

West Midlands Monthly Monitor

September 2019



Introduction

Welcome to the September edition of the West Midlands Economic Monitor. The purpose of this document is to provide an overview of regional data which has been released in the previous month, as well as highlight significant announcements impacting on the West Midlands.

Infrastructure

This month Midlands Connect published its ambitious £3.6billion [‘Midlands Engine Rail’](#) proposal, outlining a vision to upgrade existing rail infrastructure and develop a high-speed link between the West and East Midlands. The plans encompass the already public ‘Midlands Rail Hub’, bringing all their 7 rail-projects under one umbrella.

The Midlands Engine Rail project would see:

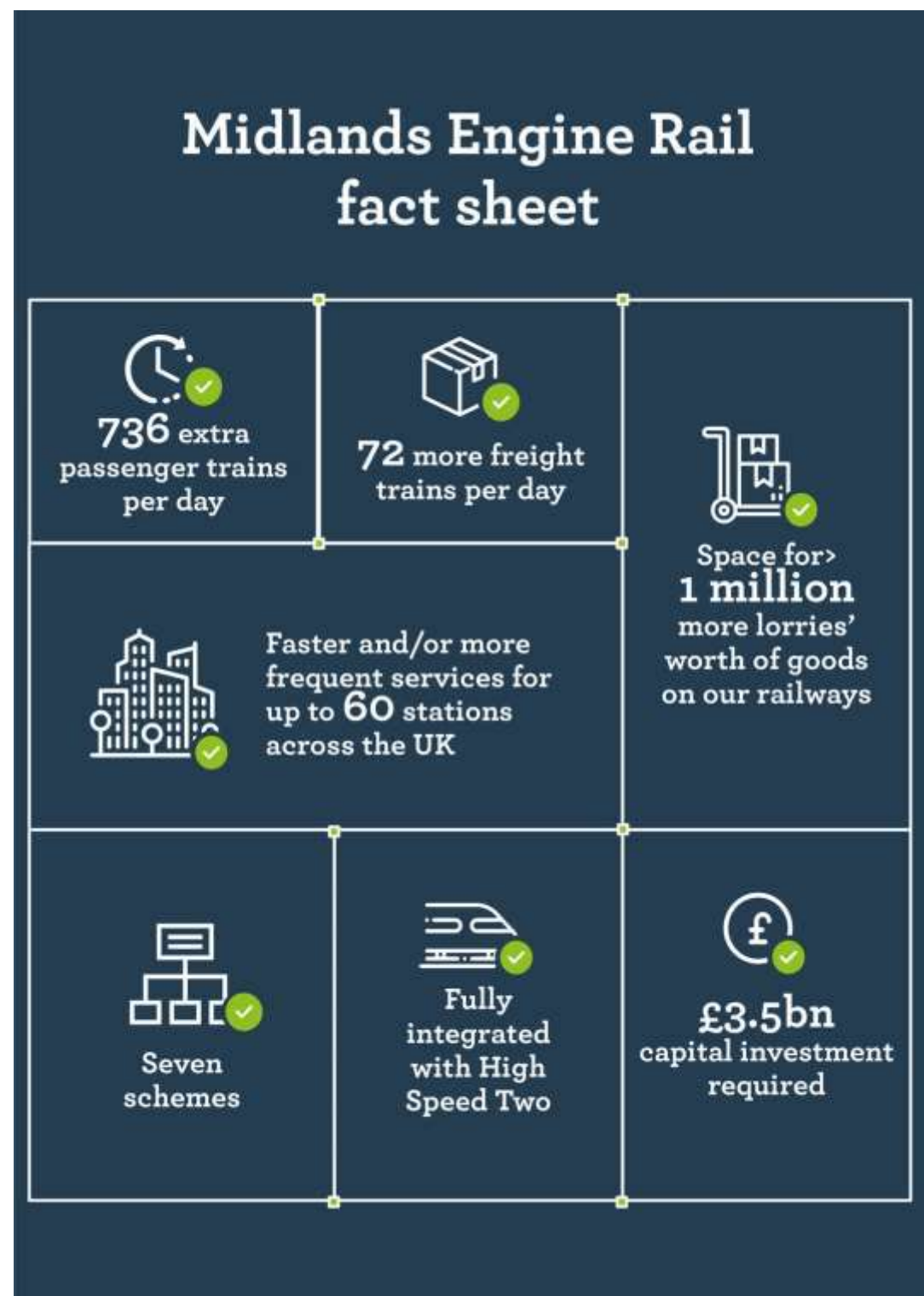
- 736 extra passenger services a day
- 60 stations in the Midlands to benefit from faster, more frequent and/or new direct services
- 72 more freight trains per day
- Fully integrated with High Speed Two.

The projects would deliver the doubling of services to BHX from Shrewsbury, Telford and Wellington, reducing commuting time from BHX to Nottingham by 39 minutes, and linking up BHX with Bedford and Leeds.

Current growth in rail use is +121% in the West Midlands and +37% in the East Midlands, showing that extra capacity is needed on Midlands rail infrastructure.

The plans aim to compliment HS2 and maximise the predicted gains by boosting inter-regional connectivity and ensuring that the productivity and increased labour-market gains are felt across the region.

The proposed faster and more frequent services to Birmingham – Wolverhampton – Shrewsbury would be introduced at the same time as HS2 Phase 1, at a cost of £200m.



Source: (Midlands Connect)

Midlands Connect is working with its partners to present the business case to Government for the project and seek the necessary £3.6billion investment required.

Midlands Connect maintains that implementing significant reductions in journey times will ensure businesses are closer to clients, employers are closer to a larger labour market, increasing work opportunities.

Ideas

Birmingham Health partners are set to collaborate with the Association of British Pharmaceutical Industry to [‘tackle the biggest health challenges faced by the West Midlands’ six million residents’](#).

The collaboration between the two organisations will take the form of real-time clinical trials, using health data to enhance research in to maternity care, cancer care, child health, obesity and dementia.

The pharmaceutical industry produces £4.3 billion worth of research and development each year and it is hoped that this collaboration will drive economic growth in the region and help support the growing life sciences cluster in the region. It is also expected that the collaboration will drive the development and adoption of new data-driven innovations in to clinical practices in NHS hospitals across the nation.

Additionally, the University of Birmingham is set to play an increasingly substantial role in innovating pioneering health research, [after being chosen](#) for the location of two data hubs that will encourage faster patents for innovative new-treatments. This follows the release of locations of 7 new national hubs, 2 of which will be in Birmingham, led by Health Data Research UK.

The research hubs will link up different and sporadic data on health research, enabling the easy-access of the data to encourage speedier research and innovative practices. Crucially, patients are to have an input in how their data is used, ensuring the ethical and appropriate use of medical data in supporting pioneering health research to tackle debilitating conditions.

The Health Data Research Hubs are being funded through the four-year £37 million UK Government Industrial Strategy Challenge Fund, led by UK Research and Innovation, with the vision to create a UK-wide framework to create and foster ethical and safe medical research.

[Research by Shelter and YouGov](#) has revealed startling figures surrounding the economic security of private renters across the region.

According to their research 52% of private renters would only be able to pay their rent for one month after they lost their job, or one month after a final pay-packet. The rent-security of people in the West Midlands is worse than the England as a whole, with 45% of renters unable to afford their rent after one month of unemployment.

The research reveals that 281,000 renters in the West Midlands are one payday away from losing their home. Similarly, for more than one in every three renters, unemployment would mean an immediate inability to pay their rent, with 187,000 workers with severe economic insecurity.

People

Cancer Research UK have released [startling figures](#) that in 2018, 12,500 cancer patients in the West Midlands are diagnosed late. Of those that are diagnosed late, 7,500 (60 percent) are diagnosed with stage four, meaning the disease has progressed to a stage where there are fewer medical interventions available.

Cancer Research UK have attributed the delays in diagnosis to several factors, but identified there is a shortage of NHS medical staff trained to carry out the required diagnoses.

The new Secretary of State (SoS) for Education, the Rt Hon Gavin Williamson, [visited Walsall and Dudley in September](#), as part of the government's announcement of £400million boost for providers of 16-19 education.

[The SoS visited Dudley College of Technology](#), which is one of the flagship schemes of the Black Country and Marches Institute of Technology, one of 12 that are being formed across the country. The institutes' aim is to provide specialist skills and high-level training in Level 4 and 5 STEM subjects, providing skills in digital, advanced manufacturing, and engineering; all needed skills by Midland businesses.

In additional good news for the growth of skills in the region, a [£100,000 training hub has opened](#) at the Perry Parr residential scheme which will house athletes for the 2022 Commonwealth Games and where more than 1,400 homes are being developed.

The WMCA highlighted that the facility will provide training and necessary upskilling construction for the construction industry.

Funding was drawn from the Government's Construction Skills Fund, which will support the Perry Barr based facility. It is delivered through the partnership between the Government and the WMCA, receiving a total of £2.3million from the £20million Construction Skills Fund.

The funding aims to plug the skills-gap within the region and encourage young people in to work. The region's [employment rate is growing at a substantial rate](#).

For the first three months ending in July 2019, the West Midlands region employment rate was 74.6%. Since February to April 2019, the rate increased by 0.7pp, which was the largest increase in employment rates in any of the UK regions.

Similarly, the region's fall in unemployment rate from May to July 2019 of -0.8pp was the largest decrease compared to any other region in the UK. The unemployment rate of 4.2% remains higher than the UK at 3.8%, which has not changed since the previous quarter.

Additionally, the West Midlands inactivity rate was 22.1%, higher than the UK's of 20.8% for the period of May to July 2019. From the previous quarter the West Midlands increased by 0.1pp, while the UK did not change.

In August 2019, the claimant figures, for the WMCA region, was 108,835, or 4.2% of the population. The number of claimants in the WMCA region has increased by 22,790 over the last year, which can be attributed to the introduction of Universal Credit in the region.



Artists Impression of Commonwealth Games 2022 Athletes' Village

Business Environment



[Businesses in the region](#) have recorded their second month of purchasing order rises. The rise, whilst modest compared to the rise in July, is favourable when compared to the decrease recorded across the UK.

However, the headline regional business activity, which combines performance in manufacturing and services, was recorded at 47.5 in August, remaining in contraction territory. Firms are also experiencing their 13th consecutive month of decreasing outstanding business, with August seeing the quickest drop in 20 years.

The data contrasts with [regional growth data from 2018](#). Newly released data by the ONS revealed the strength of growth in the region was only superseded by London in 2018. The West Midlands had the second highest growth from Q4 2017 to Q4 2018, at 3.2% - above the UK growth of 1.5%.

The growth appears to have occurred in the first three quarters of the year, with the region one of six in the country that experienced no growth in GDP in Q4 (Oct-Dec 2018).

Stagnation in Q4 2018 was certainly propped up by substantial growth in the construction sector, which increased by 3.0% (+0.18pp to GDP growth) in the West Midlands. There was no growth in the service sector and a decrease of 1.1% (-0.22pp negative contribution to growth) in the production sector.

Within industrial sectors, the highest industry growth was in administration and support services (+8.7%) which made the biggest positive contribution to growth in the West Midlands at 0.40pp.

Manufacturing fell by 1.5% which is a negative contribution of 0.24pp. The largest percentage decrease was seen in information and communication (-5.0%) which is a negative contribution of 0.21pp.

Additional [up-to-date data from Q3 2019 on trade](#) shows that in the year to June 2019, the West Midlands Regional trade in goods exports was worth £32bn, a decrease of 4.8% compared with the same period as last year, while the UK increased by 3.3% to reach an estimated £344bn.

Consequently, in the year to June 2019, imports to the region increased by 3.0% resulting in an increase import value of £37.9bn, compared with an increase of 3.9% for the rest of the UK, reaching a value of £489bn.

The largest export category for the region is in Machinery and Transport at £22.1bn – 69.1% of total. Comparative to 2018 Q2 this has reduced by 6.6%. There was a substantial increase of 13.2% exports in beverages and tobacco in 2019 Q2 compared to 2018 Q2, however the monetary effect is small, only accounting for 0.2% of the total at £77m.



Places

Private rental prices on homes in the UK [have risen](#) in the 12 months leading to August 2019. Across, the UK, private rental homes paid for by tenants has risen by 1.3%. In the West Midlands house prices have increased by 1.8%, but the highest increase was in Wales, increasing by 4.2% (£165,000).

Property in Nuneaton and Bedworth has increased by 11% to £179,995. [The average property price](#) has risen by £9,800 and £7,500, respectively, in just one year in the East and West Midlands.

In 2018, 14,491 homes were built in the region, short of the West Midland Combined Authority's (WMCA) goal of 16,500 per annum by 2031. Whilst short of the WMCA's target, the figure reveals that the West Midlands built more homes in 2018 than anywhere else outside of London.

There are signs that momentum is gathering. The WMCA and Lovell have [signed a deal](#) to build more than 4,000 homes over the next eight years. The partnership was revealed by Andy Street in September, and will bring together skills within the private and public sector, to take house-building in the region to the 'next level'. The house-building projects will focus primarily on brownfield sites to alleviate pressure on the greenbelt which surrounds the urban-core of the city-region.

The projects that have been announced so far, are 283 homes on land off Green Lane, Walsall – including 89 affordable properties and 72 for rent, 225 homes on 12 infill sites on land owned by Sandwell Council, amongst others across the Black Country.

These projects will bring life to disused brownfield sites, transforming them into residential housing estates.

In a further boost Midlands Towns, historic English shopping centres are set to receive a [£95 million cash injection from the government](#), with the Midlands receiving the largest share of £21.1million. £2million has been earmarked to facilitate the restoration of historic buildings in Coventry that survived the blitz of World War II.

The initiative to restore historical sites across the Midlands was pushed by the Heritage Action Zone programme run by Historic England, with the aim of turning dilapidated historical buildings in to spaces for public and private use, supporting the wider-regeneration of towns.

The funding combines £40million from the Department for Digital, Culture, Media and Sport's Heritage High Street Fund with an additional £52million granted by the Ministry of Housing, Communities and Local Government's High Street Fund. The remaining £3million is being provided by the National Lottery Heritage Fund.

The news comes at a welcome time when data released by the Local Data Company [shows high-streets across the region are continuing to struggle](#). One in 50 shop units closed and have not been replaced in the first half of the year.

The region saw a net fall of 2.2% in the first half of 2019. Wolverhampton experienced the worse impact with a net loss of -13 stores, closely followed by Birmingham with a net loss of -10. Coventry also saw a net loss of -9 stores.

The results conflict with positive figures from other towns within the region, with Halesowen, Solihull and Stafford maintaining their numbers of retail unit, posting no net losses.

The data reveals a mixed-picture for retail across the region, considering that the region is experiencing high-levels of infrastructure investment and FDI. In anticipation of the Commonwealth Games 2022 and Coventry City of Culture in 2021.

SOURCES

Express and Star, Sep 2, 2019). [Almost half of West Midland cancer patients diagnosed late](#)

HM Revenue & Customs, (September, 2019) [UK Regional Trade in Goods Statistics Quarter 2 2019](#)

Gov.uk, (September 12, 2019). [Education Secretary visits the West Midlands](#)

Inside the Game, August 26). [Construction training hub unveiled in Birmingham as part of 2022 Commonwealth Games project](#)

Midlands Connect, (September 2019). [Midlands Engine Rail](#)

NatWest West Midlands PMI, (September 9, 2019). [Business environment remains challenging despite rise in new orders](#)

Office for National Statistics, (September 5, 2019). [GDP, UK regions and countries: October to December 2018](#)

Office for National Statistics, (September 15, 2019). [Regional labour market statistics in the UK: September 2019](#)

Office for National Statistics, (September 18, 2019). [Index of Private Housing Rental Prices, UK: August 2019](#)

Pharmafield, (September 17, 2019). [ABPI collaboration to tackle Birmingham's major health challenges.](#)

Property Reporter, (September 4, 2019). [New Post Office data reveals FTB hotspots](#)

PWC, (September 11, 2019). [Store closures hit record levels as restructurings drive largest net decline in testing retail climate](#)

Shelter, (September 19). [Almost half of working renters only one paycheque away from losing their home](#)

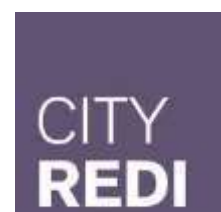
Science Business, (September 19, 2019). [University of Birmingham to play key role in pioneering health data research centres](#)

The Business Desk, (September 16, 2019). [Midlands gets largest share of Government's £95m regeneration fund](#)

WMCA, (September 17, 2019). [Pioneering partnership to deliver 4,000 new homes targeted on brownfield land](#)

This report was
written by

Ben Brittain
Policy and Data Analyst
B.Brittain@Bham.ac.uk



UNIVERSITY OF
BIRMINGHAM

BIRMINGHAM
BUSINESS
SCHOOL

The City-Region Economic Development Institute
July 2019
