6.8% (to £330.7bn) in 2021. The WMCA had a trade surplus of £3.6bn in 2021.
	WMCA (7 Met.) Imports in Services[11] (Annual – update due TBC 2024)	£3.2bn	£3.8bn	£4.1bn	£4.0bn	£3.6bn				WM 7 Met.: 13th Highest ITL 2 / 41 Inner London - West: £38.1bn (1st) Cornwall & Isles of Scilly: £170m (36th)	Since 2020, the value of WMCA imports decreased by £408m (-10.2%) to £3.6bn in 2021. UK-wide total imports increased by 12.5% to £189.6bn.

[10] ONS, International trade in UK nations, regions and cities: 2021 – released June 2023.
[11] ONS, International trade in UK nations, regions and cities: 2021 – released June 2023.

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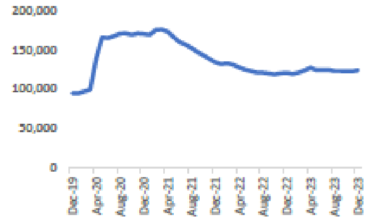
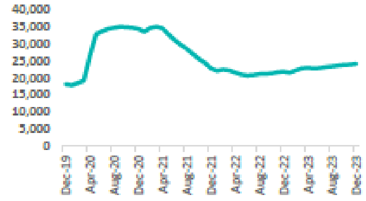
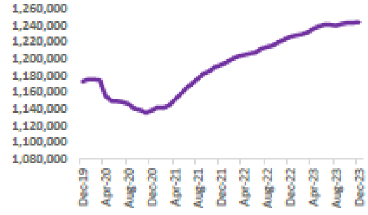
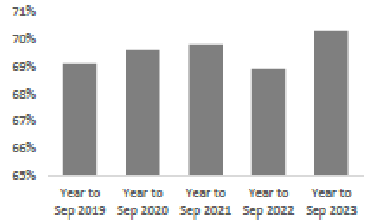
WMCA ECONOMIC DASHBOARD – JANUARY 2024

Monthly People Dashboard

Theme	Indicator	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Claimants (16+)[32] (monthly update)	120,795 (6.6% of Pop. aged 16-64)	119,470 (6.5% of Pop. aged 16-64)	120,960 (6.6% of Pop. aged 16-64)	123,900 (6.7% of Pop. aged 16-64)	127,325 (6.9% of Pop. aged 16-64)	124,230 (6.7% of Pop. aged 16-64)	124,225 (6.7% of Pop. aged 16-64)	124,505 (6.8% of Pop. aged 16-64)	123,075 (6.7% of Pop. aged 16-64)	123,025 (6.7% of Pop. aged 16-64)	122,825 (6.7%, of Pop. aged 16-64)	122,440 (6.6% of Pop. aged 16-64)	123,975 (6.7% of Pop. aged 16-64)	 Dec 2019: 94,855; Dec 2020: 170,180; Dec 2021: 134,120; Dec 2022: 120,795; Dec 2023: 123,975	WMCA: Highest CA UK: 3.7% GMCA: 4.9% (2nd) West of England: 2.7% (10th)	There were 123,975 claimants in the WMCA area in December 2023. Since November 2023, there has been an increase of 1.3% (+1,535) claimants in the WMCA, the UK increased by 1.4% When compared to December 2022, the WMCA increased by 2.6% (+3,180), the UK increased by 2.7%.
	WMCA (7 Met.) Youth Claimants (18-24)[33] (monthly update)	21,770 (7.7% of Pop. aged 18-24)	21,490 (7.6% of Pop. aged 18-24)	22,150 (7.8% of Pop. aged 18-24)	22,725 (8.0% of Pop. aged 18-24)	22,945 (8.1% of Pop. aged 18-24)	22,735 (8.0% of Pop. aged 18-24)	22,855 (8.0% of Pop. aged 18-24)	23,150 (8.2% of Pop. aged 18-24)	23,325 (8.2% of Pop. aged 18-24)	23,580 (8.3% of Pop. aged 18-24)	23,745 (8.4% of Pop. aged 18-24)	23,895 (8.4% of Pop. aged 18-24)	24,110 (8.5% of Pop. aged 18-24)	 Dec 2019: 18,140; Dec 2020: 34,245; Dec 2021: 22,810; Dec 2022: 21,770; Dec 2023: 24,110	WMCA: Highest CA UK: 5.0% Tees Valley: 7.8% (2nd) West of England: 2.5% (10th)	In December 2023, there were 24,110 youth claimants in the WMCA area. Since November 2023, there was an increase of 0.9% (+215) youth claimants in the WMCA area, the UK increased by 0.1%. When compared to December 2022, the WMCA increased by 10.7% (+2,340) while the UK increased by 6.8%.
	WM 7 Met. Seasonally Adjusted Payrolled Employees[34] (monthly update)	1,226,161	1,227,928	1,229,123	1,231,538	1,235,745	1,238,782	1,241,085	1,240,773	1,239,849	1,241,648	1,243,251	1,243,176	1,243,704	 Dec 2019: 1,172,621; Dec 2020: 1,137,990; Dec 2021: 1,192,582; Dec 2022: 1,226,161; Dec 2023: 1,243,704	WM 7 Met.: 3rd Highest NUTS 2 / 41 Surrey, East & West Sussex: 1,306,433 (1st) Highlands & Islands: 207,043 (41st)	The latest (provisional) figures show that there was a monthly rise in payrolled employees for the WM 7 Met. area (+0.04% vs -0.1% UK). There were over 1.24m payrolled employees in the WM 7 Met. area in December 2023. When compared to December 2022 payrolled employees were 1.4% higher (+17,543 in the WM 7 Met. area – above the UK growth of 1.0%).
	WMCA (7 Met.) Employment Rate[35] (quarterly – update due Apr 2024)	69.2% (Full Year 2022)			68.6% (Year Ending Mar 2023)			69.8% (Year Ending Jun 2023)			70.3% (Year Ending Sep 2023)					WMCA: Lowest CA UK: 75.7% Cambridgeshire & Peterborough: 79.6% (1st) North East: 70.5% (9th)	In the year ending September 2023, the employment rate in the WMCA area was 70.3%, compared to 75.7% UK-wide. The WMCA area increased by 1.4pp and the UK increased by 0.3pp when compared to the year ending September 2022. For the WMCA area to reach the UK rate of 75.7%, an additional 100,847 people are required to be employed.

[32] ONS/DWP, claimant count – released January 2024.
[33] ONS/DWP, claimant count – released January 2024.
[34] ONS, Earnings and employment from Pay As You Earn Real Time Information – released January 2024.
[35] ONS, Annual Population Survey – released January 2024. Please note, figures are not comparable across the dashboard.

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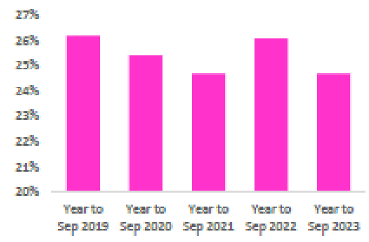
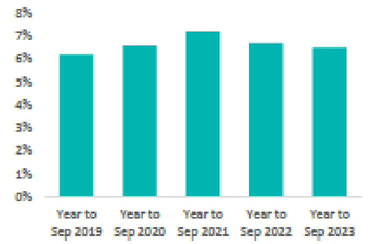
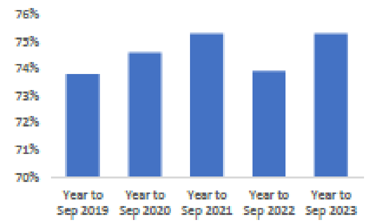
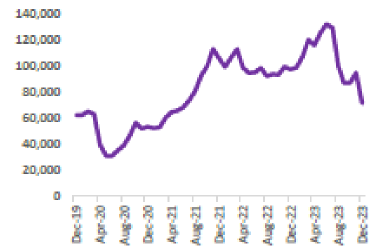
WMCA ECONOMIC DASHBOARD – JANUARY 2024

Theme	Indicator	December 2022	January 2023	February 2023	March 2023	April 2023	May 2023	June 2023	July 2023	August 2023	September 2023	October 2023	November 2023	December 2023	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Economic Inactivity Rate[36] (quarterly – update due Apr 2024)	26.1% (Full Year 2022)			26.5% (Year Ending Mar 2023)			25.2% (Year Ending Jun 2023)			24.7% (Year Ending Sep 2023)					WMCA: 3rd Highest CA UK: 21.3% North East: 26.2% (1st) Cambridgeshire & Peterborough: 16.8% (10th)	In the year ending September 2023, the economic inactivity rate in the WMCA area was 24.7%, a decrease of 1.4pp from the year ending September 2022. Over the same period the UK decreased by 0.5pp to 21.3%. The WMCA area had a higher percentage of people that were inactive when compared to the UK in three categories; students (28.8% vs 26.8%), looking after the family/home (25.1% vs 19.4%) and long-term sick (28.3% vs 27.2%)
	WMCA (7 Met.) Modelled Unemployment[37] (quarterly – update due Apr 2024)	6.2% (Full Year 2022)			6.6% (Year Ending Mar 2023)			6.6% (Year Ending Jun 2023)			6.5% (Year Ending Sep 2023)					WMCA: Highest CA England: 3.8% North East and GMCA: 4.3% (Joint 2nd) West of England: 3.3% (10th)	In the year ending September 2023, the modelled unemployment rate in the WMCA area was 6.5%, compared to 3.8% for England-wide. The modelled unemployment rate for the WMCA area decreased by 0.2pp when compared to the year ending September 2022. England's modelled unemployment rate increased by 0.1pp.
	WMCA (7 Met.) Economic Activity Rate[38] (quarterly – update due Apr 2024)	73.9% (Full Year 2022)			73.5% (Year Ending Mar 2023)			74.8% (Year Ending Jun 2023)			75.3% (Year Ending Sep 2023)					WMCA: 3rd Lowest CA UK: 78.7% Cambridgeshire & Peterborough: 83.2% (1st) North East: 73.8% (10th)	In the year ending September 2023, the economic activity rate in the WMCA area was 75.3%, compared to 78.7% UK-wide. The economic activity rate for the WMCA area increased by 1.4pp and for the UK, increased by 0.5pp when compared to the year ending September 2023. For the WMCA area to reach the UK rate of 78.7%, an additional 62,957 people are required.
	WMCA (7 Met.) Unique Job Postings[39] (monthly update)	97,037	98,609	107,078	119,749	115,640	124,848	131,765	128,955	99,482	86,578	86,699	94,421	71,183	 Dec 2019: 62,121 Dec 2020: 53,227 Dec 2021: 105,650 Dec 2022: 97,037 Dec 2023: 71,183	WMCA: 2nd Highest CA GMCA: 76,487 (1st) Tees Valley: 10,362 (10th)	There were 71,183 unique active jobs postings in December 2023. This has decreased by 23,238 since November 2023. When compared to December 2022, unique job postings decreased by 25,854.

[36] ONS, Annual Population Survey – released January 2024. Please note, figures are not comparable across the dashboard.
[37] ONS, modelled based estimates of unemployment – released January 2024. Please note, figures are not comparable across the dashboard.
[38] ONS, Annual Population Survey – released January 2024. Please note, figures are not comparable across the dashboard.
[39] Lightcast – accessed January 2024.

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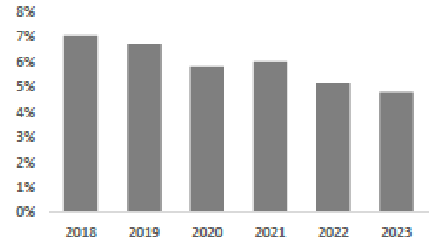
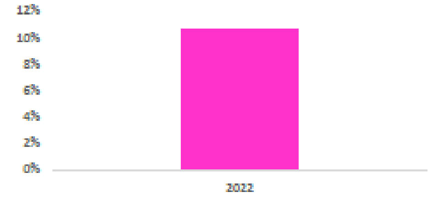
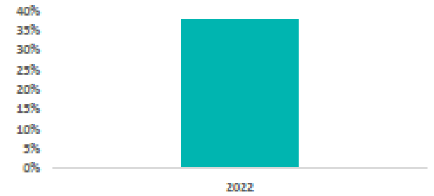
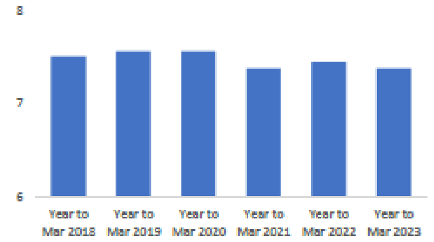
WMCA ECONOMIC DASHBOARD – JANUARY 2024

The Economic Intelligence Unit

Annual People Dashboard

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Not In Education, Employment or Training (NEET)[80] (annual – update due Jul 2024)		7.1%	6.7%	5.8%	6.0%	5.2%	4.8%		England: 5.2%	In 2023, in the WMCA area, 4.8% of residents aged 16-17 years old were NEET (including not known). This has decreased by 0.4pp in the WMCA area, while for the UK there was an increase of 0.5pp since 2022.
	WMCA (7 Met.) Working Age Population with No Qualifications[81] (annual – update due Apr 2024)						10.6%			WMCA: Highest CA UK: 7.0% West Yorkshire: 9.5% (2nd) West of England: 5.4% (10th)	In 2022, in the WMCA area, 10.6% (184,000) of the working age population had no qualifications, this was above the UK-wide average of 7.0%. To match the UK proportion, 62,465 residents in the WMCA area would need to gain a qualification.
	WMCA (7 Met.) Working Age Population with RQF4+ Qualifications[82] (annual – update due Apr 2024)						37.8%			WMCA: 3rd Lowest CA UK: 45.5% West of England: 54.5% (1st) Tees Valley: 33.1% (10th)	In 2022, in the WMCA area, 37.8% (656,400) of the working age population had RQF4+ qualifications. This was below the UK-wide average of 45.5%, meaning there was a shortfall in the WMCA area of 134,215 people.
	WMCA (7 Met.) Average Life Satisfaction Score[83] (annual – update due 2024)	7.54 (Year Ending Mar 2017)	7.51 (Year Ending Mar 2018)	7.56 (Year Ending Mar 2019)	7.56 (Year Ending Mar 2020)	7.38 (Year Ending Mar 2021)	7.44 (Year Ending Mar 2022)	7.38 (Year Ending Mar 2023)		WMCA: Joint 4th Highest CA (with Sheffield City Region) UK: 7.45 North of Tyne: 7.56 (1st) Liverpool City Region: 7.30 (10th)	For the year ending March 2023, the average life satisfaction score for the WMCA area was 7.38 (out of 10), below the UK-wide average of 7.45. Since the year ending March 2022, there was a decrease of 0.07 for the WMCA area compared to a decrease 0.09 UK-wide.

[80] Department for Education, Participation in education, training and NEET age 16 to 17 by local authority – released July 2023. Participation estimates are based on data collected in March each year. In order to ensure the most robust estimates of NEET and not known rates an average of December/January/February data is used for an estimate around the end of the calendar year.
[81] ONS, Annual Population Survey – released August 2023. Please note, National Vocational Qualifications (NVQ) estimates have been replaced with estimates on a Regulated Qualifications Framework (RQF) basis. RQF based estimates are available for the Jan - Dec 2022 survey period, while estimates prior to Jan - Dec 2022 remain on an NVQ basis. Due to this change, trend analysis has been excluded.
[82] ONS, Annual Population Survey – released August 2023. Please note, National Vocational Qualifications (NVQ) estimates have been replaced with estimates on a Regulated Qualifications Framework (RQF) basis. RQF based estimates are available for the Jan - Dec 2022 survey period, while estimates prior to Jan - Dec 2022 remain on an NVQ basis. Due to this change, trend analysis has been excluded.
[83] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, how satisfied are you with your life nowadays? Where 0 is 'not at all satisfied' and 10 is 'completely satisfied'"

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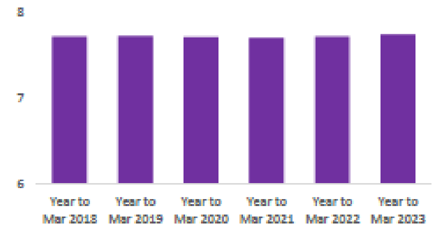
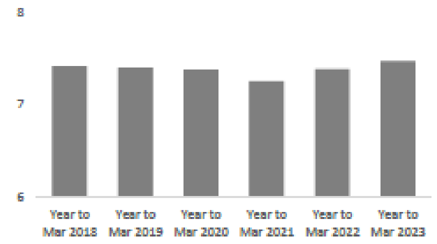
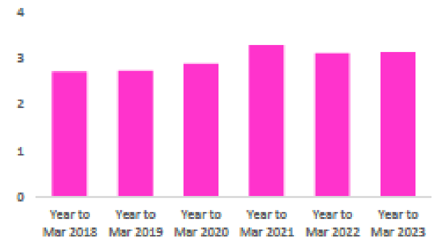
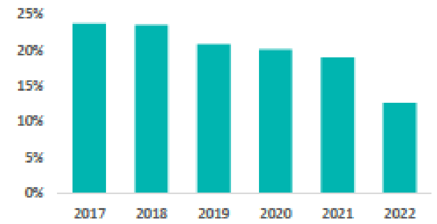
The Economic Intelligence Unit

WMCA ECONOMIC DASHBOARD – JANUARY 2024

Theme	Indicator	2017	2018	2019	2020	2021	2022	2023	Trend	Relative to Peer Group	Commentary
People	WMCA (7 Met.) Average Worthwhile Score[44] (annual – update due 2024)	7.71 (Year Ending Mar 2017)	7.71 (Year Ending Mar 2018)	7.71 (Year Ending Mar 2019)	7.70 (Year Ending Mar 2020)	7.70 (Year Ending Mar 2021)	7.71 (Year Ending Mar 2022)	7.73 (Year Ending Mar 2023)		WMCA: 3rd Highest CA UK: 7.73 North of Tyne: 7.75 (1st) West of England: 7.61 (10th)	For the year ending March 2023, the average worthwhile score for the WMCA area was 7.73 (out of 10), now matching the UK-wide average. Since the year ending March 2022, there was an increase of 0.03 for the WMCA area compared to a decrease 0.04 UK-wide.
	WMCA (7 Met.) Average Happiness Score[45] (annual – update due 2024)	7.37 (Year Ending Mar 2017)	7.39 (Year Ending Mar 2018)	7.40 (Year Ending Mar 2019)	7.35 (Year Ending Mar 2020)	7.24 (Year Ending Mar 2021)	7.38 (Year Ending Mar 2022)	7.43 (Year Ending Mar 2023)		WMCA: 2nd Highest CA UK: 7.39 North of Tyne: 7.44 (1st) West Yorkshire: 7.20 (10th)	For the year ending March 2023, the average happiness score for the WMCA area was 7.43 (out of 10), above the UK-wide average of 7.39. Since the year ending March 2022, there was an increase of 0.05 for the WMCA area compared to a decrease 0.06 UK-wide.
	WMCA (7 Met.) Average Anxiety Score[46] (annual – update due 2024)	2.81 (Year Ending Mar 2017)	2.71 (Year Ending Mar 2018)	2.74 (Year Ending Mar 2019)	2.89 (Year Ending Mar 2020)	3.30 (Year Ending Mar 2021)	3.12 (Year Ending Mar 2022)	3.15 (Year Ending Mar 2023)		WMCA: 3rd Lowest CA UK: 3.23 Greater Manchester: 3.40 (1st) North of Tyne: 3.03 (10th)	For the year ending March 2023, the average anxiety score for the WMCA area was 3.15 (out of 10), below the UK average. Since the year ending March 2022, there was an increase of 0.03 for the WMCA area compared to an increase 0.11 UK-wide.
	WMCA (7 Met.) Living Wage Foundation Rates (All)[47] (annual – update TBC – delayed from Nov 2023)	23.7%	23.5%	20.8%	20.1%	19.0%	12.6%			WMCA: 4th Lowest CA UK: 12.2% Tees Valley: 17.7% (1st) Cambridgeshire & Peterborough: 6.8% (10th)	In 2022, approximately 12.6% of all jobs were earning below the Living Wage Foundation rates in the WMCA area. Since 2021, the proportion fell at a quicker rate for the WMCA than nationally (-6.4pp compared to -4.9pp) but remains slightly above the UK average (12.2%).

[44] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, to what extent do you feel the things you do in your life are worthwhile? Where 0 is 'not at all worthwhile' and 10 is 'completely worthwhile'".
[45] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, how happy did you feel yesterday? Where 0 is 'not at all happy' and 10 is 'completely happy'".
[46] ONS, Annual personal well-being estimates – released November 2023. Respondents were asked "Overall, how anxious did you feel yesterday? Where 0 is 'not at all anxious' and 10 is 'completely anxious'".
[47] ONS, Number and proportion of employee jobs with hourly pay below the living wage – released October 2022. Please note at the start of November only regional data was released.

3.2 EIU Review of Key Sectoral Headlines, Regional Economic Shocks, Investment, Deals, and Opportunities

HEADLINES	
SECTOR	**KEY INSIGHTS**
Cross Sector	**Outlook** • **Business confidence improved in Q4**, with **56% of UK businesses expecting an increase in turnover in the next twelve months**, according to the **British Chambers of Commerce** Quarterly Economic Survey. Despite this boost, most firms continue to report no improvement to sales, cash flow or investment; while other surveys – such as from the FSB – suggest a fall in business confidence in Q4 2024. Further challenges remain with **recruitment**. • As for the region, **business confidence in the West Midlands rose 23 points during January to 56% (above the UK average of 44%),** according to the latest Business Barometer from Lloyds Bank Commercial Banking. Companies in the region **reported higher confidence in their own business prospects month-on-month, up 33 points at 67%.** When taken alongside their optimism in the economy, up 12 points to 45%, this gives a headline confidence reading of 56% (vs. 33% in December). Lacross the rest of the UK, **London and the North East were the joint most confident parts of the UK in January – each posting a headline confidence of 62% – followed by the West Midlands (56%)** and Yorkshire & the Humber (44%). • Browne Jacobson suggests there is a **"huge appetite"** from its large and SME corporate clients, with the firm **expecting the Midlands region's M&A market to pick up momentum after the first quarter.** Furthermore, accountancy and business advisory group BDO continues to experience "robust and resilient deal volume" in the Midlands, saying that "there are so many reasons to be optimistic for 2024". **Trading Environment** • According to EY, private equity in 2023 closed on a strong note, with firms announcing **deals valued at US$124b**, making it the most active quarter of the year by value. PE remained resilient in 2023, as firms **opportunistically deployed capital** across a range of verticals, asset classes, and transaction types. Higher interest rates will continue to elevate the value of operational value-add. Adoption of Generative AI could facilitate growth and opportunities for private equity firms. • However, according to new research, **buyout activity across the Midlands private equity industry dropped significantly during 2023**, with the pendulum swinging back from the record activity levels experienced in the aftermath of the post-Covid period. The 28 buyouts completed in 2023, with a cumulative value of £1.2bn, represent a fall from the two highest annual values of the post-2008 period, with deals worth £5.9bn completed last year and deals worth £6.1bn in 2021. • The levels of **'critical' financial distress jumped dramatically in Q4 2023**, up 25.9% on the prior quarter (Q3 2023: 37,772), **leaving more than 47,000 businesses near collapse** in the UK at the start of 2024, according to the latest figures from Begbies Traynor's Red Flag Alert. In Q4 2023, critical financial distress grew rapidly in the **Construction**

HEADLINES	
SECTOR	KEY INSIGHTS
	(+32.6%), **Health & Education** (+41.3%), **Real Estate & Property Services** (+24.7%) and **Support Services** (+23.6%) sectors. • Q4 2023 figures **show 10,745 West Midlands businesses are in 'significant' distress**, a 10.9% quarterly increase. **Wolverhampton experienced the greatest quarterly rise** (18.5%) while Walsall and Birmingham also posted significant increases of 12.1% and 10.4% respectively. Only **Dudley reported a quarterly decrease** of 5.5%, although this did represent an annual rise of 1.1%. • Further proof of this distress comes from the latest EY-Parthenon Profit Warnings report, as **listed companies in the Midlands issued 31 profit warnings in 2023**, but positively this was a decrease of 21% on the previous year. Companies within the Midlands operating in Industrial and Consumer Discretionary FTSE sectors continued to issue the highest number of profit warnings (eight) in Q4 2023. • These figures are translated into insolvencies which are the highest for December in four years and reflect the final month of a difficult year for businesses. Corporate insolvencies have **decreased by 18.9% in December 2023 to a total of 2,002** compared to November's total of 2,470, they are up by 1.9% compared to December 2022's figure of 1,965. **Personal insolvencies decreased** by **20.3% in December 2023 to a total of 6,584** compared to November's total of 8,262, and decreased by 20.2% compared to December 2022's figure of 8,254. December was tough for many firms as they **faced additional expenses at a time when margins were already tight**. These won't have been helped by consumer spending slowing and rising energy costs. • Energy Costs – **Businesses are still reporting up to five-fold increases in energy costs as fixed price deals come to an end**. Many businesses are interested in regional support and energy audits to help them understand how they can reduce costs and make efficiencies. These referrals are leading to applications for **grant funding** to support the purchases of energy efficient LED lighting, heating and other machinery. • Local business support organisations note **high demand for business grants**, particularly for office fit outs and machinery. • Overall, **a fall in consumer numbers and spending remains a top concern for Midlands businesses, according to new research from BDO.** BDO LLP's latest bi-monthly Economic Engine survey of 500 mid-market businesses revealed that 44 per cent of regional businesses rank dwindling customer numbers and a reduction in spending as one of the biggest challenges facing their business over the next six months. • The regional trend is also mirrored in the retail sector, with **more than a third (37 per cent) of retailers placing this as their number one concern.** More than half of companies (54 per cent) admitted that supply chain pressure, exacerbated by geopolitical events and staff and skills shortage, will be their biggest challenge in the first half of 2024. **Labour Market**

HEADLINES	
SECTOR	KEY INSIGHTS
	• **Hiring activity declined in the Midlands during December 2023 following "ongoing economic uncertainty"**, according to a report from KPMG and REC. The KPMG and REC, UK Report on Jobs: Midlands showed recruiters registered a first reduction in permanent staff appointments in three months and one of the sharpest since the Covid-19 pandemic. • This weakness was also registered with regards to temporary staff, with **temp billings falling for the first time in seven months**. There were 'marked' increases in the availability of both permanent and temporary staff, with the former rising at the steepest rate since November 2020 amid increased redundancies and a lack of suitably skilled staff. • Nationally, the British Chambers of Commerce warn that **labour market conditions are continuing to cool**, with wage growth and the number of vacancies falling once again. However, labour costs remain a huge pressure on businesses dealing with a **challenging economic environment** in their latest Quarterly Recruitment Outlook. • Forecasts from the National Institute of Economic and Social Research (NIESR) **forecast wage growth to slow as the labour market continues to cool**: economy-wide total pay (incl. bonuses) and regular pay are estimated to have grown at 5.7 and 6.2 per cent, respectively, in the fourth quarter of this year relative to the third quarter. The forecast for the first quarter of 2024 sees these figures at 5.6 and 6.0 per cent, respectively. • The survey explains that **the hospitality sector continues to suffer disproportionately from the recruitment difficulties** in the economy, with 82% of firms reporting hiring challenges in Q4 (compared with 79% in Q3). This is closely followed by the **transport and logistic**s sector where 81% of businesses attempting to recruit, reported difficulties in finding staff. Meanwhile 79% of **construction** firms, 77% of **manufacturing** companies and 66% of **retailers**, said they had experienced recruitment issues. • As firms continue to navigate a series of economic pressures, **many are struggling to increase investment in workplace training**. For the second quarter in succession, just over a quarter of firms reported an increase in investment plans for staff training (26% compared to 27% in Q3) with 14% reporting a drop (13% in Q3). • The Institute for Fiscal Studies (IFS) recently produced a paper on the labour market risks of self-employment, and found that the **self-employed are subject to larger earnings fluctuations than employees and they frequently transition into unemployment**. • Local intelligence suggests a **range of success in recruiting some roles**, including credit controllers, general administration and account management. Others looking to recruit software engineers and achieve diversity are **struggling to attract sufficient female applicants**. One example of six vacancies with only one female application. • Businesses are displaying an interest and looking for introductions to local schools and colleges to educate students and **offer work experience opportunities**.
Manufacturing and Engineering	• Recruitment/Skills Struggles – there are reports of a **lack of qualified CNC Machinists and engineers** for specific roles with candidates claiming to have necessary skills although when in post they are unable to fulfil duties.

HEADLINES	
SECTOR	KEY INSIGHTS
	• There have been reports of a **lack of specialist skills** for the handling of certain materials leading to products being sourced from China. • **Made Smarter** – The success of Made Smarter in the West Midlands continues to bring benefits to regional manufacturers, many of which have been in receipt of **expert guidance in the adoption of digital technology and grant funding to improve productivity**. • A new report from EY details how **Generative AI is spurring a manufacturing renaissance**, enabling new capabilities and elevating previous uses of AI. 49% of advanced manufacturing and mobility companies have **fully integrated AI-driven product** or service changes into their capital allocation process and are actively investing in AI-driven innovation. In the next 12 months, 41% will follow, leaving only 10% that do not plan to do so. • Make UK and PwC's Executive Survey 2024 reveal the majority of Britain's manufacturers (52.7%) are now viewing the **UK as a more competitive place to locate their activities**, compared to just 31% one year ago. While less than one-fifth (16.6%) believe the UK is not a competitive place in which to manufacture. More than four-fifths (44.4%) believe that **conditions in the sector will improve**, with only one in five believing the contrary. While an increasing number also believe the UK is becoming more **competitive than its European rivals**. • However, the CBI Industrial Trends survey brought uncertain news that manufacturers **cut back investment as output and orders weakened in the 3 months to January.** Further compounding pressures on manufacturers is the news that a growth in average costs accelerated in the quarter to January, putting pressure on margins.
Construction	• Monthly **construction output in the UK is estimated to have decreased 0.2% in volume** terms in November 2023. This follows an upwardly revised decrease of 0.4% in October 2023, with the monthly value in level terms in November 2023 at £15,571 million. • This came from **a decrease in new work (2.0% fall), as repair and maintenance increased by (2.1%).** • Anecdotal evidence suggested effects of adverse weather, including heavy rainfall and strong winds in November 2023, **led to delays in planned work**.
Retail, Hospitality and Tourism	• Retail sales volumes are estimated to have **fallen by 3.2% in December 2023**, from a rise of 1.4% in November 2023 (revised up from an increase of 1.3%); December's decrease was the **largest monthly fall since January 2021** when coronavirus (COVID-19) restrictions affected sales. On an annual basis, **sales volumes fell by 2.8%** in 2023 and were their lowest level since 2018. Retailers reported that part of the fall over the month to December was because of **consumers purchasing gifts earlier than usual**, in November to take advantage of Black Friday offers. • While according to the latest monthly CBI Distributive Trades Survey, **retail sales fell in the year to January at the sharpest pace in three years.** This month's decline extends a downturn in sales that stretches back to April 2023. Looking ahead, the slump in retail sales is expected to continue at the same rapid pace next month. • Local business intelligence suggests that businesses with customers **struggling with cashflow management** are being asked for **increased payment terms**, often from 30 days to 90 days to help them **manage cashflow and**

HEADLINES	
SECTOR	KEY INSIGHTS
	protect their own businesses. On the flipside, suppliers to food giants such as Tesco and Asda have reported that they are being made to wait up to 180 days for payment, **risking putting some out of business**.

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL
The Works	Birmingham	Retail	TheWorks (headquartered in Birmingham) has seen losses widen after experiencing subdued activity over the Christmas period. Revenue growth of 3.1% to £122.6m was delivered against challenging conditions where LFL sales had dropped by 4.9%. TheWorks also reported an adjusted EBITDA loss of £8.5m (H1 2023 – £6.4m) and faced headwinds due to inflation and rises in National Living and Minimum Wages.
Lidl	Walsall	Retail/Food & Drink	Discount supermarket giant Lidl has announced it is set to close its warehouse facility in Walsall. Company bosses said the site in Talbot Close, Bloxwich, was no longer fit for purpose with operations moved to other existing facilities in the region. Discussions with the workforce, consisting of around 100 employees, has begun and representatives for Lidl said they hope to redeploy the vast majority of people in other centres. No jobs are being lost immediately and the Walsall site will remain operational for the next 12 months.
Tata Steel	Wednesfield/ Brierley Hill	Manufacturing	Consultation has begun over up to 2,800 redundancies at Tata Steel in the UK. Around 2,500 roles will be impacted in the next 18 months. It is not yet clear whether any of the redundancies will impact on Tata Steel's Steelpark at Wednesfield and its rail terminal operation at Round Oak, Brierley Hill. More than 500 are employed by Tata in the steel processing and distribution operation.

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

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
			and workspace. It is anticipated that 425 jobs would be created during the construction phase.
Coventry City Council	Coventry	Energy	A solar farm with the potential to power thousands of homes in Coventry could soon be created if plans are approved at committee. Coventry City Council has brought forward proposals for land south-east of Shilton Lane. Plans include solar arrays, control buildings and associated infrastructure, internal access roads and landscaping. The scheme would generate up to 30MW of renewable energy and save 7,080 tonnes of carbon dioxide per annum.
Aurrigo International	Coventry	Autonomous vehicle technology	Aurrigo International, a Coventry-based autonomous vehicle technology firm, has started its programme with International Airlines Group (IAG) at Cincinnati/Northern Kentucky International Airport (CVG). The scheme involves the deployment and demonstration of the company's autonomous baggage tractor, Auto-DollyTug.
Gatehouse Investment Management	Coventry/Dudley	Property	Build-to-rent specialist Gatehouse Investment Management has acquired 174 West Midlands homes from Persimmon for a total of £35m as part of its joint venture with global investment firm Carlyle. The homes are located across two sites in Coventry and one each in Dudley and Stoke. They include a mixture of two- to four-bed houses, in addition to a low-rise block of flats close to Coventry city centre. The first units are already completed, with the remaining set to be handed over during 2024.
Clarion Partners Europe	Coventry	Property	Real estate investment fund manager Clarion Partners Europe has completed the acquisition of a Coventry warehouse in a deal worth £28.25m. The purchase from BlackRock's UK Property Fund represents the first investment on behalf of Clarion Partners Europe's core-plus, closed-end UK logistics fund, which last month achieved a final close with £427m of equity commitments.
Bond Wolfe	Wolverhampton	Retail/Property	A River Island store in Wolverhampton city centre has been placed on the market with commercial property agency Bond Wolfe with a price tag in excess of £2m. The purpose-built store on a corner site at 25-26 Dudley Street generates £150,000 per annum in passing rent. It extends to about 9,419 sq ft.
Rotola	Sandwell	Transport	The takeover of Rotala in a £23.5m deal that takes the listed bus operator private has completed. Rotala (headquartered in Oldbury) was formed in 2005 and has grown through the acquisition and amalgamation of local coach and

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
			bus operations and is now one of the largest operators in its chosen geographical locations.
Sherborne Paper / Stoford Properties / Task Consumer Products	Wolverhampton	Manufacturing	An application proposing the expansion of a manufacturer's operations in Wolverhampton has moved forward. Sherborne Paper and Stoford Properties sought planning permission to expand the Task Consumer Products facility at Citygate Park, Stafford Road. Task specialises in the manufacture and distribution of soft tissue products, including toilet tissue, kitchen towels and hand towels. Proposals include the extension of Task's building, creating an additional floorspace totalling approximately 83,000 sq ft, along with the erection of a link detached warehouse building, comprising about 124,000 sq ft of space. The scheme will enable Task to consolidate its operations within one site and represents a £30m investment. There are currently 128 full-time employees, with the expansion expected to create an additional 50 full-time jobs.
Sterling Property Ventures	Birmingham	Property	The Birmingham headquarters of Mitchells & Butlers is to be acquired in a deal worth £46m. Sterling Property Ventures, the developer behind the city's flagship 103 Colmore Row office scheme, bought the asset - at 27 Fleet Street and 65 Lionel Street - from LGIM.
University of Wolverhampton	Wolverhampton/Walsall	Education	A new student village housing up to 5,000 students could be built in Wolverhampton to handle major growth in the city's university, according to its new vice-chancellor. Professor Ebrahim Adia said a development to house mainly overseas students could be achieved "quite quickly" and bring a major boost to the city's economy.
Metpro	Birmingham	Manufacturing	A Birmingham-headquartered supplier to the mechanical and electrical trade has secured £21m of funding in a deal that involves the backing of growth capital investor BGF. Metpro's funding round comprises a £13m investment from BGF, alongside £8.5m from NatWest and further capital investment from existing shareholders. Founded in 1995, the business has built a reputation for designing and manufacturing value-added cable management products and accessories for a range of industries and sectors, supplying into the European wholesale and OEM markets.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
Alucast Ltd	Wednesbury	Manufacturing	A Black Country aluminium foundry is eyeing growth after a £2m investment drive. Alucast Ltd, which has increased its workforce by 20 per cent to more than 120 people at its base in Wednesbury, has commissioned six CNCs, a HDTD low pressure machine and boosted its 'new core' capabilities. Headlining the recent funding boost is an 800-tonne LK high pressure die casting machine that can produce high integrity parts from a fully automated cell.
Encyclis	Walsall	Energy	Up to 500 jobs are set to be created through the construction of a waste energy plant in Walsall. The Walsall Energy From Waste facility will be built, owned and operated by energy recovery specialists Encyclis on eight acres of derelict land on Fryers Road. It will work alongside the West Midlands Combined Authority and local councils to help export heat to homes in the form of steam or hot water.
EVTEC	Coventry	Manufacturing	EVTEC, a Coventry-based supplier in the aluminium and automotive sectors, has acquired JVM Castings, of Worcester, for an undisclosed sum. The deal was secured following a £7.4m multi-asset facility provided by Manchester-based Cynergy Business Finance.
Harvey Norman	Dudley	Retail	Sovereign Centros has announced lifestyle, technology and entertainment retailer Harvey Norman is set to move into Merry Hill. The company has taken 57,000 sq ft of the former Debenhams and will create 100 jobs. Harvey Norman Merry Hill will offer luxury furniture, including sofas, dining sets, as well as outdoor furniture. A range of homeware products will also be on offer, including home appliances, audio visual and technology products.
Dains	Birmingham	Offices	Dains has taken the last space at Paradise's Two Chamberlain Square, adding to a range of occupiers including DLA Piper, Atkins Realis, Mazars, Cazenove Capital, Cubo and Knights. The accountancy firm is taking the remaining 12,147 sq ft of space on the third floor of the 183,000 sq ft building after trebling in size over the last two years.
Technology Minerals	Wolverhampton	Battery Recycling	The first listed UK company focused on battery metals, Technology Minerals has raised a further £133k after securing a £5m bond facility. The facility with CLG will be drawn down by £1m for general working capital purposes during the ramp up of its subsidiary Recyclus' battery recycling plant in Wolverhampton.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
Goold Estates	Bilston	Industrial Development	A brownfield site in Bilston is set to be transformed into a £28m industrial park that could create 330 jobs. The 15-acre site off Brook Street will be developed by Goold Estates into 15 industrial and distribution units totalling 166,500 sq ft.
Charlton Haynes Ltd	Aldridge	Property	Charlton Haynes Ltd wants to demolish existing buildings on the former West Midlands Bright Bar site in Middlemore Lane and erect a total of 22 new units in their place. The developer said the buildings have been empty since the previous occupier's business went into administration. They added the proposals will see the vacant site brought back into use and the creation of new jobs through multiple tenants taking up the units.
Tile Giant	Bilston / Birmingham / Walsall	Retail/Trade	Tile Giant is a specialist retailer of tiles and tiling accessories, supplying both retail and trade customers through a network of UK stores and online. Tile Choice went into administration earlier this month and had ceased trading on January 12. The acquisition of 10 Tile Choice stores has saved 50 jobs across the Tile Choice estate (including in Birmingham and Walsall) and warehouse at Bilston.

3.3 WMREDI Manufacture of Future Housing Cluster Deep Dive

Summary

The WMCA faces many challenges with regards to trade in exports. The WMCA area is one of the largest manufacturing hubs in the UK. In recent years growth in goods exports have been in decline across the UK, including in the WMCA area. The pandemic had a significant impact on the value of goods exports in the region and the WMCA has not yet returned to its pre-pandemic (2019) level goods exports.

There is an opportunity in the form of service exports. Whilst service exports are also yet to return by to their previous levels, service exports in the region have been increasing in their share of total exports and in some sectors there has been growth from pre-pandemic levels. The UK is the second largest exporter of services globally and in 2019 the WMCA was exporting more in Financial and insurance activities, Real estate, professional, scientific and technical activities service exports, than any of comparator core city regions. Whilst it is no longer the largest exporting region in this sector, there is still significant opportunity to grow this sector and its exports.

The text below summarises the findings of analysis of export data at the WMCA geography level, as well as available academic and grey literature research regarding exports.

ITL 2 Regional Summary

Total Exports in the West Midlands

- Between 2019 and 2021 total exports in the West Midlands fell 20.6% from £25.6bn in 2019 to £20.3bn in 2021, falling from the largest exporting ITL 2 region to the second largest exporting region.
- As of 2021 goods exports made up the largest proportion of total exports accounting for 64.2% (£13.0bn) of total exports.
- In 2021 exports of services made up 35.8% (£7.3bn) of total exports across all industries in the West Midlands.

Goods Exports

- The largest contributor to goods exports from the region is manufacturing, which in 2021 made up 76.9% of total goods exports. However, between 2019 and 2021 during the pandemic period, manufacturing goods exports fell 27.7%, from £13.8bn in 2019 to £10bn in 2021. This was the largest fall in manufacturing goods exports of any ITL 2 region.
- The second largest goods exporting sector in the region is the Wholesale and Motor Trades. In 2021 it made up 9.6% of total goods exports. However, between 2019 and 2021 goods exports from this sector have fallen 31.1% in total, from £1.8bn to £1.3bn. This was a significant fall which saw the West Midlands go from the second largest exporter of these goods of the 10 city ITL regions to the fourth.
- The third largest goods export sector in 2021 was Financial and insurance activities, real estate, and professional, scientific and technical activities, which made up 2.7% of total goods exports. Though exports from this sector have also fallen since 2019, with the sector seeing a 22.6% fall in exports between 2019 and 2021.

Service Exports

- The largest contributor of service exports from the region is Financial and insurance activities, Real estate, professional, scientific and technical activities, which in 2021 made up 55.3% of total services exports. However, between 2019 and 2021, Financial and insurance activities, Real estate, professional, scientific and technical activities service exports fell 6.2%, from £4.3bn to £4bn. Overall, in the period between 2019 and 2021 the

West Midlands went from being the largest exporter of Financial and insurance activities, Real estate, professional, scientific and technical activities services to the 4th largest exporting region.

- The second largest services exporting sector in the region is the Transportation and storage, accommodation and food service activities, Information and communication. In 2021 it made up 17.2% of total service exports. However, between 2019 and 2021 service exports from this sector have fallen 32.9% in total, from £1.8bn to £1.3bn.

Midlands Engine - Midlands International Trade: State and Challenges

- The Midlands was disproportionally impacted by an international landscape of large trade contraction and slow recovery, following the pandemic and Brexit.
- By mid-2022 the region's export performance was weaker than it had been in 2019 – exporting less in value compared with the pre-COVID and pre-Brexit period and contributing less to the UK's total exports than previously.
- While the East Midlands showed signs of bouncing back in 2022, the recovery of the West Midlands has been much weaker. The disruption to services exports was severe in the Midlands, with the region as a whole seeing the value of exports decline by nearly a quarter, making it the worst hit region in the UK.
- Despite this, Birmingham, the region's main services hub out of the ITL3 regions, showed resilience in non-EU markets, while Nottingham City, South Nottinghamshire, and Walsall have shown growth during the pandemic period.
- Reduced demand for products and services in the Midlands Engine region appears to be the most important reason behind firms' export disruptions and decline.

Resolution Foundation Analysis

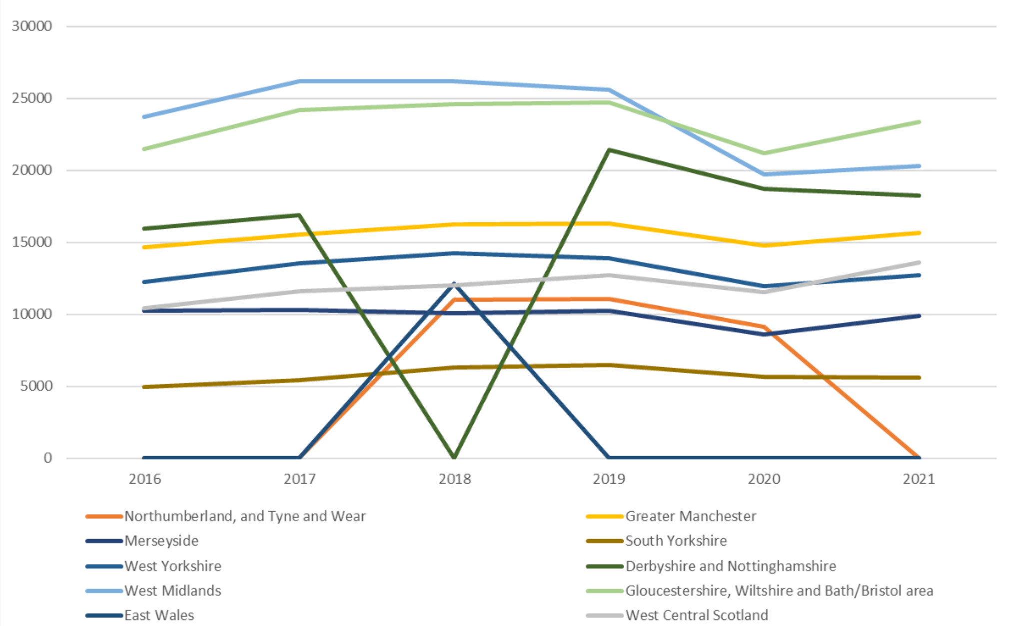
- Globally, services trade growth is outpacing goods trade growth – with the share of services predicted to rise from 25% of trade in 2020 to 28% by 2035. The UK, being the second largest services exporter in the world, is well placed to benefit from this growth.
- Services already account for more than two-thirds of British exports by value added and services exports have almost doubled as a share of total exports over the past 25 years – from 30 per cent in 1997 to 56 per cent in Q3 2023
- However, Britain's major cities have failed to capitalise on this, with London capturing the vast majority of the growth of services exports. Between 2016 and 2021, London's services exports have grown by 47% to reach £152.2 billion. In contrast, exports from the UK's second and fourth largest services-exporting cities – Greater Manchester and Birmingham – have grown by just 11% and 3% respectively. As a result, London's share of all UK services exports has grown from 38% to 46%.
- In 2021 the majority of total services trade (imports and exports) came from the 12 core cities, with 56% being in the core cities though 44% of this was in London alone.
- In 2021 London maintained the leading position in services export share in the UK but had also witnessed a widening gap with the country's second-tier cities over the past five years.

Additional research can be found at the end of this report, which covers wider geographies than the Combined Authority, which might be beneficial and informative to readers in terms of a wider context of exportations regionally and nationally.

Total Exports

Figure 1 below shows total exports in goods and services across all industries by core city ITL2 region (excluding Belfast)[1]. In the West Midlands ITL 2 region in 2021 £20.3bn in goods and services was exported internationally. Of the ITL 2 core city regions this was the 2nd largest level of exports, behind Gloucestershire, Wiltshire and Bath/Bristol which had a total export value of £23.3bn. However, before the pandemic the West Midlands had the highest levels of exports. Between 2019 and 2021 exports reduced by 20.6% (from £25.6bn in 2019 to £20.3bn in 2021), compared to a 5.6% fall in exports in Gloucestershire, Wiltshire and Bath/Bristol (from £24.6bn in 2019 to £23.3bn in 2021).

Figure 1: Total Exports in Services and Goods across All Industries[2] by region(£m)



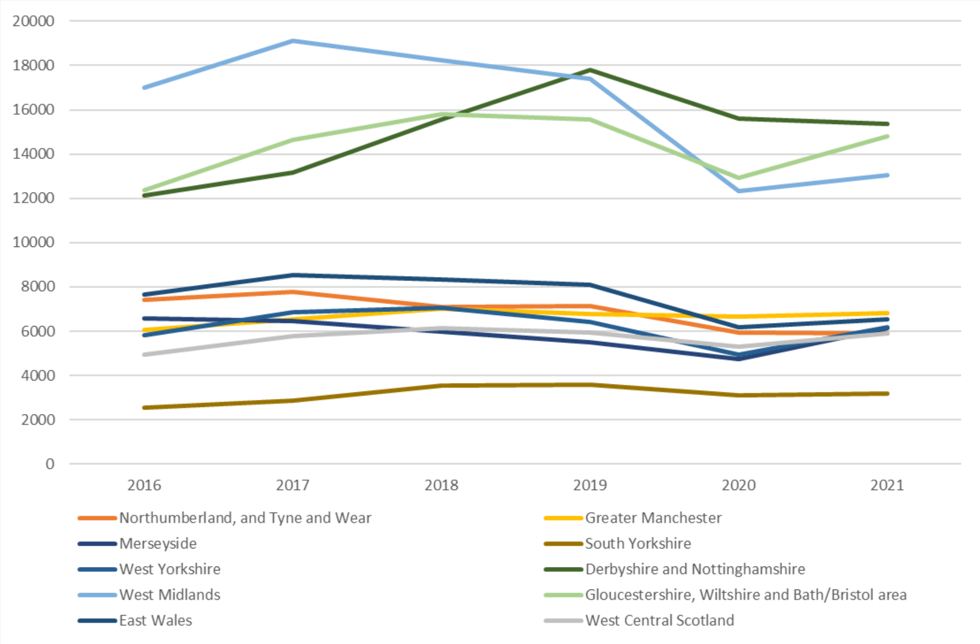
Source: [Subnational trade timeseries](#)- ONS, 2023

In 2021 the West Midlands goods exports made up 64.2% (£13.0bn) of total exports. However, goods exports have not returned to their 2019 levels, with exports of goods being 25% lower in 2021 than in 2019. It should be noted, though, that goods exports had already been in decline from 2017. Though the West Midlands had had the highest levels of goods exports in 2017, by 2021 the West Midlands had the 3rd largest level of goods exports. Derbyshire and Nottinghamshire had the highest level of goods exports (£15.4bn), followed by Gloucestershire, Wiltshire and Bath/Bristol (£14.8bn). As of 2021, both of these ITL 2 regions have also not seen a return to their 2019 level of goods exports, with Derbyshire and Nottinghamshire goods exports declining 13.7% between 2019 and 2021 and Gloucestershire, Wiltshire and Bath/Bristol seeing a 4.8% decline over the same period.

Figure 2: Total Exports in Goods across All Industries by region (£m)

[1] ITL 2 is the lowest geography at which trade data is collected by sector. Total exports and imports can be found at ITL3 level (local authority) however, it does not distribute this data by sector. This is why ITL 2 geographies were chosen for the analysis in this brief.

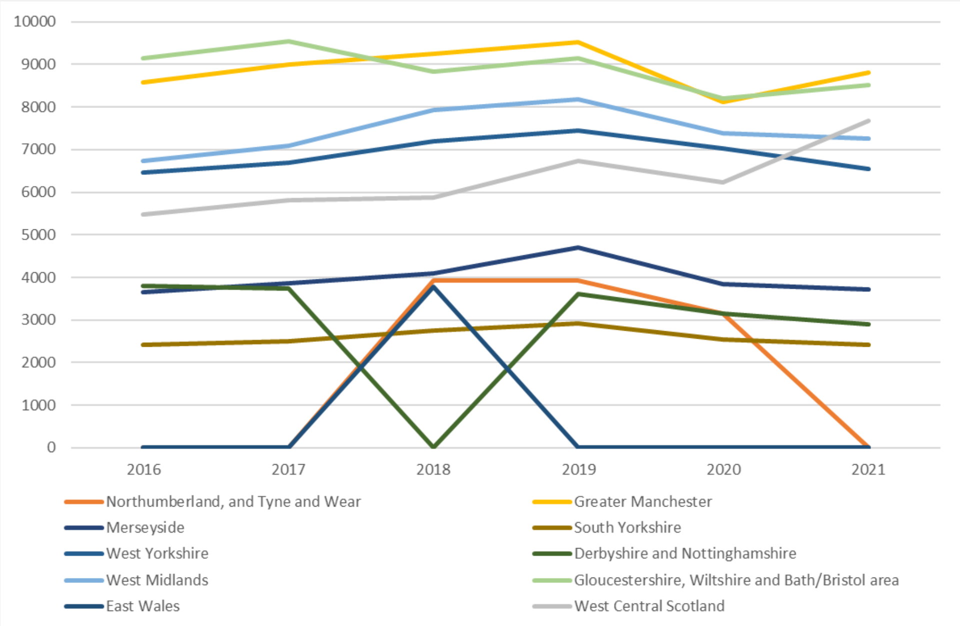
[2] It should be noted that where there is a figure of 0, the figures have been suppressed for reasons of confidentiality by ONS.



Source: [Subnational trade timeseries](#)– ONS, 2023

Figure 3 below shows total exports in services across all industries (exc. Travel) by core city ITL2 region (excluding Belfast)[3]. In 2021 exports of services made up 35.8% (£7.3bn) of total exports across all industries. Of the ITL2 core city regions this was the 4th largest exporter of services, behind Greater Manchester (£8.8bn), Gloucestershire, Wiltshire and Bath/Bristol (£8.5bn), and West Central Scotland (£7.7bn).

Figure 3: Total Exports in Services across All Industries by region (£m)[4]



Source: [Subnational trade timeseries](#)– ONS, 2023

Following the pandemic in 2020 two of these three ITL 2 regions returned to their 2019 level or above of exports of services. However, the West Midlands did not. Greater Manchester saw a 7.3% decline in service exports between 2019 and 2021, and Gloucestershire, Wiltshire and Bath/Bristol 6.9% in service

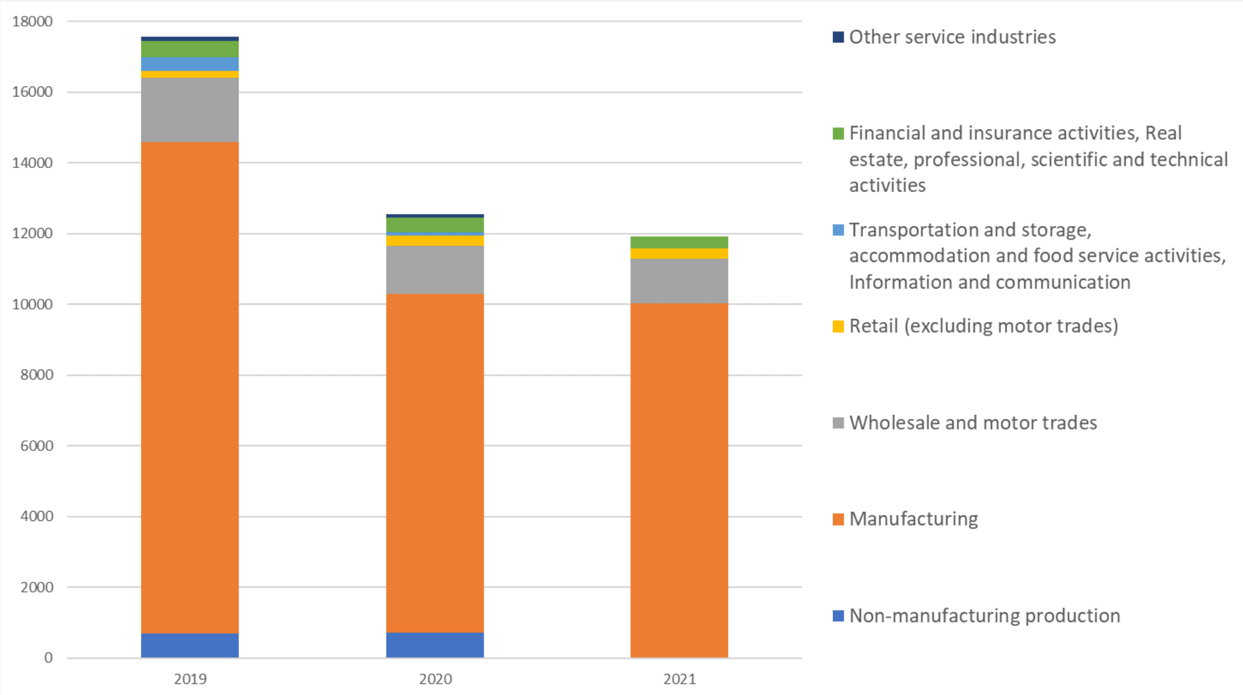
[3] ITL 2 is the lowest geography at which trade data is collected by sector. Total exports and imports can be found at ITL3 level (local authority) however, it does not distribute this data by sector. This is why ITL 2 geographies were chosen for the analysis in this brief.
[4] It should be noted that where there is a figure of 0, the figures have been suppressed for reasons of confidentiality by ONS.

goods over the same period. The only ITL2 geography which saw an increase in service exports over this period was West Central Scotland.

Goods Exports by Sector

Figure 4 below shows total exports in Goods by industry in the West Midlands between 2019 and 2021[5]. The largest contributor of goods exports from the region is manufacturing, which in 2021 made up 76.9% of total goods exports. However, between 2019 and 2021 during the pandemic period, manufacturing goods exports fell 27.7%. The second largest goods exporting sector in the region is the Wholesale and Motor Trades; in 2021 it made up 9.6% of total goods exports. However, between 2019 and 2021 goods exports from this sector have fallen 31.1% in total. The third largest goods export sector in 2021 was Financial and insurance activities, real estate, and professional, scientific and technical activities, which made up 2.7% of total goods exports. Exports from this sector have also fallen since 2019, with the sector seeing a 22.6% fall in exports between 2019 and 2021. Historically, non-manufacturing production was larger than Financial and insurance activities, real estate, and professional, scientific and technical activities however, the data was unavailable for the sector in the West Midlands for 2021.

Figure 4: Total Exports in Goods across All Industries in the West Midlands (ITL2) (£m)



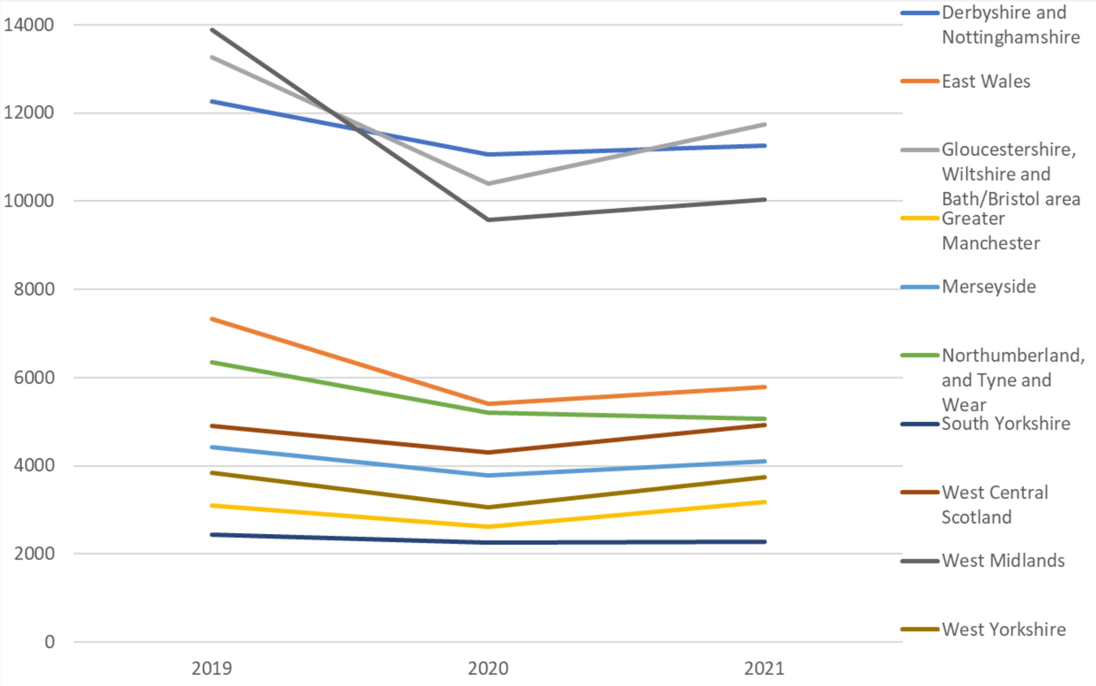
Source: Subnational trade in goods- ONS, 2023

Figures for Transportation and storage, accommodation and food service activities, information and communication, were also unavailable for the West Midlands region in 2021. Though the final sector, retail, did see a different trend in the 2019 to 2021 period. Over this period, retail saw a 43.6% increase in goods exports from this sector.

Figure 5 below shows manufacturing goods exports by ITL 2 region,. Comparator regions used are the regions which contain one of the 11 core cities (excluding Belfast/ Northern Ireland ITL 2 region). As can be seen from the graph in 2019 the West Midlands had the largest value of manufacturing goods exports. However, between 2019 and 2021 manufacturing goods exports fell 27.7%, from £13.8bn in 2019 to £10bn in 2021, this was the largest fall in manufacturing goods exports of any ITL 2 region.

[5] ONS data segregating ITL 2 regions by sector is only available between 2019 and 2021, historical data which pre-2019 is not available

Figure 5: Total Exports in Manufacturing goods by region (ITL2) (£m)



Source: [Subnational trade in goods](#)- ONS, 2023

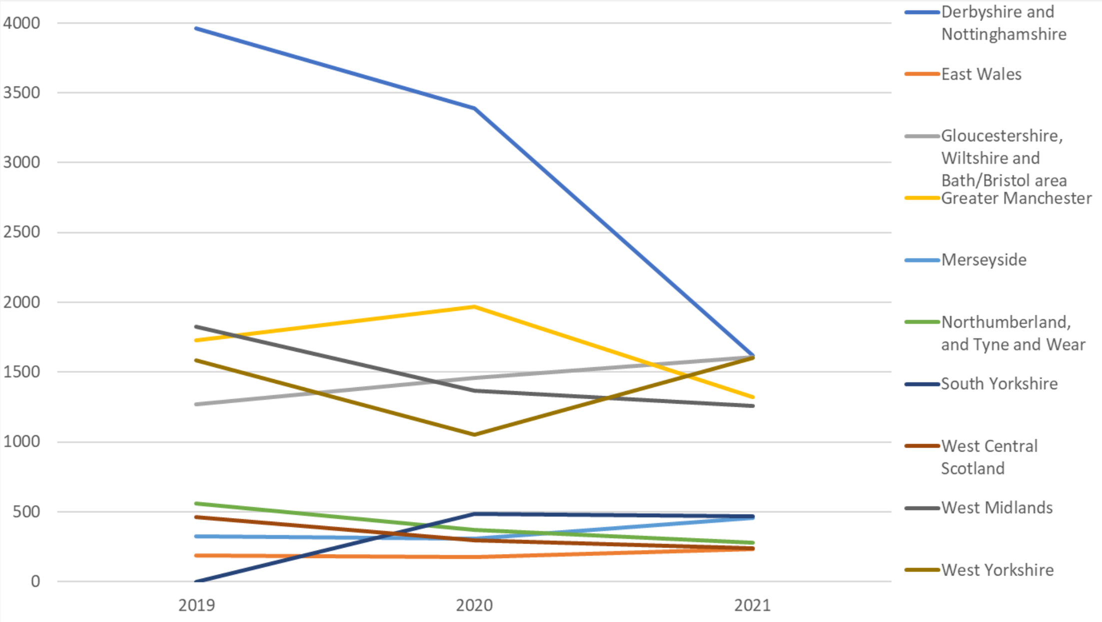
East Wales saw the second largest fall in manufacturing goods exports over this period (-21.1%), followed by Northumberland, and Tyne and Wear (-20.1%), Gloucestershire, Wiltshire and Bath/Bristol (-11.6%), Derbyshire and Nottinghamshire (-8.2%), Merseyside (-7.3%), South Yorkshire (-6.7%) and West Yorkshire (-2.9%). Only two ITL 2 region saw growth in their manufacturing exports over this period: Greater Manchester (+2.3%) and West Central Scotland (+0.3%).

West Midlands, as the largest exporter in 2019, saw the largest shock to exports when the pandemic happened, with the region now racking 3rd amongst these comparator regions as of 2021 for manufacturing goods exports, as can be seen in Figure 5.

Figure 6 below shows Wholesale and Motor Trades goods exports by ITL 2 region. Comparator regions used are the regions which contain one of the 11 core cities (excluding Belfast/ Northern Ireland ITL 2 region). As can be seen from the graph in 2019, the West Midlands had the second largest value of wholesale and motor trade goods exports. However, between 2019 and 2021 wholesale and motor trade goods exports fell 31.1%. This was a significant fall which saw the West Midlands go from the second largest exporter of these goods to the 4th out of the 10 city ITL regions.

The ITL 2 regions though which saw the largest falls in exports in this sector include Derbyshire and Nottinghamshire (-59.1%), Northumberland, and Tyne and Wear (-50.3%) and West Central Scotland (-47.8%). It should be noted that whilst these ITL regions saw large falls in their exports of wholesale and motor trade goods, these were not necessarily high value monetary falls. For instance, Derbyshire and Nottinghamshire saw a massive fall in these exports of 59.1%, this fall was worth £2.3bn; however, whilst Northumberland and Tyne and Wear saw the second largest fall in exports this was only worth £281m.

Figure 6: Total Exports in Wholesale and Motor Trades goods by region (ITL2) (£m)



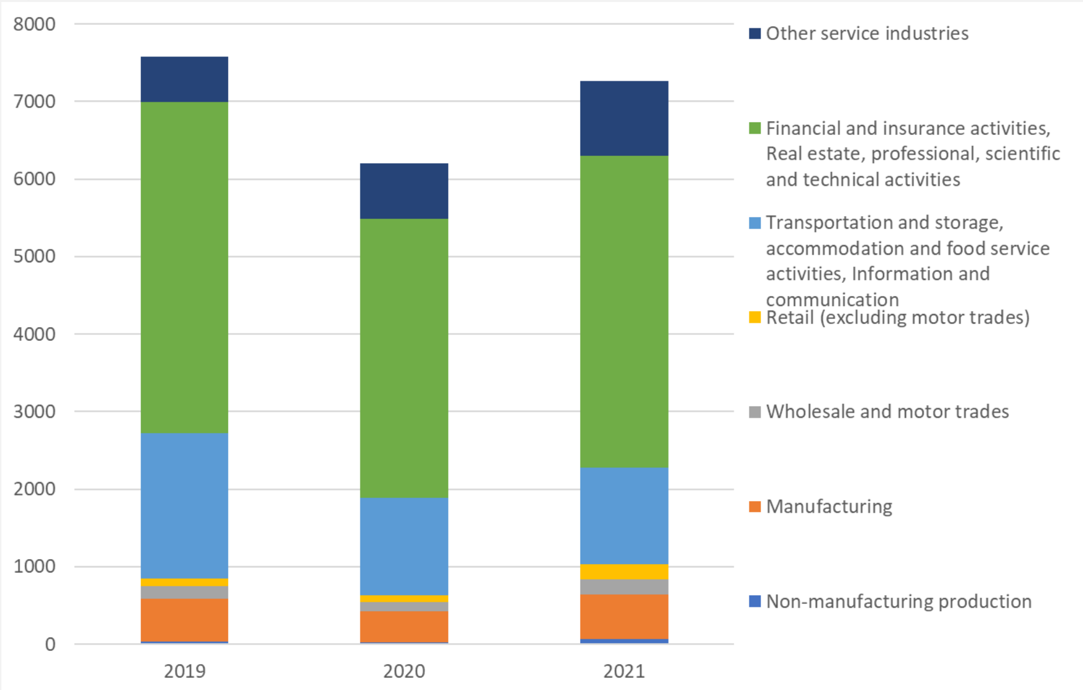
Source: [Subnational trade in goods](#)– ONS, 2023

Overall, whilst the West Midlands may have seen the fourth largest shrinking of exports in this sector comparative to the other regions, it was the second largest fall in monetary value of £0.6bn. Second only to the East Midlands which saw a -59.1% fall between 2019 and 2021, worth £2.3bn.

Services Exports by sector

Figure 7 below shows total exports in services by industry in the West Midlands between 2019 and 2021[6].

Figure 7: Total Exports in Services across All Industries in the West Midlands (ITL2) (£m)



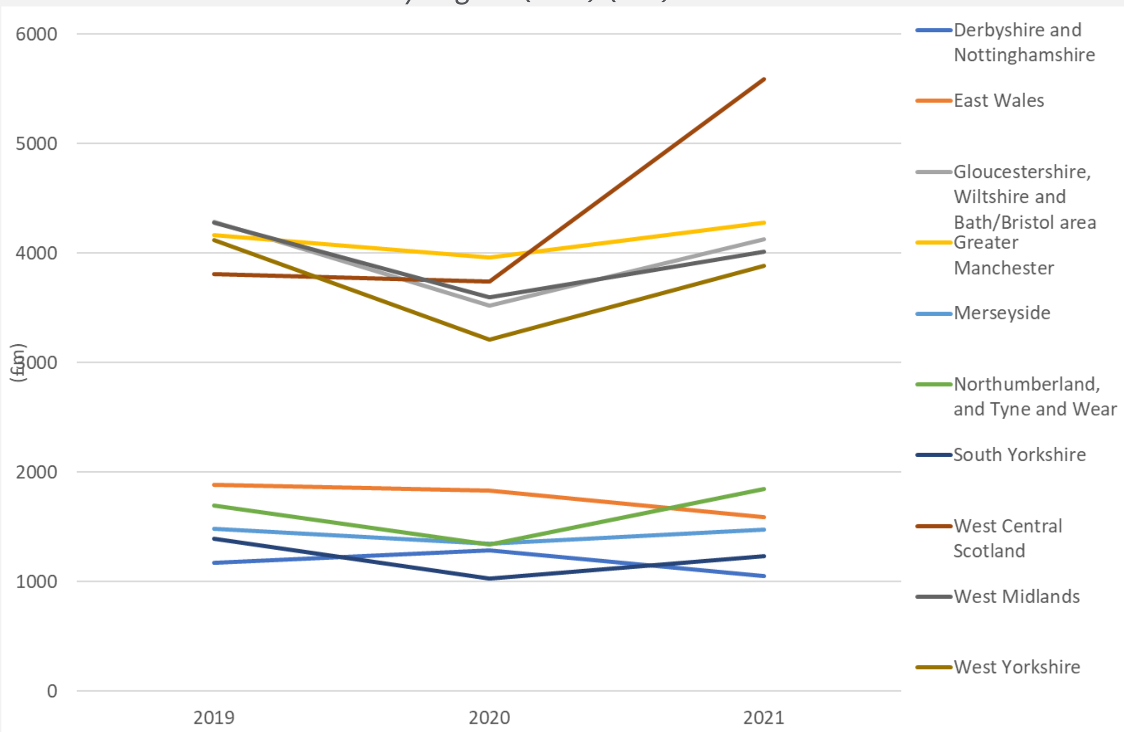
Source: [Subnational trade in services](#)– ONS, 2023

[6] ONS data segregating ITL 2 regions by sector is only available between 2019 and 2021, historical data which pre-2019 is not available

As can be seen from Figure 7 the largest contributor of service exports from the region is Financial and insurance activities, Real estate, professional, scientific and technical activities, which in 2021 made up 55.3% of total services exports. However, between 2019 and 2021 during the pandemic period, Financial and insurance activities, Real estate, professional, scientific and technical activities service exports fell 6.2%. The second largest services exporting sector in the region is the Transportation and storage, accommodation and food service activities, Information and communication, in 2021 it made up 17.2% of total service exports. However, between 2019 and 2021 service exports from this sector have fallen 32.9% in total. The third largest services export sector in 2021 was Other service industries, which made up 13.2% of total services exports, with exports from this sector growing since 2019, with the sector seeing 67.1% growth in exports between 2019 and 2021. The final large contributor to service exports is manufacturing, which as of 2021 made up 8% of total service exports. With the sector service exports having grown 4.7% between 2019 and 2021.

Figure 8 below shows Financial and insurance activities, Real estate, professional, scientific and technical activities services by region. Comparator regions used are the regions which contain one of the 11 core cities (excluding Belfast/ Northern Ireland ITL 2 region). As can be seen from the graph in 2019 the West Midlands had the largest value of Financial and insurance activities, Real estate, professional, scientific and technical activities services exports. However, between 2019 and 2021 service exports in this sector fell 6.2%, from £4.2bn in 2019 to £4bn in 2021.

Figure 8: Total Exports in Financial and insurance activities, Real estate, professional, scientific and technical activities services by region (ITL2) (£m)



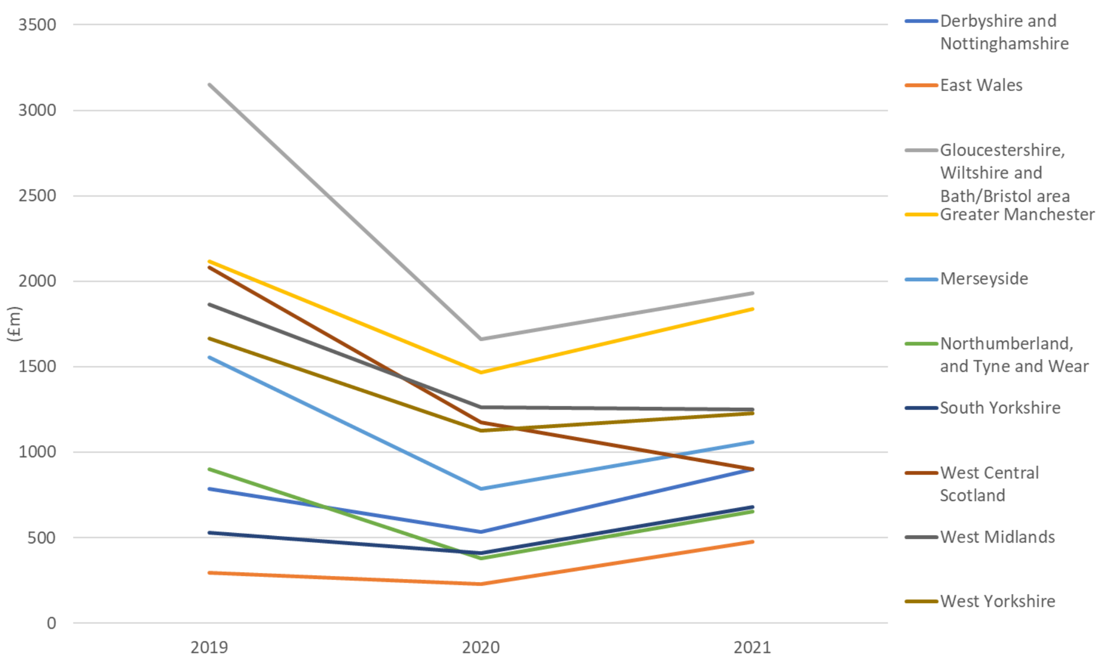
Source: Subnational trade in services- ONS, 2023

The ITL 2 regions which saw the largest falls in exports in this sector include East Wales (-16%), South Yorkshire (-11.8%) and Derbyshire and Nottinghamshire (-10.1%), followed then by the West Midlands (-6.2%). It should be noted that whilst these ITL regions saw large falls in their exports of Financial and insurance activities, Real estate, professional, scientific and technical activities services, these were not necessarily high value monetary falls. For instance, whilst South Yorkshire saw the second largest percentage fall exports in this sector over the 2019 to 2021 period, this fall was worth £165m, however, whilst the West Midlands saw a smaller percentage fall of -6.2%, the monetary value of this was £264m.

Overall, in the period between 2019 and 2021 the West Midlands went from being the largest exporter of Financial and insurance activities, Real estate, professional, scientific and technical activities services to the 4th largest exporting region, with exports in the region now being worth £4.2bn in 2021 down from £4bn in 2019. Behind West Central Scotland which as of 2021 is worth £5.6bn, are Greater Manchester (£4.3bn) and Gloucestershire, Wiltshire and Bath/Bristol (£4.1bn). It should be noted though that West Central Scotland did see exponential growth of 46.9% in the 2019 to 2021 period, with a nominal growth of £1.8bn.

Figure 9 below shows exports in Transportation and storage, accommodation and food service activities, Information and communication services by region. Comparator regions used are the regions which contain one of the 11 core cities (excluding Belfast/ Northern Ireland ITL 2 region). Between 2019 and 2021 service exports in this sector fell 32.9%, from £1.9bn to £1.3bn.

Figure 9: Total Exports in Transportation and storage, accommodation and food service activities, Information and communication services by region (ITL2) (£m)



Source: [Subnational trade in services](#)- ONS, 2023

Whilst the exports in this service sector were greatly reduced, other ITL 2 regions suffered greater reductions in the size of their exports in this sector. The Gloucestershire, Wiltshire and Bath/Bristol region saw a massive 38.7% fall in exports in this sector over the 2019 to 2020 period, worth £1.2bn in exports. West Central Scotland also saw a significant decrease in exports at 56.6% worth £1.2bn. The West Midlands was the 3rd largest impacted region, in terms of a fall in exports in this sector. Greater Manchester, whilst is has not fully recovered, did make strong recovery in only seeing a 13.1% fall in exports worth £278m.

Midlands Engine - Midlands International Trade: State and Challenges

The brief below provides a summary of recent findings on trade from the Midlands Engine, for greater in-depth analysis, please follow the link here. The key findings in the update were:

Overall, the Midlands suffered heavy losses in exports during the COVID-19 crisis period of 2020-2022. While most regions were afflicted by the COVID pandemic and by the UK's EU Exit during 2020 and 2021, the Midlands has been disproportionally impacted by an international landscape of large trade contraction and slow recovery. By mid-2022, the region's export performance was weaker than it had been in 2019 – exporting less in value compared with the pre-COVID and pre-Brexit period and contributing less to the UK's total exports than previously. The Midlands' trade contraction was more serious in non-EU markets than in the EU and was most pronounced in the Machinery and Transport equipment sector.

There have been varied rates of recovery in the East Midlands and West Midlands. While the East Midlands showed signs of bouncing back in 2022, the recovery of the West Midlands has been much weaker. The disruption to services exports was severe in the Midlands, with the region as a whole seeing the value of exports decline by nearly a quarter, making it the worst hit region in the UK. Despite this, Birmingham, the region's main services hub in the ITL3 regions, showed resilience in non-EU markets, while Nottingham City, South Nottinghamshire, and Walsall have shown growth during the pandemic period.

Reduced demand for products and services in the Midlands Engine region appears to be the most important reason behind firms' export disruptions and decline. Though it is rather early to draw conclusions about the long-term trend, reduced demand is usually a signal of the declining competitiveness of products that are less in demand as they are crowded out by competition. During the study period, rising costs, persistent uncertainty, and geopolitical threats have weighed heavily on businesses, eroding business confidence and directly suppressing investment and trading ability.

The large export reduction in Machinery and Transport equipment manufacturing sectors reflects the importance of the advanced manufacturing and engineering sectors to the region, and the significant challenges experienced by the sector's exporters following the dual shocks of COVID and Brexit. A full recovery remains elusive and suggests the need to investigate further the reasons behind weak demand and trade decline of this sector.

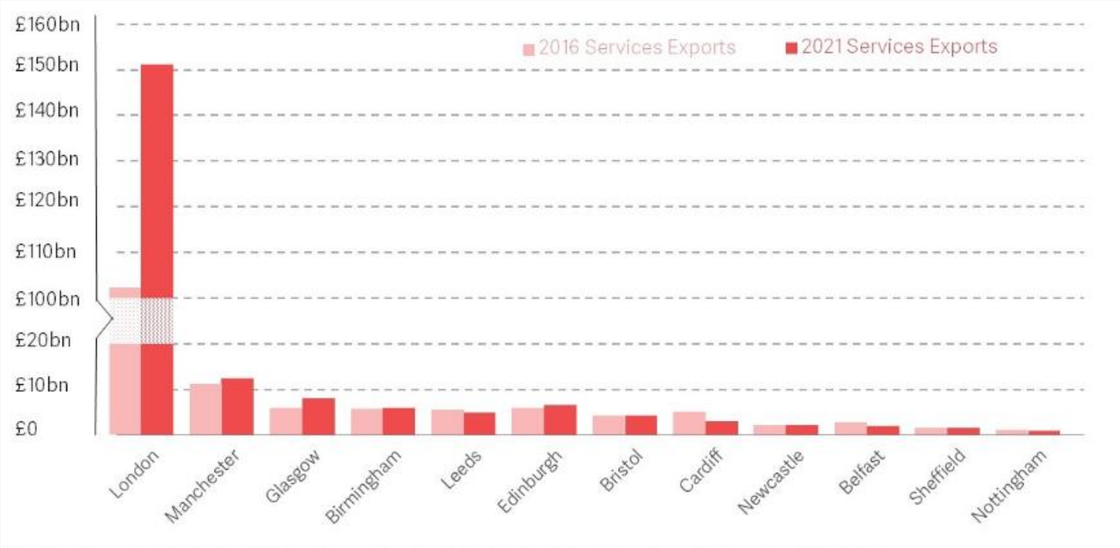
Increased trade barriers and frictions following the end of the Brexit transition and the implementation of the EU-UK Trade and Cooperation Agreement (TCA) have caused disruptions. The most notable of these are the increased customs duties and levies, and disruption at borders. Consequent increases in transportation costs have impacted upon manufacturing firms, while traders in the services sectors are more significantly affected by additional paperwork required for trading.

Resolution Foundation Analysis- Local roots of trade routes

The brief below provides a summary of recent findings on exports from the Resolution Foundation; for greater in-depth analysis, please follow the link here. The key findings in the update were:

- Globally, services trade growth is expected to continue to outpace goods trade growth – with the share of services predicted to rise from 25 per cent of trade in 2020 to 28 per cent by 2035. The UK, being the second largest services exporter in the world is well placed to benefit from this growth, with broad-based strengths in services including ICT, education, culture, marketing and finance.
- Services industries already account for more than two-thirds of British exports by value added and services exports have almost doubled as a share of total exports over the past 25 years – from 30 per cent in 1997 to 56 per cent in Q3 2023.
- However, Britain's major cities have failed to capitalise on this, with London capturing the vast majority of the growth of services exports. Between 2016 and 2021, London's services exports have grown by 47 per cent to reach £152.2 billion. In contrast, exports from the UK's second and fourth largest services-exporting cities – Greater Manchester and Birmingham – have grown by just 11 per cent and 3 per cent respectively. As a result, London's share of all UK services exports has grown from 38 to 46 per cent. See figure 10 below.

Figure 10: Service Exports by city (Eurostat Metropolitan Areas)



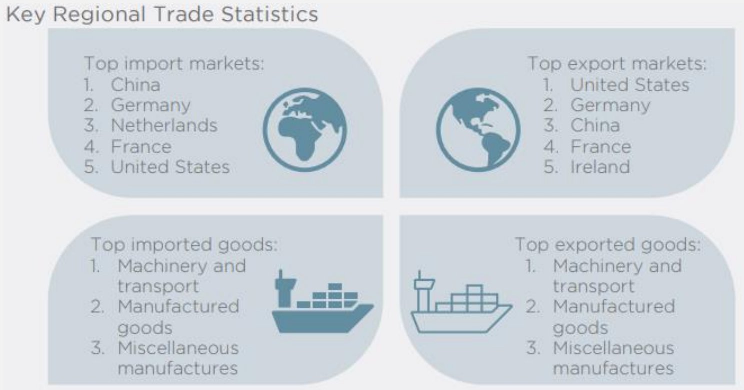
Source: Resolution Foundation, 2023

- Tradable services are more likely to concentrate in large cities than manufacturing activity, as they offer a large pool of skilled labour that can attract productive services firms to co-locate in city centres. Since 1998 the share of the local economy comprised of tradable services has risen by 7.6 percentage points in core cities, and 1.1 percentage points in other cities, compared to falls of 0.7 percentage points in small towns and 1.1 percentage points in villages. In 2021 the majority of total services trade (imports and exports) came from the 12 core cities, with 56% being in the core cities though 44% of this was in London alone.
- In 2021 London maintained the leading position in services export share in the UK but had also witnessed a widening gap with the country's second-tier cities over the past five years.

Additional Research

This section contains additional research which might be relevant to analysis, though largely provides a national picture of the UK's current trading status, with regards to exports. Briefly summarising the additional research which might be of use to policy makers and businesses in the region:

Greater Birmingham Chambers of Commerce- *International Trade Index*	This Index provides a brief summary of West Midlands (ITL 1) trade overall in 2022, the key findings of the update were: • While the total value of West Midlands' exports increased between Q4 2021 and Q1 2022, exports are still below pre-pandemic levels. • In contrast, the value of West Midlands' imports has increased since the initial phase of the pandemic. • The total number of trade documents processed by GBCC's International Hub increased between Q4 2021 and Q1 2022, including documents to EU member states. • Exporters across the region are increasingly concerned about the impact of inflation and exchange rates on their business output, and the pressure to increase their prices as a result.



Institute of Export and International Trade- *Realising the services export potential of UK nations and regions*

This paper evaluates, assess and ranks services exports potential (SEP) in UK nations and regions and create a new framework to help policy makers identify measures to remove barriers at the regional level. The four criteria – economic complexity, connectivity, education and skills, and higher education research and development (R&D) – are factors considered indicative of a region's propensity and capacity for services exports. Their findings include:

- In England 24 of 33 regions (73%) have actual service exports (ASE) rankings in line with SEP. This suggests, on a relative basis, that most English regions are performing in line with their potential. However, the gap in SEP and therefore ASE, between London and all other regions is vast. This means that in order for regions across the country to increase their export performance, they must first take steps to increase their potential.
- The West Midlands ranked 12th based on their SEP score based on their ranking against the 4 criteria. However, on their actual service exports they ranked higher than 12th meaning they outperformed their original SEP score. Their adjusted SEP score, taking into consideration actual service exports, was 11th SEP rank overall.
- The Institute recommended that policymakers should form a regional trade in services taskforce in order to encourage, enable and realise SEP across the country. The taskforce should be charged with improving regional data quality, refining the SEP framework to increase the model's predictive accuracy and delving deeper into the causality of the relationship between observed criteria and services exports.

TheCityUK- *Exporting from across Britain: Financial and related professional services*

The West Midlands exported £5.5bn of financial and related professional services in 2021, up 5.8% from 2020, according to TheCityUK estimates. According to ONS data, financial services exports from the West Midlands accounted for 4.4% of Great Britain's total financial services exports in 2021. TheCityUK estimates related professional services exports from the region accounted for 2.8% of Great Britain's total related professional services exports. 22% of West Midlands' financial services exports went to the EU in 2021, and the remaining 78% went to the rest of the world.

Centre for Cities- *All Cylinders: The role of the Midlands Engine in the British economy*

The Midlands' economy is concentrated in its cities, with the Birmingham urban area alone accounting for around a quarter of all jobs and output.

While the Midlands Engine's manufacturing sector is performing close to the average for Great Britain, the report highlights that its cities, and particularly its city centres, are failing to attract enough higher-productivity service export firms, thereby hampering the region's productivity growth. This is

	crucial to understanding why the Midlands Engine is underperforming, since cities contribute to 89 per cent of the area's output gap.
UK in a Changing Europe- *Brexit, Trade and UK Advanced Manufacturing Sectors: A Midlands' Perspective*	A key finding in this paper is that the imposition of new non-tariff barriers through Brexit has proved particularly challenging to smaller firms in manufacturing supply chains. Highlighting the need for policy support in a number of areas, particularly around skillsets and access to talent, cost reduction for export and facilitating trade. There is a clear need to support smaller supply chain firms, as there is a risk of further 'hollowing out' of the UK-located manufacturing. Boosting productivity through investment in plant and new equipment will be necessary. Trade barriers have increased post Brexit and they have impacted most on small firms especially.

The West Midlands Insights on Society and Economy (WISE) Newsletter is part of a series of Summer Lane Insights produced by the West Midlands Combined Authority with content commissioned from the Economic Intelligence Unit (EIU); the City-Region Economic Development Institute (City-REDI) at the University of Birmingham; and other partners in the regional research ecosystem. Find out more at wmca.org.uk