State of the Region 2021

SUMMARY EVIDENCE REPORT

West Midlands Regional Economic Development Institute
FOR THE WEST MIDLANDS COMBINED AUTHORITY
About WMREDI

WMCA, along with other regional bodies, are partners in the establishment of the region of WMREDI, led by City-REDI at The University of Birmingham. WMREDI is a catalyst for a step-change in regional collaboration around data, evidence and evaluation. The work of the partnership brings together universities with policymakers to establish a robust approach to decision making in regional and local policy making and to better utilise the wealth of academic knowledge in the region.

Alongside funding from UKRI’s Research England and matched funds from the University of Birmingham, we have secured matched funding from the leading regional stakeholders involved in planning and delivering growth policies. This is a shared collaborative approach to research and evidence in the region; as such all partners can utilise the structure to deliver research and data activities.

Key partners are:

- West Midlands Combined Authority (WMCA)
- Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)
- The Black Country Consortium Ltd.
- The Coventry and Warwickshire Local Enterprise Partnership (C&WLEP)
- GBS Chamber of Commerce
- West Midlands Growth Company (WMGC)
- Aston University, Birmingham City University (BCU), Coventry University and Wolverhampton University
- All 7 Local Authorities - Birmingham, Coventry, Dudley, Sandwell, Solihull, Walsall and Wolverhampton - in the WMCA area
- The Midlands Engine

With special thanks to the Black Country Consortium Economic Intelligence Unit for their significant contribution to this work

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Purpose of the Document
Welcome to State of the Region 2021 the fifth annual review of how the region has fared in the last 12 months. This report is written on behalf of the West Midlands Combined Authority, and all its partners by WMREDI. It should be seen as a stocktake of where the region stands, it’s a snapshot on how the region is doing and where partners need to work together to improve the region. But this year, as last, it is still produced in extraordinary circumstances and it is a call to action for everyone invested in the West Midlands.

This year the report has been incredibly difficult to write, as data and implications have been changing rapidly, as different policy responses have been put in place. Since starting the process of writing in February 2021 the landscape has changed many times, and will continue to change over the coming months as the country opens up once again.

Therefore this year the authors have kept to the high level data and the monitoring indicators to minimise the effect of rapidly changing data. It is therefore a high-level report in comparison to its predecessors due to the wealth of research and supporting reports published throughout the pandemic. As in previous years the report highlights the major challenges facing the region, its citizens and businesses and the challenge facing all bodies charged with improving the wellbeing, economy and environment. It is important to note this report was written in June 2021 and that some of the data included changes on a weekly basis. Latest data will be found in the weekly monitors as circumstances unfold.

This report endeavours to be an honest reflection of the current regional conditions, specifically highlighting the challenges faced in the next 12 months. However, the report is not attempting to suggest what the solutions are or whose responsibility it is to deliver them; this lies within strategies and action plans of all the regional partners, who own and deliver activities in the West Midlands. It is an executive summary as part of a suite of documents which highlights the evidence base and continuing to build our understanding of the performance of the region. There are challenges to understanding this performance and how partners change places for the better, not least understanding the causation and causality between action, output and outcomes. This document provides a balanced approach to regional monitoring and is a useful tool to understand the progress the region is making through our combined action.
The West Midlands is one of the largest conurbations outside London. Its central location puts it at the heart of the UK’s transport networks and international connections. The region was one of the most prosperous areas of the UK until the 1970/80s, and in the five years prior to 2020 it had been experiencing a resurgence of that power on the back of the growth in the business and professional services sector; technology driven manufacturing and city centre construction growth. A thriving city centre based international business and professional services sector drove high levels of business tourism. The manufacturing base was becoming more productive and the automotive sector was responding to the challenge of a carbon neutral future. The region was characterised by high exports, foreign direct investment and strong international links. It had the biggest higher education cluster outside London. The region broke through the £100bn GVA barrier and hit £106.7bn (in 2019) and had been bucking the national trend on a host of economic indicators, such as enterprise and employment growth. All this was powered by a young workforce, increasing its skills and moving to the region. However, alongside this growth there were significant issues with inequality, poverty, youth unemployment, low skills, poor health and school performance.

In the first part of 2020 the economic impact of the Covid-19 pandemic was initially severe. In the second quarter UK GDP fell 20% compared to the previous year, manufacturing PMI hit an all-time low and by May 2020 496,000 people across the 3 LEP area were at some point on furlough, the equivalent of all jobs in Birmingham. Now many sectors have returned and the number furloughed has dramatically reduced to 238,400 people by March 2021 and down to 195,200 by the end of April, predominately in retail, hospitality and cultural sectors. Despite the general stasis felt at the time by the economy through furlough and lockdown, the overall claimant count had nearly doubled overall and was most acute for young people. What is now known is that globally there is a twin track economy: some sectors are largely unaffected and some consumers are still active. By contrast, some sectors are essentially closed and still in stasis - mainly because of the direct impact of lockdown. This is a time like no other, with no recent precedent. The impact of easing lockdown has yet to be fully understood, and what it means in the short-, medium- and longer-term.

Sectors where the region had previously seen growth and expansion were hard hit, such as construction which back in June 2020 was hardest hit but has seen some recovery as the lockdowns have eased. Evidence in the Weekly Economic Impact Monitors that the lockdowns in November 2020 and from January 2021 have had an ongoing sustained impact on the same sectors. The expanding higher education sector in the three cities - Birmingham, Coventry and Wolverhampton - has switched to online and distance learning. This has contributed to leaving cities empty for much of the last year.

Our largest employment and GVA sector (professional, businesses and financial services) is still resilient, but has sustained job losses and workers are unlikely to return to the workplace in the same way as in the pre-Covid era. This will have a significant effect on our three city centres, especially Birmingham. The sectors hardest hit through furlough and lockdown (retail, hospitality and tourism) could bounce back providing consumer demand returns and certainty in a future where people feel safe and able to return to the leisure activities they once had. But some workers from these sectors may have looked to employment opportunities in other sectors and others may be less willing than formerly to change employers. The 2022 Commonwealth Games will reply heavily on these sectors and demand will increase so it is important that the jobs are protected to ensure the Games can be delivered.

Economic forecasts consistently showed through 2020/21 that the West Midlands was to be one of the UK regions hit hardest by the economic crisis, Oxford Economics have produced initial baseline forecasts which show that pre-pandemic levels of employment will not return until 2023 and GVA after a drop back to £97bn in 2020 will not return until 2022. This reflects the industrial and demographic mix, with some local economies among the most vulnerable in the UK in terms of their sectoral composition and health vulnerability. Those same forecasting models also show relatively strong regional growth in 2021, and latest forecasts have been revised up with the success of the vaccine rollout, but this growth depends on assumptions about future market demand and international trade agreements. The stakes are high everywhere, but particularly so in the West Midlands.
The success of the region is vital to the success of the UK, ensuring strong recovery, especially in sectors of national importance such as advanced manufacturing, automotive and the business and professional services sector, will support the wider growth of the nation. The upcoming Commonwealth Games in 2022 is an opportunity to show the world the resilience and capacity of the people of the West Midlands to bounce back. Hence investment in the jobs and sectors which have been hardest hit in pandemic, but are of greatest importance to the Games is essential to ensure the ongoing strengths in attracting international visitors, importing and exporting which the region has.

However, the region has demonstrated resilience in the face of the pandemic, through business innovation and redesign and adoption of technology, as seen by some of our most successful support programmes which have enabled businesses to adapt, pivot and prosper. Recently there has been very positive signs of recovery; in May 2021 the Purchasing Managers Index (PMI) is at a record high (65.5) for the region. The West Midlands is the second highest region for business activity and future activity index is at 83.6 reaching levels not seen since 2012. There is also a continued increase in vacancies being advertised and manufacturing has rebounded. The pandemic has also highlighted the role, importance and response of the social economy, through a galvanised voluntary and community sector addressing key issues such as food poverty, mental health and community support.

There is also an emerging trend towards ‘north shoring’. This can be seen in large relocations and expansions such as Goldman Sachs announcing setting up an office in Birmingham and moves of Civil Service jobs to the region. Investments are holding up and the housing market is growing, especially at the top end. But these are not mirrored at the bottom of the market in the rented sector, and data suggests that the risks of homelessness are growing.

In severe shock regional partners cannot forget the commitment to creating a greener and fairer city-region. Tackling these issues remains a challenge, which has become more pressing as impacts of the pandemic has hit those most vulnerable in society, notably our young, and diverse community. What is known about previous recessions and shocks is when the focus shifts to recovery some people and places need more support. Our progress towards environmental improvement could also suffer as behaviours change and alter energy consumption, transport usage and ability to invest in new green approaches, but initiatives in the region are pushing the green agenda to the forefront, and regional partners have been activity pursuing a future mobility strategy embracing green credentials and this is becoming more important going forward.

However, our economic performance over the last ten years since the last recession should give us confidence that with appropriate support, the region can return to growth rapidly. Since the announcement of the government’s roadmap out of lockdown business confidence and positive perceptions have returned. But the twin track economy also means the risk of a twin track recovery for the people of the region and the widening inequalities the region has experienced under pandemic conditions could lead to an even greater divide in the future unless these issues are tackled head on.

As a region, we are in a unique situation, in that the Commonwealth Games is ahead of us, which can be used to drive action and to tackle the issues in the hardest hit sectors, and demonstrate what the region has to offer post pandemic.

Rebecca Riley
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Business Development Director WMREDI
June 2021
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The Current Challenges Facing the Region

Over the past year partners have mobilised plans and programmes to address the challenges from the pandemic and end of the transition period associated with the UK leaving the EU. This is a fast-moving environment and the region’s shared plans and priorities have reflected this. They were developed to meet a need, and establish a common understanding, signal our investment opportunities and understand the experiences of citizens in the West Midlands. The research and work carried out over the last 12 months highlights a number of issues in aiming for a stronger region.

The developing plans and interventions in the region have been shaped by the monitoring and impact assessment carried out by the WMREDI partners and through key research outputs summarised in this document for the next 12 months. Five key challenges have emerged from the evidence which will shape future strategic activities across partners and were agreed through the WMCA Board. In the next few years it will be vital to support people into jobs, and for businesses to recover. Therefore, our outputs and outcomes in the short-term have been adapted to respond to this crisis. However, our long-term goals are still aligned to understanding our performance against the United Nations Strategic Development Goals and our evidence continues to be aligned and monitored against these long-term aims.

A small number of provisional outcome indicators1 have been prioritised to understand and monitor progress. Underneath these outcome indicators2 there sits a wealth of research and monitoring that allows us to understand the change and drivers underpinning them in detail. Alongside this are suggested (not exhaustive) outputs which can contribute to the delivery of change in the outcomes and can be used by regional partners to understand their contribution to addressing the challenges.

Figure 1 Challenges, outcomes and potential outputs

<table>
<thead>
<tr>
<th>Challenge</th>
<th>Provisional Outcome indicators</th>
<th>Potential Output indicators, number of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Delivering Good Jobs</td>
<td>• Total jobs in the economy&lt;br&gt;• Survival rates of businesses&lt;br&gt;• Start-up rates of businesses</td>
<td>• jobs created/safeguarded by sector&lt;br&gt;• businesses started&lt;br&gt;• businesses assisted to grow and innovate&lt;br&gt;• public transport trips to employment centres&lt;br&gt;• FDI projects and jobs</td>
</tr>
<tr>
<td>2. Supporting Thriving Places and Communities</td>
<td>• Total affordable housing&lt;br&gt;• Visitor numbers</td>
<td>• new dwellings built&lt;br&gt;• land remediated&lt;br&gt;• commercial, high street and community buildings improved or renovated&lt;br&gt;• visitors</td>
</tr>
<tr>
<td>3. Embedding our Green Ambitions</td>
<td>• Renewable energy&lt;br&gt;• Households living in fuel poverty</td>
<td>• reskilling or employment opportunities created in green technology and construction&lt;br&gt;• take up of energy efficiency programmes&lt;br&gt;• households with improved energy consumption classification&lt;br&gt;• businesses supported to be energy efficient</td>
</tr>
<tr>
<td>4. Tackling Inequality and Levelling-up</td>
<td>• Increase in disposable household income&lt;br&gt;• Improved healthy life expectancy</td>
<td>• jobs in knowledge occupations&lt;br&gt;• people benefiting from health initiatives&lt;br&gt;• entrepreneurs supported to be enterprise ready&lt;br&gt;• jobs in foundational sectors achieving living wage</td>
</tr>
<tr>
<td>5. Preventing a Lost Generation</td>
<td>• Increase in apprenticeships and employment support&lt;br&gt;• Reduce the number with no qualifications&lt;br&gt;• Level 3 and 4 qualifications</td>
<td>• apprenticeships&lt;br&gt;• people improving digital skills at all levels&lt;br&gt;• adult education places completed&lt;br&gt;• training, work experience and employment support opportunities at all levels</td>
</tr>
</tbody>
</table>

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1 Measuring Success: Riley 2018
2 N.B. GVA is not included as there is significant volatility and revision occurring in the data alongside the lag making the data inconsistent for outcome monitoring in the immediate term. Delayed publication this year has also affected the ability to track or monitor the indicator. Data to the measure such as salaries will also continue to be affected by government support still being implemented.
The Broad Context for the Challenges

Increasing inequalities

Figure 2 Overview of inequality data changes

Educational Inequalities

Evidence to date\(^3\) suggests that the Covid-19 crisis has exacerbated educational inequalities. Statistics from early May 2020 show that time spent on educational activities amongst primary school children fell by a quarter, to 4.5 hours a day, from around 6 hours per day before lockdown. However, whereas before lockdown the time spent learning varied little by family income, an analysis of time spent on educational activities during a typical weekday, shows that the reduction in time spent learning fell least amongst students from the richest third of families (based on pre-Covid-19 income). Amongst secondary school students there is a clearer gradation by family income in time spent on educational activities prior to the pandemic, with those in the richest third of families spending most time on educational activities. The decrease in time spent on such activities when schools were closed was most pronounced for those from the poorest families.

Typically graduates earn more than non-graduates, have better opportunities for training and progression in work and have better working conditions. The Covid-19 crisis has exacerbated labour market inequalities between graduates and non-graduates – and despite progress in raising qualification levels, with a less qualified workforce than nationally, the West Midlands has a larger share of non-graduates.

The current pandemic has caused many businesses to reduce the number of apprenticeships they have to offer, as the focus on their short-term survival, especially as there may have been significant falls in demand for their products and services due to the change in consumer patterns in the current climate. How long it will take for this threat to disperse depends on continuing success with the timelines for vaccination and long-term economic recovery.

\(^3\) Source: IFS, 2021.
**Employment inequalities**

During the Covid-19 crisis 71% of employees without a degree either worked in a sector that was locked down or had a job that could not easily be done remotely. For employees with a degree that figure was just 45%. The fact that more graduates than non-graduates have been able to work from home means that the former have avoided mixing in the workplace. They have also been more likely to preserve their income from work. Compared with proportions prior to the pandemic, there was a 7% reduction in the number of graduates doing any hours of paid work in a given week, compared with a 17% reduction for non-graduates.

Some ethnic groups have suffered disproportionately from disruption to earnings because of their relative concentration in sectors suffering lockdown and/or being amongst the self-employed, who have been at particular risk of losing hours and earnings during the Covid-19 crisis. Pakistani and Bangladeshi men, in particular, have been economically vulnerable in this regard. Bangladeshis men are four times as likely as white British men to have jobs in shut-down industries, due in large part to their concentration in the restaurant sector, and Pakistani men are nearly three times as likely, partly due to their concentration in taxi driving. Pakistani men are over 70% more likely to be self-employed than the white British majority. Research shows that minority groups in hard-hit labour market sectors (and in vulnerable self-employment) are more likely to have other adults and children financially dependent on them. For example, 29% of Bangladeshi working-age men work in a shut-down sector and have a partner who is not in paid work, compared with only 1% of white British men. Hence in these single-earner households, there is more risk of poverty than in a dual-earner household. This means that not only are existing inequalities exacerbated but there is also a risk of them being entrenched for the next generation. This risk is especially pertinent in the West Midlands given its ethnic and demographic composition.

**Income inequalities**

Work being carried out by WMREDI partners looking at income inequalities has found that the UK has very high level of income inequality compared to other countries. Income inequality entrenched across genders, ages, ethnicities and regions. While being invisible and not as evident as many outcome measures such as employment rates or economic growth which have been on governments’ radar as most important measures of economy wellbeing, income inequality sways main measures of economy.

The distribution of gross income in the West Midlands is highly unequal. 72% of people have a total income below the regional below the average of £23,200 (national average £24,400). The West Midlands is the 5th most unequal region measured by the GINI index following London, South East, East of England and Scotland.

Human health and social work activities, education and the wholesale and retail trade are the top three industries for females’ employment in West Midlands. Men are wealthier than women, but at lower income there is greater equality; disparity happens at the higher income where 8 out of 10 of the richest people are men. Inequality between males contributes more to overall inequality.

People get richer in their middle age and income inequality increases with age. But this divergence is set early in life and continues to diverge, suggesting that income is set by inheritance or differences in backgrounds early on. Middle age inequality contributes most to the overall age element of income inequality.

Employment is the main source of income, but for the richest it is other sources of income (financial investments, property and dividends) that make them rich, whilst older people rely most on occupational pensions as their main source of income.

Poorer areas have less inequality, and richer areas are more unequal, skewed by very high outliers. Kenilworth and Southam, Stratford-on-Avon, Bromsgrove, Sutton Coldfield, Warwick and Leamington

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4 Income Inequalities (to be published) ODA/WMREDI 2021
are the top 5 unequal Parliamentary constituencies in West Midlands where high values of income are accompanied by high inequality.

The sector people work in is the largest contributor of the four dimensions (source, gender, age and industry) in terms of the contribution to inequality, with significant inequality within the sectors as well. High employment sectors contribute most to inequality, but some sectors, often ones dominated by sole traders and entrepreneurs, have significant within sector disparity.

Income inequalities have been worsening during the Covid-19 crisis. Two-thirds of those most affected by lockdowns occupations earn lower wages. Those occupations who are better suited for home-working are typically on higher wages. It means that those who are on lower incomes have been hit harder and this will increase existing income inequalities, worsening the current highly skewed pattern of income distribution.

**Health Inequalities**

A study on *The Geography of the Covid-19 crisis in England* presented a ‘Health Index’ showing health-related vulnerability at local authority area level. This measure captures the prevalence of risk factors for experiencing severe symptoms from Covid-19: the share of people aged 50 or older, and the shares with certain pre-existing health conditions (coronary disease, hypertension and diabetes). The figure below indicates the position of local authorities in the West Midlands by quintile group in England, with a score of '5' indicating that a local area is positioned amongst the 20% most vulnerable in England.

*Figure 3 West Midlands authorities and position in the Health Index*

<table>
<thead>
<tr>
<th>Authority</th>
<th>Health index</th>
<th>Families index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Coventry</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Dudley</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Herefordshire</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Sandwell</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Shropshire</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Solihull</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Staffordshire</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Stoke-on-Trent</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Telford and Wrekin</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Walsall</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Warwickshire</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Wolverhampton</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Worcestershire</td>
<td>4</td>
<td>2</td>
</tr>
</tbody>
</table>

Here several local authorities in the West Midlands emerge as vulnerable on ‘Health’ and ‘Families’ dimensions. Walsall is in the fifth (i.e. most vulnerable) quartile of local areas in England on both the Health Index, while Birmingham, Sandwell and Wolverhampton are in the fifth quartile on one index and the fourth quartile on the other.

**Digital Inequalities**

Throughout the pandemic the region’s poor performance on digital has held back innovation and accessibility. The West Midlands region has the highest population offline in the UK in 2019 (22%)\(^5\). However, the latest data has highlighted that the West Midlands has shown the greatest leaps in internet usage and is now the joint leader with London on proportion of connected citizens at 97%, from 89%

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\(^5\) Analysis by Professor Simeon Yates on behalf of Good Things Foundation of Ofcom Adults’ Media Literacy Survey 2020
last year. The region still has 34% of benefit claimants with very low digital engagement. There have also been low levels of skills improvement in the last year. 59% of respondents to the research thought their skills needed improving.

**Demographic inequalities**

Before the Covid-19 crisis pensioners were becoming relatively better off. Between 2002/3 and 2018/9, the real incomes of the over-60s rose by 28% while the incomes of the under-60s rose by 7%. During 2020 the majority of retired people report no financial impact from the Covid-19 crisis and recession, while a fifth of them report that their financial situation improved. Over the longer-term, this generation has also seen the benefit of defined benefit pension schemes (which are now much less prevalent) and from real house price rises – and it is salient to note here that recent movement in the housing market has been concentrated disproportionately amongst higher value properties.

Conversely, young people have suffered the brunt of job and income loss. Analyses show that by September/October 2020 young people aged 16–25 years were more than twice as likely as older employees to have suffered job loss during the Covid-19. A majority of the group had seen their earnings fall. These disproportionate negative impacts occurred in the context of average earnings among employees currently in their 30s (who were largely in their 20s when the 2008 recession hit) being 7% lower in real terms in 2019 than they had been for their predecessors at the same age in 2008. Hence the Covid-19 crisis exacerbated a longer-standing picture of a difficult labour market for young people.

The generational divide is of particular significance in the West Midlands, given the youthful age structure of its population. However, within this broad picture of inter-generational inequalities in experience, it is important to remember that there are important intra-generational inequalities too, reflecting the way in which different forms of inequality – by education, employment, health, wealth, location, gender, ethnic group, geography, etc. – intersect. National and regional evidence suggests that increased risk of dying from Covid-19 among BAME communities is due to a number of intersecting factors, including:

- Increased prevalence of chronic disease
- Reduced likelihood of using primary care services
- Being more likely to work in sectors associated with increased risk, particularly in the health and care, hospitality and transport sectors
- Failure to protect key workers and a lack of PPE in the early stages of the pandemic
- Income inequality and deprivation, including household overcrowding
- A system that is inadequately equipped to address the issue, including a lack of complete and high-quality ethnicity data and a lack of funding where it is most needed

These factors are not independent of one another, but instead interact to increase not just the direct risks associated with Covid-19, but its socioeconomic and psychosocial impacts. Systemic racism and discrimination operates across the health and wider system to influence all of these factors. There is a role for regional actors in generating upward pressure on aspects of ‘good work’ and enforcement of existing rights. They can help in promoting debates on ‘good work’. In practical terms they also have a role in targeting business support and other funding for employers who sign up to voluntary initiatives promoting ‘good work’ practices and in-work progression and adopting place-based local initiatives. In this way, ‘good work’ is prioritised at the regional and local level.

The UK Skills Mismatch in 2030, published in October 2019, highlighted a pressing need to shift to a new norm of lifelong learning. Longer working lives and rapidly changing skills demands will require people to adapt within or shift between careers through upskilling and reskilling. (Lyons, Taylor and Green, 2020). As part of a responsive skills system, national and local actors should develop clearly defined career pathways, establish more flexible provision and funding, approach training more holistically and in partnership, and provide greater clarity over their long-term objectives, roles and responsibilities.

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6 Lloyds consumer digital index 2021
7 Health of the Region 2020 WMCA
8 Rising to the UK’s Skills Challenges
Economic Turmoil

Analysis of regional gross domestic product growth for Quarter 2 of 2020 released by ONS\(^9\) found the largest negative growth had been within the West Midlands. The West Midlands saw the largest negative growth in quarter 2 (April to June) 2020, at negative 21%. The largest negative growth between quarter 2 in 2019 and quarter 2 in 2020 was in the West Midlands at -24.7%. This was significantly higher than the UK average of -20.7% and the smallest negative growth in London at 16.3%. The latest data showed the West Midlands had the largest annual fall in GDP in Quarter 3 2020 when compared with the same quarter a year earlier, at negative 11.3%; Northern Ireland and the North West showed the smallest annual declines at negative 2.9% and 4.2% respectively.

GVA (balanced) data was released by the ONS on 26th May 2021. Balanced estimates are produced by combining the existing income and production approach measures using weighted quality metrics. The release provides data up to 2019, not reflecting the impact of the Covid-19 pandemic, but is the latest release. The WMCA total GVA increased from £104.6bn in 2018 to £106.7bn in 2019. This equates to a 2.0% annual increase, below the UK average growth of 3.5%. GVA per head had increased from £25,082 in 2018 to £25,438 in 2019. This equates to a 1.4% increase, below the UK average growth of 2.9%. There is a shortfall of £4,161 to the UK figure (£29,599).

WMCA is currently developing a forecasting model with Oxford Economics to provide more accurate baseline forecasts for the region and Local Authorities. However economic forecasts consistently showed through 2020/21 that the West Midlands was to be one of the UK regions hit hardest by the economic crisis. Oxford Economics has produced initial baseline forecasts which show that pre-pandemic levels of employment will not return until 2023 and GVA after a drop back to 97bn in 2020 will not return until 2022.

The West Midlands Local Skills Report Evidence Base\(^{10}\) explores skills issues in depth; key highlights follow. Apprenticeships within the region were recovering from the fall following the introduction of the apprenticeship levy in 2017/18. There has been a fall in the number of apprenticeship placements available following Covid-19, as it became more expensive for businesses to take them on. Apprenticeships are also increasingly concentrated in larger employers. This has the effect of reducing the range of apprenticeships on offer. There is also a transport and access problem as opportunities are becoming less evenly distributed across the region. More positively, apprenticeship provision currently does a good job of reaching people of different ethnic backgrounds, with apprenticeships at each level closely matching the general population. This puts the system in a good position for creating bridges to opportunity, provided we can boost overall recruitment and bring apprentices up to higher skill levels.

Service sector job positions tend to predominate in employment growth with the most new job postings in catering (1,327), waiting and bar staff (1,030 and 738), care work (811), and bookkeeping and payroll (676). As this was the fastest growing sector in the region, focusing on training courses in this area may be beneficial if there is an expected bounce back post pandemic. However, it should be noted that whilst demand for this labour has been increasing, these jobs are frontline and therefore amongst the hardest hit by the pandemic (as the sector analysis below shows), as businesses have to restrict or close their businesses to the public or reduce output to meet the new generally low demands of the market.

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\(^9\) ONS - Regional GDP estimate
\(^{10}\) West Midlands Local Skills Report Evidence Base 2021 WMCA
Figure 4 Overview of indicators highlighting the frozen economy

Since the last State of the Region analysis looking at sectoral risks has been ongoing and a more detailed supporting document is available. This highlighted the risks associated with the size of the sector in GVA, number of businesses and employment terms and therefore the exposure of the region related to any sectoral shock. The chart below maps this out and looks at the initial furlough levels (higher exposure to employment shock) and the EU exit exposure based on regional modelling.

As the pandemic has unfolded some of these exposures have changed. Furlough has gradually reduced in all sectors but the sectors which still remained closed (as of June 2021) still have 30-50% of the original levels of furlough. Sectors such as arts, accommodation and hospitality remain the hardest hit.

11 Sector Impact of Covid19 and EU, BCCEIU, Exit June 2021
The region’s Local Industrial Strategy identifies distinctive sector strengths, with LEPs pivoting their leadership of regional sector action plans to help businesses survive and adapt to Covid-19 and the UK’s new relationship with the EU. Taking sectoral impacts further, regional sector experts have been monitoring and collating qualitative knowledge about the impacts at a sector level, maintaining a risk register of issues.

Uncertainty and turbulence have been at an all-time high for businesses in the last year, providing a perfect storm which has significantly affected many West Midlands businesses and could restructure whole aspects of the local and national economy. While there are good news stories and signs of confidence in the region, the effect of the pandemic on businesses across sectors, places and sizes is clear to see in the data, literature and intelligence from businesses themselves. Additionally, the UK has departed the European Union (EU) and many of the structures and rules that people and businesses are familiar with as part of everyday life.

The major economic shocks of the last year have affected individual sectors differently. In order to more easily identify Covid-19 and EU Exit associated risks across sectors, we have developed a set of risk matrices (see Figures 6 and 7 below). They are specific to the story in the West Midlands and are intended to support more targeted local policy and decision making locally through the action plan. Initially (February 2021), a blend of the West Midlands’ traditional 10 sectors and particularly relevant sub-sectors (e.g. Hospitality) were used, though the analysis has since been extended to include a wider range of sub-sectors. This better reflects the differences within sectors.

The matrices’ findings are based on a mix of quantitative data and qualitative insight from businesses across the region, taking advantage of the industry links via the evolving WMCA Sector Action Plans and relationships with local trade bodies and business groups. The analysis is intended to be high-level to provide a good picture across all sectors, but behind the matrices there is a wealth of intelligence at a more granular level, taking into account differences within sectors and describing specific Covid-19 and EU Exit issues that businesses are facing.
The final column provides an overall risk to each sector in both matrices. The RAG rating does not represent the fortunes or risks of all businesses in all sub-sectors where indicated, but rather provides a general overview of how much of a risk certain features are across sectors. Likewise, a green rating does not mean there is no risk at all, but that risk is relatively low compared to other sectors.

All ratings relate to the perceived business environment for sectors as of Quarter 2 2021, providing an update on an initial analysis that covered Quarter 1. The risk matrices will continue to be updated on a quarterly or bi-monthly basis\(^\text{\textsuperscript{12}}\), providing local stakeholders with a live understanding of the key challenges and risks posed by major economic shocks, across sectors. The findings feed directly into the ongoing sector action plan process and aim to reflect and support the experience of business.

**Pandemic Sectoral Impacts**

This work highlights that a number of sectors are considered as having a particularly high risk to ongoing challenges around the covid pandemic:

- **Tourism**, reflecting both of its considered sub-sectors: culture and hospitality. The delay of full re-opening has put continued major pressure on the cashflow of businesses in these sub-sectors, forcing them to access financial support in the form of grants / loans and very high levels of furloughing. While most hospitality and culture venues are now open, the majority of premises cannot provide a business-as-usual offering. Tourism will be at high risk until restrictions are significantly eased (from 19\textsuperscript{th} July), but recovery will take time.

- **Arts & Entertainment.** Similar to culture and hospitality, the inability for many events to take place at full capacity is stifling this aspect of the creative industries. There remains an inability to plan, a sustained use of government support schemes and an increased risk of business failures in the cultural sector.

- **Aerospace**, unlike other manufacturing sub-sectors due to the continued low levels of activity in the global aviation sector. While aerospace firms have been open throughout the pandemic and many will be seeing an uptick in orders, the sheer drop in air travel is having a considerable affect throughout the aerospace supply chain and dampening recovery.

**Six core West Midlands sectors and four sub-sectors** are considered as having a medium risk.

- **Retail**, which has been hit extremely hard in various parts of the pandemic, with many temporary and permanent store closures. However, there has been a sustained opening of retail in recent months, allowing shops to operate close to normal. UK retail sales in May saw highest rise since start of Covid crisis, and while the sector is still damaged and structurally vulnerable, it has picked up considerably.

- **Advanced Manufacturing & Engineering** overall is considered to be in a better place now compared to early 2021 with regard to Covid-19 impacts. Higher confidence has boosted order books and manufacturers have now had time to adapt to requirements around testing and social distancing. This is deemed to be reflective across most sub-sectors, while aerospace (as above) has more unique longstanding issues. Automotive and metals & materials have their own risks too though, associated with material price rises and the danger of plant closures locally (Liberty, GKN for example).

- **Transport & Logistics**, largely due to the knock-on effects of a more buoyant manufacturing sector and the continued rise in online retail activity and greater demand for deliveries.

- **Creative Industries**, reflecting the differing fortune across its sub-sectors and individual companies. For example, some creative and digital content firms are thriving whereas the arts and entertainment sector is largely closed down with more organisations facing the very real risk of business failure.

- **Public Sector**, due the major pressure on public services caused by the pandemic and the difficulty in adapting to a new and ever-changing situation with limited resources.

\(^{12}\) This will primarily be through the WMCA Strategic Economic Development Board (SED Board), with the item led by LEPs.
- **Construction and Energy & Low Carbon**, reflecting the sectors’ ability to remain open through much of the last year, but remaining issues related to new ways of working and the consequences of economic slowdown.

- Two sectors are still deemed to be of relatively low risk to Covid impacts - **Business, Professional and Financial Services and Healthcare & Life Sciences**. This does not mean they are immune – many local companies in these sectors will be struggling through lockdown restrictions and the effects of economic downturn. This is reflected in the granular sub-sector analysis, with life sciences scoring a “medium” risk despite Healthcare & Life Sciences as a core sector scoring “low” overall – due to the constraints placed on new ways of working including social distancing and difficulties working from home. In reverse, the creative and digital sub-sector is deemed low risk despite its corresponding core sector – Creative Industries – assessed as having an overall medium risk.
### Figure 6: Key Sectors by Covid Impacts Q2 2021

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<tr>
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<td>Legal &amp; Accountancy Services</td>
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<td>Creative &amp; Digital</td>
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<td>Arts &amp; Entertainment</td>
<td>56%</td>
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<tr>
<td>Healthcare &amp; Life Sciences</td>
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<td>Health &amp; Care</td>
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<td>Life Sciences</td>
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<tr>
<td>Transport and Logistics</td>
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New Relationship with EU Sector Risks / Impact – Q2 2021

The EU Exit RAG rating and analysis below (Figure 7) does not represent the fortunes or risks of all West Midlands businesses in all sub-sectors where indicated, but rather a high-level overview.

Three West Midlands sectors and four sub-sectors are considered as having a particularly **high risk** to challenges around EU Exit.

- **Advanced Manufacturing & Engineering**, due to continuing trade barriers associated with the rules arising from the UK-EU trade deal: impacts of Rules of Origin, VAT and additional customs paperwork in particular. This is especially relevant to the West Midlands economy given the size of the manufacturing sector and its reliance on EU trade, particularly key sub-sectors like automotive, metals/materials and food and drink. While some drop-off in trade issues may be evident, these sub-sectors are being particularly impacted by EU Exit currently and are most at future risk. Other challenges are and will also affect the sector in the longer-term, including skills shortages and changes to rules on travel and data sharing. Manufacturing has also received a high level of funding through EU funding programmes in recent years.

- **Retail**, again still largely due to non-tariff barriers experienced since January 1st 2021. Rules of Origin are particularly problematic for some suppliers, as reported nationally, and is leading to some businesses considering setting up entities in the EU. There is also concern within food retailers about a shortage of supplies due to a lack of HGV drivers. This reflects both immediate and long-term skills shortages that are a key risk for retailers, a key employer locally.

- **Transport & Logistics**, for a mix of both short-term and long-term reasons. Currently the sector is challenged by the new UK-EU trading rules on customs and paperwork, causing delays crossing borders and fulfilling orders effectively. There is also immediate concern about a lack of drivers to support the sector and its wider supply chains. Longer-term, the sector’s skills challenges are likely to continue to be exacerbated by the UK’s new relationship with the EU.

- **Arts & Entertainment**, due to the damaging effect of additional travelling for work restrictions and its impact on cultural and entertainment tours and events in Europe. In recent months the sector has made its voice heard on the potential devastating impact of current rules on the future of UK arts and entertainment, triggering our consideration of it as a “high risk” individual sub-sector of the overall “medium risk” Creative Industries.

**Six core West Midlands sectors and eight sub-sectors** are considered as having a **medium risk**:

- **Business, Professional & Financial Services (BPFS)**, due to remaining uncertainty around agreements with the EU on financial equivalence. Travel restrictions and a lack of mutual recognition on professional services will also disproportionately impact on higher-level services. However, given the visibility of several months trading post-EU trade deal and progress with data sharing, BPFS is considered to be at less risk due to its lower reliance on product exports and the possibility of future agreements.

- **Construction**. It is not immune to short-term trade changes and is severely impacted by supply shortages and price rises currently, while being more at risk to VAT and tax reform in the UK. These issues, particularly the shortage of materials is impacting delivery across the sector and requires ongoing monitoring. Also, there is the potential of exacerbated long-term skills shortages due to the post Brexit immigration system and lack of mutual recognition on professional qualifications (including architects, surveyors etc).

- **Energy and Low Carbon**. Multiple low carbon business support programmes were funded through EUSIF, potentially leaving a gap in the sector’s ecosystem. While government policy commitment may counteract this, there is no certainty that this will be tangibly realised. The diversity of this sector means that it is also negatively affected by barriers to international trade and skills shortages.

- **Healthcare and Life Sciences**, with risks associated with UK-EU trade and standards / regulations (life sciences sub-sector). In the health and care sub-sector there are potentially severe skills shortages issues arising from EU Exit, while the sector in general has previously received a decent amount of EUSIF funding for innovation and skills programmes.
- **Tourism**, impacted particularly with regard to skills shortages (in both hospitality and culture) and the more limited ability to travel abroad at leisure, including the loss of visa-free travel for performers and artists. In hospitality, a potential labour market crisis brewing in the sector, caused by a multiplicity of Covid and EU Exit factors. It is reported that many EU citizens who have worked in the sector in the UK are returning home, leaving widespread gaps in skills.

- **Creative Industries**, but with divergence within sub-sectors as described.

- **Aerospace** and **Rail**, perceived to be at slightly less risk than other manufacturing sub-sectors. While aerospace and rail will be affected by EU Exit, the sectors are less reliant on UK-EU trade and do not have the scale of issues related to rules of origin that automotive has. Aerospace also has greater provisions with regard to standards and regulations. Any constrains to the supply of metals and materials into these sectors will damage competitiveness, however.

- **Public Sector including Education**, drawing out the potentially severe impact of losing EU funding, and the strain on resources associated with additional requirements for standards, regulation, customs paperwork and supporting businesses with rules of origin.

**Two sub-sectors are deemed to be of relatively low risk to EU Exit impacts** – the legal & accountancy services, and real estate. This does not represent there being no EU exit-related challenges across these sectors. For example, parts of the property and legal sectors will be strained by additional requirements and rules, but as economic sectors they are less at risk compared with others.
Figure 7 EU Exit risks and impacts Q2 2021

<table>
<thead>
<tr>
<th>Economic Intelligence Unit</th>
<th>IMMEDIATE RISKS: SHORT AND MEDIUM-TERM CHANGES</th>
<th>STRUCTURAL RISKS: LONG-TERM CHANGES</th>
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<td>Skills Shortages</td>
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<td>Overall risk of reduced Competitiveness</td>
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<td>Business, Professional and Financial Services</td>
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How the region has performed: The Current Challenges

In the following sections the report compares provisional regional outcome metrics to last year against the challenges identified by regional partners. All these indicators have been considerably impacted through the pandemic, although most had been improving over the last five years, this last year has taken away a lot of the gains achieved previously. Over the next 12 months, therefore, it is important to monitor these indicators to ensure they rebound and do not signal a return to long term structural issues.

The table below summarises the data against core indicators which can be used to track the challenges over the coming months.

Figure 8 5 key challenges and how the regional indicators are performing

The analysis below looks at each of these indicators in detail, it looks at the change over the year. If the indicator below is green it indicates improvement and above the national average, orange indicates improvement but below the national average, and red indicates a decline in performance.
1. Delivering Good Jobs

A volume, supply and demand problem – there is a need to create purposeful jobs that provide a route out of poverty and aid a just transition to net zero.

Figure 9 outcome indicator performance - good jobs

The total number of jobs had increased to 1.87m in 2019, although the increase from 2018 was at a slower rate when compared to England (+0.5% vs +1.4%). However, the latest provisional figures show that by the end of March 2021 there were 238k workers furloughed – representing a take up rate of 13.7%, a this has since dropped to 195k furloughed by the end of April, dropping to an 11.2% take up rate, although this is significantly less that at the height of furlough it is still significant. This is a situation where the region went into the pandemic with a tight labour market, high immigration which was being hit by EU exit, and where skills were scarce, and employment rates were historically high. Now there is significantly increased unemployment in sectors which are closed, and people are in a position of switching sectors, trapped by furlough or having been out of the labour market for a significant amount of time. This will create skills and labour availability issues in the sectors hardest hit and affect their ability to recover and find skilled staff.

The Institute for Fiscal Studies (IFS) has argued that Covid-19 will exacerbate inequalities in the UK. Younger people and low earners will be economically disadvantaged because they are more likely to work in sectors that have closed and are less likely to be able to work from home. The IFS suggested that women may be more affected than men, and that children in state schools may be more affected than those in private schools. It called for a reassessment of “the value of mutual insurance, an effective welfare system and collective economic security”.

In the WMCA area, the business, professional and financial services sector accounts for the highest percentage of jobs at 19% (approximately 362k jobs), this is also the highest sector nationally at 21%. The second highest percentage of jobs for the WMCA area was in the retail sector at 16% (305k), which is above the national average of 15.4%. The third highest percentage of jobs for the WMCA area was in the public sector including education at 13% (251k), which is slightly below the national average of 14%. An early indication from the Labour Force Survey shows that for the West Midlands region there were 108,322 fewer workforce jobs in December 2020 (when compared to December 2019), and the latest data shows 41,537 fewer workforce jobs in March 2021 (compared to March 2020).
In terms of good jobs, the WMCA area had the second highest percentage of people who work satisfactory hours at 83% across all city-regions; this is also above the UK average of 80% in 2018, and there were 6.8% of people in low pay – matching the UK average in 2018. Using two-thirds of the UK median pay to define the threshold of satisfactory pay, the WMCA region was the third highest for residents in quality work at 74% in 2018.

In terms of business survival, 42% of enterprises in the WMCA area were still active after five years and the WMCA rate was 0.2pp higher compared to +0.1pp for the UK. Of the 28k enterprise births in 2016 in the WMCA (3 LEP) area, 45% were still active after three years compared to 52% for the UK. Hence business survival still continues to be a concern, due to the comparison with the high start-up, although should be balanced with churn in business being a positive sign of a healthy business base.

BusinessRescueExpert has looked deeper into the regional insolvency statistics for 2020 and produced a comparative figure – the Corporate Insolvency Ratio – showing the likelihood of insolvency based on the numbers of active businesses in a region/nation. The figures show that a business in the Yorkshire and Humber region was statistically most likely to undergo an insolvency event than in any other region (1 in 115). The West Midlands has the 4th highest ratio (1 in 173), at greater risk compared to the national average (1 in 207).

We have consistently had strong start-ups in the region, with strong one year enterprise births growth to 2019 (+16.4% versus 5.4% at the UK level) and the highest number of enterprise births recorded. This equates to 67 enterprise births per 10,000 population compared to 58 at the UK level. But newly formed businesses and the self-employed are particularly vulnerable to the pandemic, as start-ups have less cash reserves, less established clients and more at risk to continued economic shock and 34% of all small business owners have increased levels of debt.

2. Supporting thriving places & communities
Cities, towns and neighbourhoods will be connected, distinct and authentic to their communities

Figure 10 Outcome indicator performance - thriving places and community

4. Total affordable housing

Just Prior to COVID-19 there had been a decrease in affordable dwellings

3,562 Additional Affordable Dwellings (2019/20)
-6.7%, +0.8% Eng. (2018/19)

1,612 Additional Affordable Rented Dwellings
-17.8%, 5.4% Eng.

Housing affordability can affect people’s mental health directly

7.6 million in England had at least one major housing problem relating to overcrowding, affordability or poor-quality housing

5. Visitor numbers

Visitor numbers had been growing steadily in recent years and had reached record breaking numbers in 2019

Nearly 134 Million Visitors (2019)
+2.5 million visitors (compared to 2018)

There will be a substantial loss in revenue from the visitor economy sector

Room occupancy in the West Midlands at just 17% in April 2020 only rising to 43% in August.

Data for 2019/20 shows that there were 3,562 completions of additional affordable dwellings in the WMCA area, additional affordable dwellings decreased by 7% (-257) from 2018/19. Similar patterns can be seen for additional affordable rented dwellings where there were 1,612 completions, a decrease of 18% (-348). 7.6 million households in England had at least one major housing problem relating to overcrowding, affordability or poor-quality housing. As noted above the low-end rental and sales markets are struggling now, and data is showing a high risk of homelessness, in part also due to loss of earnings, and the impact of reduced furlough wages.
This is against a backdrop where the region has seen significant housing growth, with a total dwelling stock rising by 16,863 between 2019 and 2020 in the 3 LEP area, the highest yearly growth since records began. However, affordability is defined by the prices of homes, and this has continued to rise for a number of years with the Midlands seeing some of the greatest increases which has continued throughout the pandemic. Wages are not keeping up with the pace of house price increase, this has meant that despite record house building nationally and in the Midlands the market continues to drive the prices making homes unaffordable.

Prior to Covid-19 the visitor economy was worth a record £13.1 billion in 2019, up 3.6% on the previous year. The recreation sector (including tourism activities such as visits to attractions/ arts and culture venues) had experienced the highest growth – up by £43 million. 47% of spending was on shopping, 19% on food and drink, 13% on recreation activities, 12% on transport and 9% on accommodation. With nearly 134 million visitors in 2019, there was an increase of 2.5million visitors on 2018. This represents a 2% increase over the last 12 months.

The number of full-time equivalent jobs supported by direct tourist activities rose by 10% between 2016 and 2019, from 124k to 137k. Approximately 77% of workers in arts, entertainment, recreation and other service activities were still furloughed on the 28th February 2021. We have yet to see how recent opening up will change this.

Occupancy levels in every English region declined sharply at the start of the pandemic, with room occupancy in the West Midlands at just 17% of available rooms in open accommodation businesses in April 2020, compared with 71% the previous year. Monthly room occupancy trends were: 19% May 2020, 23% June 2020, 28% July 2020, 43% August 2020, 41% September 2020, 39% October 2020, 27% November 2020.

Many of the surveys and activity that would feed research results in the sector have been paused. Therefore, the only patterns of impact which can be observed are from the sectoral employment and business impacts more broadly and the direct effect of closures.

3. Embedding our green ambitions
Delivering on our WM2041 ambitions and tackling fundamental challenges such as the need to decouple prosperity from the consumption of energy and resources.

Figure 11 Outcome Indicator Performance - Green Ambitions

6. Renewable energy

West Midlands still has plenty of scope to develop renewables locally

4.7% of Renewable Electricity in 2019
(+0.2pp from 2018),
25.3% Eng. (+1.2pp)

We need to reduce our carbon footprint by generating electricity from clean, renewable sources.

The number of poor quality days increased to 40 days in the West Midlands

7. Households living in fuel poverty

Some of the highest rates of fuel poverty in England was in the West Midlands

17.9% (303k) Households Living in Fuel Poverty compared to 13.4% for England in 2019

Energy bills at home increased by 37%. Likely to be an underestimate as lockdown Wave 1 took place during warm weather

Energy use rose as people stayed at home and incomes squeezed due to COVID-19

In 2019 the WMCA area generated 753,361 MwH of renewable energy. This increased by 2.3% in the WMCA area compared to an increase of 9.7% UK wide since 2018. The WMCA renewable energy generation in 2020 consisted of photovoltaics (51.2%), onshore wind (0.9%), hydro (0.05%), anaerobic
digestion (11.8%), sewage gas (9.9%), landfill gas (21.6%), municipal solid waste (2.9%) and plant biomass (1.6%). When taking into account energy consumption in the WMCA area, this equates to a 4.7% total renewable generation rate compared to an England wide of 25.3%. The region is a net importer of energy due to lack of natural assets for renewables. Therefore, longer term supply infrastructure investment and energy reduction is key (but currently no measures for this).

Using the methodology of the number of days when air quality rated 4 or more in the West Midlands region, then the value for 2020 is 40 days. This might seem strange when the value for 2019 was 37 days and the air quality seemed a lot better with Covid-19 lockdowns last year. The reason for this is that whilst there were some nitrogen dioxide reductions in urban areas with lockdowns, the regional indicator uses data for 5 air pollutants. This means the figure is affected by events such as episodes of high levels of fine particulates (PM2.5) in March 2020 across England and Wales. Although evidence is still emerging, the change in buying patterns to online also created a switch to light commercial vehicles from normal car and public transport use, increasing the volume of higher polluting traffic.

The West Midlands has the highest rate of fuel poverty (17.5%) followed by Yorkshire and the Humber (16.8%) and London (15.2%). There were seven Local Authorities nationally with a fuel poverty rate above 20% in 2019, of these, four are in the West Midlands and three in London. In the WMCA (3 LEP) area there were 17.9% (305,386) of all households in fuel poverty compared to 13.4% nationally in 2019. For the West Midlands 7 Metropolitan area there were 19.5% (226,416) of all households in fuel poverty. In 2020 energy bills at home increased by 37% putting further pressure on households, however this is likely to be an underestimate as lockdown Wave 1 took place during warm weather.
4. Tackling inequality and levelling-up
Both between and within regions and across different demographics, communities and backgrounds.

Figure 12 Outcome Indicator Performance - inequality and levelling-up

8. Increase in disposable household income
Gross Disposable Household Income data (still awaiting May 2021 release for 2019). The 2018 data shows GDHI per person was just under £18k: a gap of £3,357 to the UK average. 19.2% of region is in the Top 10% most deprived on this indicator.

Pre Covid-19 Healthy life expectancy 2017-19 data shows the WM 7 Met. area was improving (+0.3 years from 2016-2018) 59.9 years for males and (+0.9 years) for females to 60.7 years. Despite this improvement the gap to national always remained and was 3.0 years worse for males and 2.6 years worse for females.

2011 Census data shows that 22.5% of the population are from BAME groups in the WMCA area – above the national average of 14.6%. The BAME population has been disproportionately negatively affected by Covid-19. There was a total of 11,131 registered Covid deaths up to 9th April 2021.

5. Preventing a lost generation
Ensuring our children, young people and older population get the opportunity to fulfil their potential.

Figure 13 Outcome Indicator Performance - preventing a lost generation

9. Improve healthy life expectancy
Gross Domestic Household Income per person was £17,752 in 2018 +4.6% (matching UK) since 2017.

19.2% of region in Top 10% most deprived. Local areas within the WM bottom 10 for GDHI.

COVID-19 affects BAME and those with underlying conditions, this may impact the region than others in the longer term.

11,131 registered deaths related to COVID-19 up to 9th April 2021.

10. Increase apprenticeships/employment support
Prior to COVID-19 we had strong apprenticeship growth.

25,800 Apprenticeship Starts 2019/20 -19% (Eng. -20%) Since 2018/19

The region excelled at apprenticeships and the drop here, considerably affects the national performance.

11. Reduce number with no qualifications
Qualification levels were improving in the region.

Huge impacts on primary and secondary schooling are likely to halt progress.

Educational activities amongst primary school children fell by a quarter to 4.5 hours a day.
Apprenticeship starts have been impacted by Covid-19: in 2019/20 there were 25,800 which is an 18.7% (-5,940) decrease on the previous year (compared to -18.0% nationally). There were just over 7000 intermediate Apprenticeship starts (down by over 4000, minus 37% versus minus 31% England). There were 11,470 advanced Apprenticeship starts (down 2,630, the drop is similar to the England average). There were 6,830 higher Apprenticeship starts (+980 nearly double the percentage increase for the England).

Overall, the latest skills data from the Annual Population Survey showed a considerable improvement, however caution should be taken in using these statistics given changes in data collection methodologies and further work is being carried out to look at the data.

That said, the number of people with ‘No Qualifications’ decreased from 290,500 in 2019 to 224,000 in 2020. This equates to 67k less people without any qualifications or a decrease of 23% compared to decrease of 16% across the UK. This now means that 8.6% of the working age population have no qualifications against the UK average of 6.6%. To eradicate the gap with the UK average, over 52k of the working age WMCA residents are needed to obtain at least one qualification. The region is the third highest Combined Authority for no qualifications (Liverpool City region 9.2% and North East 8.7% down to 3.7% West of England).

Huge impacts on primary and secondary schooling are likely to halt progress – national data suggested that during Covid-19 lockdowns educational activities amongst primary school children fell considerably.

As with other skills data there has been considerable improvement. With the highest levels since records began of people qualified to NVQ4+ and NVQ3. 36.6% of the West Midlands population, which equates to 950k people, are now qualified to NVQ4+ and increase of 10.3% (greater than the UK at 7.2%). For NVQ3 (only) 17.9% of the population, 465k people, are qualified to this level, growth of 8.1% against a UK growth of 0.7%.
Achieving Long Term Sustainable Outcomes

Last year we aligned the evidence against the Sustainable Development Goals (SDGs) and we have developed these further bringing evidence for the SDGs together under broad these themes have been developed on the back of the rationale and outcomes work as part of logic chain development in the region. This approach provides high level linkages between the issues and the outcomes the region may want to deliver on in the future.

Issues addressed by the SDGs are long term and structural issues. On many of the economic indicators recently the region was seeing improvement and had been performing well against other regions. However as highlighted in previous State of the Region Reports, and is often the case, this growth in the economy was creating greater inequality, which has been a considerable weakness in the last 12 months.

These longer-term objectives linked to the SDGs, provides a framework for tackling-long term change.

Figure 14 broad SDG objectives aligned to regional issues and challenges

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**Healthier, Fairer, Prosperous, Greener Society with Strong Communities and Assets**

- **Invest in protecting and creating good, new jobs and making sure people have the skills to access them**
- **Invest in people through skills, mental health support and building resilience – prevent a lost generation**
- **Build on the innovation and technology adoption created through shock**
- **Invest in public service innovation, transport and data infrastructure and digital connectivity**
- **Invest in businesses to grow and innovate, and take advantage of green growth**
- **Support thriving places, people and businesses where the impact has been greatest**
- **Build the resilience of local communities, engaging, supporting and investing**
- **Increase our green infrastructure, tackling energy and resource use**

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Red Amber Green (RAG) ratings have been applied to indicators, with most following a general rule based on change over 12 months and in comparison with the national change (although, there are grey indicators which show there has been no new data released since State of the Region 2020 – for example school data due to COVID-19 - this has not been released at a local level). There are select few indicators where other considerations are taken into account which are also explained below.

Red indicators illustrate a decline in performance over a 12 month period (fuel poverty has been rated red due to a change in methodology and no previous comparisons available and is significantly above the England average).

Amber indicators illustrate no change, or improvement in the right direction which is less than the national average (due to availability of data - claimants has been selected as amber due to the April – March 2021 monthly change, NVQ1 qualifications even though they have declined it can be seen as positive that they have moved to higher qualifications, house price to income ratio can also be perceived in negative or positive light. Also, amber has been selected when there is no comparison to the UK for change or for the tree cover indicator the proportions have been used- along with a dash opposed to arrows).

Green Indicators illustrate an improvement in performance and change greater than the UK average change over a 12 month period (visitor economy is green as it was record high numbers for the area).
Good Health and Wellbeing – Happier, healthier Society

The pandemic has highlighted the West Midlands’ relatively poor health outcomes. The major challenge is to drive greater physical activity and ensure research and commercial strengths in data driven healthcare and life sciences result in improvements in population health. A healthier West Midlands, increasing life expectancy and tackling health inequalities is key to recovery and a happier West Midlands, improving mental health and driving inclusion for all our communities.

Rationale for action

- It is likely that Covid19 will be with us for the long-term and this means we need to adjust and adapt
- People already have a short life expectancy in the region, and spend more of their lives in poor health than in England overall
- Increased health impacts on BAME population - the region as a greater share of the population in these communities
- Mental health impacts across the whole population, and brings increased issues for those already at risk, with suicide rates rising throughout the pandemic
- Rapid changes in our working environment has created disconnect and social fractures between generations
- Wellbeing is consistently affected by the lack of confidence and an unknown future, lack of certainty and restrictions have affected our perceptions and ability to act
- It is yet to be understood how significant the impact of loss of Further Education (FE) and Higher Education (HE) learning and teaching will be on the young. The region has a younger than average population. This creates a greater potential for a lost generation
- Poor levels of activity and exercise regionally have the potential to exacerbate the mental health rebound
- Evidence has shown the importance of networks of communities and the social economy in reaching communities hardest hit

Outcomes

- To reduce the health inequality gap within our population through access to work, good quality air, natural environment, housing and supportive networks of communities helping individuals and families
- Improve the mental health and resilience of our people
- Increase opportunities through access to education and training to increase knowledge and skills and satisfaction with employment
- Level up the inequalities, especially those which rise from our unique ethnic mix, within the region and our position within the UK, creating opportunities for all
Key evidence – Health and Wellbeing

Since the publication of the Marmot Review in 2010, life expectancy in England has stalled and health inequalities have continued to widen. Across the WMCA both life expectancy and healthy life expectancy remain lower than the national average. Although healthy life expectancy has improved more quickly than across the UK in recent years this is a pre-pandemic trend. This has been both exposed and exacerbated by the Covid-19 pandemic, with our BAME communities among those most affected. In 2020 a further review investigated how Covid-19 had affected health inequalities. The report highlighted that:

- inequalities in social and economic conditions before the pandemic contributed to the high and unequal death toll from Covid-19
- the nation’s health should be the highest priority for government as we rebuild from the pandemic
- the economy and health are strongly linked – managing the pandemic well allows the economy to flourish in the longer term, which is supportive of health
- reducing health inequalities, including those exacerbated by the pandemic requires long-term policies with equity at the heart
- to build back fairer from the pandemic, multi-sector action from all levels of government is needed
- investment in public health needs to be increased to mitigate the impact of the pandemic on health and health inequalities, and on the social determinants of health.

People living in the WMCA region have a shorter life expectancy than England overall, and spend more of their lives in poor health. The rate of premature deaths from preventable causes (such as cardiovascular disease, cancer, liver disease and respiratory disease) is higher than the national average, as is the rate of infant mortality. It is believed these correspond to higher rates of problem drinking, obesity (child and adult) and physical inactivity, as well as lower cancer screening.

Child poverty rates have increased nationally and will continue to have long-term negative impacts on the lives of children, families and communities. On average 22% of children were living in poverty before housing costs in England in 2017/18 – and this rose to 30% after taking into account housing costs.

13 Further info on this section can be found in the Health of the Region Report 2020
Child poverty rates tend to be higher in areas with high housing costs. Child poverty rates increase 47% for children in lone parent families, and over 70% for those living in workless families. In 2020, on average 21.0% of children were living in relative low income families for the WMCA area compared to 19% for the UK. This drops to 17% for children living in absolute low income families with the UK at 16%.

Most areas in the WMCA region have a greater level of socio-economic deprivation than the national average, with approximately a quarter of children living in low income households. The report concluded that health inequality is linked to wealth inequality. Premature deaths from preventable causes in turn correspond to wider determinants of health, or the ‘causes of the causes’.

The highest rates of Covid-19 related deaths have come in more deprived areas, and neighbourhoods with a greater proportion of residents from BAME communities. Public Health England found that those in BAME groups were up to twice more likely to die from Covid-19 than those from the White British ethnic group, exacerbating existing health inequalities. The WMCA has a higher rate of cases overall than the region as a whole, with Birmingham and Sandwell most affected; rates are also high in Solihull, Walsall and Wolverhampton. The highest rates of COVID-19 related deaths are in more deprived areas, and areas with a greater proportion of residents from BAME communities.

Anxiety has increased significantly in the West Midlands region, with almost half of people surveyed by ONS (47.9%) reporting high levels of anxiety compared to a 2019 average of 21.9%. On average, people reporting feeling ‘often lonely’ ranged from 4.9% to 6.5% over this period; and was generally higher for younger people. People with severe mental illness (SMI) die 15-10 years earlier on average compared with the general population and two thirds of these deaths are from preventable physical illnesses, including cancer and heart disease.

Latest data on physical activity has shown a reduction since the Health of the Region report was publish last year. The region already performed poorly and this worsened in the year running up to the pandemic.

Supporting people to live healthier lives would have substantial health and economic benefits for the region. Alcohol misuse is estimated to cost the NHS about £3.5 billion per year and society as a whole £21 billion annually. Reducing alcohol-related harm is one of Public Health England’s seven priorities for the next five years (from the Evidence into action report 2014). Low physical activity is one of the top 10 causes of disease and disability in England, and regular physical activity can help to prevent and manage over 20 chronic conditions and diseases; persuading inactive people (those doing less than 30 minutes per week) to become more active could prevent 1 in 10 cases of stroke and heart disease in the UK and 1 in 6 deaths from any cause.

The Health of the Region Report sets out a number of agreed actions and activities to tackle the issues highlighted against these goals.

In terms of indicator performance, there is a 64% gap in the employment rate for those in contact with secondary mental health services and the overall employment rate in 2019/20 – first decline since 2015/16.

Active lives data covers the first eight months of coronavirus (COVID-19) restrictions, from mid-March to mid-November 2020. In May November 2019/20, 55.9% (1,862,600) of adults were classed as active (150+minutes a week) which decreased by 1.5pp since November 2018/19. Nationally there were 61.4% of adults there were classed as active, a decrease of 1.9pp. To reach the national average for active adults, the WMCA requires an additional 182,862 people to become more ‘active’.

Despite the infant mortality rate dropping from 6.7 per 1,000 live births in 2016-18 to 6.2 in 2017-19 in the WM 7 Met area while the UK remained at unchanged at 3.9 per 1,000, the WM 7 Met. area has the highest rate when compared to any other CA (West Yorkshire 4.9 to West of England 2.9).

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14 Health of the Region 2021
Decent Work and Economic Growth – Prosperous Society

Decent work improves wellbeing as well as providing income. The pandemic has also demonstrated the importance of jobs in the foundational economy – essential shop-workers, carers, and logistics and utilities workers. The region had underlying issues with people unable to access good employment because of their lack of qualifications, but prior to the pandemic demand for labour had been strong. The pandemic has dramatically reduced that demand, particularly in hospitality, retail and culture, which employ high numbers of young people. There is also evidence about long-term scarring that can come from unemployment or under-employment. The major challenges are stimulating demand for labour and ensuring everyone has the support to develop their skills and find secure work. Emerging from pandemic we want a more prosperous West Midlands, where everyone can contribute to and benefit from a globally competitive regional economy.

Rationale

- Overall business productivity in the West Midlands is 16% below the national average – with the business base a mix of firms in the high-productivity “frontier” and low productivity “long tail”. Technology adoption helps this with long-term returns to being early adopters showing strong productivity return. Business start-up rates are very strong, but survival rates and growth are substantially weaker, which suggests a need to work intensively with potential high growth businesses at an early stage to stimulate survival and growth and increase jobs growth.
- Within these headlines, geographic and sector variations in a broad and diverse economy like the West Midlands are large - different kinds of businesses in different parts of the geography require tailored approaches.
- There are significant skills disparities in the region and although making headway on higher skills still significant low skills. The West Midlands is the worst hit region for loss of jobs and furlough have left us exposed to long term labour market problems.
- The sector assessment highlights the regions’ distinctive strengths, but they can act as breaks as well as catalysts of growth. Experience from previous recessions shows that our main tradable assets can boost a quick recovery so it is vital that they are protected.
- High level exposure due to EU Exit, as the largest exporting region, supporting international supply chains. High levels of company failure due to Covid-19 through the sectoral mix and reliance on international travel and tourism.

Outcomes

- To improve the productivity of our businesses across all sectors and increase employment rate and productivity in all sectors.
- Thriving business Base with positive perception of the region with Business Activity Index highest in the country.
- Increased the levels of business growth.
- Reduced barriers to growth for businesses.
- Increased the levels of research and development or innovation in business.
- Increase the jobs growth and employment rate.
- Invest in technology adoption, access and training at all levels to take advantage of 5G and accelerated adoption through Covid-19.
Key evidence – decent work and economic growth

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Data</th>
<th>Change</th>
<th>Notes</th>
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<tbody>
<tr>
<td><strong>68.6% of Children Achieving a Good Level of Development at the End of Reception</strong> in the WM 7 Met. area in 2019</td>
<td>+0.3pp – matching the national average increase from 2018</td>
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<td><strong>The WM 7 Met. area average Progress 8 Score was -0.08 in 2019</strong></td>
<td>improving by 0.06 with England declining by 0.01 from 2018</td>
<td>To reach England average (-0.03) requires an improvement of +0.05</td>
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<td><strong>5.7% NEETs (WM 7 Met.) compared to 5.5% England</strong></td>
<td>(Dec 19, Jan &amp; Feb 20)</td>
<td>-0.9pp – compared to no change nationally (Dec 18, Jan &amp; Feb 19)</td>
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<td><strong>The number of Apprenticeship Starts decreased to 25,800 in 2019/20</strong></td>
<td>(Impacted from COVID-19)</td>
<td>-18.7% (-5,940) vs -18.0% for England from 2018/19</td>
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<td><strong>8.6% (223,800) of WAP with No Qualifications in 2020</strong></td>
<td>-23.0% (-66,700) compared to -16.4% for the UK since 2019</td>
<td>Additional 52,563 people need to obtain a qualification to reach UK avg (6.6%)</td>
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<tr>
<td><strong>10.4% (270,500) of WAP with NVQ1 Qualifications in 2020, Above the UK (9.7%)</strong></td>
<td>-0.2% (-500) compared to -2.6% for the UK since 2019</td>
<td>(Indicator not rated red as residents could have moved into higher quals levels)</td>
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<td><strong>17.4% (451,400) of WAP with NVQ2 Qualifications in 2020</strong></td>
<td>+1.0% (4,600) compared to -0.8% for the UK since 2019</td>
<td>Above the UK (15.5%)</td>
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<tr>
<td><strong>17.9% (465,400) of WAP with NVQ3 Qualifications in 2020</strong></td>
<td>+8.1% (+34,700) compared to +0.7% for the UK since 2019</td>
<td>Above the UK (16.9%)</td>
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<tr>
<td><strong>36.6% (950,200) of WAP with NVQ4 Qualifications in 2020</strong></td>
<td>+10.3% (+88,500) compared to +7.2% for the UK since 2019</td>
<td>Additional 165,435 people need to be upskilled to reach UK avg. (43.0%)</td>
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Latest skills data has bucked the trend of recent years and although this is positive but it should be treated with cautious optimism. As the State of the Region highlighted last year one of the positive outcomes of economic shocks and recession is individuals investing in skills development. Further research will need to be undertake to understand this very recent shift, which could be driven by many factors.

The WMCA commissioned its evidence base for the Skills Advisory Panel\textsuperscript{15}, which examines the evidence on skills performance in-depth. Prior to the latest data above the West Midlands was significantly behind the UK average in qualification levels, with a larger share of working age people

\textsuperscript{15} WM Local Skills Report Evidence Base, WMCA 2021
without any formal qualifications. The Department for Education’s Working Futures 2017-2027 analysis projects that the West Midlands will also be the slowest region to reduce ‘no qualifications’ status, while the long-term trends have been positive.

The NEET (Not in Education, Employment or Training) rate continues to improve across the WMCA 7 Met area – falling from 7.8% in 2017 to 5.7% in 2020. This notable improvement has also helped to narrow the differential with the national rate to 0.2% from 1.8% in 2017.

Fewer pupils achieved at least two substantial Level 3 qualifications in 2018/19 than the England average (83.1% in the full West Midlands region versus 85.9%) in almost all local authorities in the West Midlands, with only Stoke-on-Trent exceeding the average at 87.8% and Dudley far behind it at 78.1%. It should be noted that the relatively small sample (a few thousand students per Local Authority) means that we should expect some fluctuation year to year. However, the fact that almost the whole region underperforms relative to the England average suggests that we are not yet fully equipped to close the skills gap. Of equal concern is the gulf in attainment of high A Level grades (Three A*-A grades), with the West Midlands region once again significantly behind the England average, at 9.5% versus 13%. Only Telford and Wrekin (13.7%) exceeded this average, and the small sample size (906 pupils) means we should not attribute too much to this difference. Many Local Authorities in the region are far behind this; only 2.9% of pupils in Sandwell achieved these grades, and 4.7% in Stoke-on-Trent.

Graduate retention in the region is somewhat weaker than the UK average. Fewer students stay for both study and subsequent employment (19.8% in the Black Country, 17.9% in Coventry and Warwickshire (CW), and 24.3% in GBSLEP vs 29.3% nationally). Given the size of the university system in the region, this gap in retention represents a significant constraint on skills supply. Universities earn higher fees by admitting international students, and there has consequently been a growth in international students over the last decade. However, the region struggles with the graduate retention, exacerbating the shortfall in individuals qualified to Level 4+ and the impact of Covid-19 and travel restrictions may affect this in the longer term. This lack of ability to retain students may in part reflect lack of opportunities in the labour market.

The large number of graduates in business indicates that there is sufficient supply of this general skillset, provided that these students graduate with the specific competencies they will need for the roles available. However, the most common ‘hard skills’ cited in recent job postings in the region include auditing (11,959 postings), business development (9,480), accounting (9,427), key performance indicators (8,369), selling techniques (6,322), forecasting (5,166) and risk analysis (4,628). The high demand for forecasting and risk analysis skills in particular hints at the large number of positions which emerging data science products and techniques may disrupt in the coming decade. Whilst there is current demand for these positions, as automation improves there may be a fall in the demand for labour in this sector.

The Employer Skills Survey highlighted the strong demand by employers for increasingly necessary digital and analytical skills. To meet this demand, 55% of employers in the Black Country anticipate that digital skills will need enhancing over the next 12 months, compared to 47% in CW LEP and 49% in GBS LEP, and 48% nationwide. There is an undersupply of NVQ2 and NVQ4 and an oversupply of NVQ3 and NVQ1, within the West-Midlands, the skills set therefore, of the current workforce is not meeting the current skills needs of employers.

A review this year by WMREDI partners found in 2019 national employment rates rose to historically high levels. In Great Britain, the employment rate for 16-64 year olds increased from 70.2% in the year ending September 2011 to 75.8% in the year ending December 2019. Although employment rates in the West Midlands are lower than nationally a similar pattern of increase is evident with employment rates over the same period rising from 62.1% in the WMCA area and 67.6% in the West Midlands region to 69.1% in the WMCA area and 73.9% in the West Midlands region.

With this increase in employment rates, there was a shift in emphasis of policymakers away from the quantity of employment which was a primary focus in the recession to the quality of work. This reflected ongoing concerns about weak productivity growth, employment insecurity and precarity, in-work-

16 Good Work and the Covid 19 Crisis 2020
poverty, the impact of technological change on the experience of work, skills polarisation and persistent skills shortages.

From a policy perspective, the Taylor Review of Modern Working Practices added impetus to growing debates on ‘Good Work’, calling on the government to pay closer attention to the quality of work. Dimensions of ‘Good Work’ highlighted in the review include wages, employment quality, education and training, working conditions, work-life balance and collective participation and collective representation. In setting out its Good Work Plan in December 2018 for the first time the UK Government placed equal emphasis on the quality and quantity of work.

While the Covid-19 crisis has led to renewed concerns about the quantity of employment in the context of the closure of sectors of the economy during lockdown, furloughing and redundancies, it has also re-energised debates about the quality of work. This is especially so in the foundational economy where low-paid sectors such as social care have been on the frontline. Moreover, access to good quality employment is central to levelling up and inclusive growth agendas in cities around the world.

For some of those workers able to work from home during lockdown the experience of doing so has surfaced broader questions about work-life balance. The wider context of school closures has foregrounded broader issues about the relative weight given to work and care/other non-work commitments. Hence the requirement for ‘more and better jobs’ has come to the fore.

There is no single agreed definition of ‘Good Work’. ‘Quality of employment’, ‘decent work’, ‘fair work’, ‘meaningful work’ and ‘good work’ are often used interchangeably. In 2018 a Job Quality Working Group convened by the Royal Society of Arts and Carnegie UK proposed 18 measures of ‘good work’ categorised in six topics: There are considerable overlaps between these ‘good work’ topics and measures and the components of ‘fair work’ identified by Fair Work Wales:

1. Fair reward – analogous to ‘pay and benefits’ above
2. Employee voice and collective representation – relates to ‘voice and representation’ above
3. Security and flexibility – has some overlaps with ‘terms of employment’ above
4. Opportunity for access, growth and progression – partial overlap with ‘job design and nature of work’ above
5. Safe, healthy and inclusive working environment – has some overlaps with ‘health, safety and psychosocial wellbeing’ and ‘work-life balance’ above but Fair Work Wales has greater emphasis on inclusion;
6. Legal rights respected and given substantive effect – not reflected in the topics above.

In terms of indicator performance, Due to COVID-19 there will be no school data for 2019/20 and potentially none for 2020/21, but Prior to COVID-19 NEETs were decreasing (to 5.7%) while national they remained at 5.5%.

The number of people with NVQ Level 4+ qualifications has increased by 10% over the year to 950,200 (from 816,700) compared to a UK increase of 7%. This now means that 36.6% of the working age population are educated to NVQ level 4 or above against the UK average of 43%. Despite this improvement, a further 165,435 of the working age WMCA residents are required to obtain NVQ Level 4 qualification to equal the UK average. Third lowest CA for NVQ4+ quals with the third highest increase from 2019.

There is a £17.5bn output gap at the WMCA level. The output gap is impacted by skills levels, employment levels and the productivity of our business base.

**WMCA Output gap:**

<table>
<thead>
<tr>
<th>Description</th>
<th>Component (bn)</th>
<th>Output Gap Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jobs component</td>
<td>£4.7bn</td>
<td>26.9%</td>
</tr>
<tr>
<td>Skills component</td>
<td>£2.8bn</td>
<td>15.8%</td>
</tr>
<tr>
<td>Economy</td>
<td>£10bn</td>
<td>57.3%</td>
</tr>
<tr>
<td>WMCA output gap</td>
<td></td>
<td>£17.5bn</td>
</tr>
</tbody>
</table>
In the WMCA (3 LEP) area, there were 28,175 enterprise births in 2019. This is an increase of 16.4% (+3,980 births) since 2018, the UK increased by 5.4% over the period. There were 67 enterprise births per 10,000 population in the WMCA (3 LEP) area in 2019, compared to 58 per 10,000 population for the UK.

The jobs in transformational sectors declined from 1,165,145 in 2018 to 1,152,540 in 2019. The decline was due to Business, Professional and Financial Services (-17,575 to 362,230), Construction (-4,565 to 137,505) Creative and Digital (-1,985 to 57,340) and Low Carbon Environmental Technologies (-1,015 to 28,520).
Reduced Inequalities – Fairer society
The pandemic has highlighted significant inequalities across national and regional economies. Whether about the nature of work and households’ financial resilience, or access to digital infrastructure and safe housing conditions, the region’s civic and business leaders aim for a recovery that is inclusive and works for everyone, across all the region’s towns, cities and rural areas. The major challenge is being able to target support effectively and understand the distributional benefits as outcomes are levelled-up across the West Midlands and the UK. Research carried out in 2020\textsuperscript{17} has shown that the voluntary and community sector is vital to on the ground knowledge and to reach the marginalised and demand will increase and there is a need to recognise and utilise the sector’s role. \textbf{Aiming for a fairer West Midlands, where we support marginalised and vulnerable groups}

\begin{itemize}
  \item Areas of high deprivation, low employment, low wages and poor development reflect the West Midlands as having an unbalanced and unequal economy.
  \item A number of places in the region consistently appear in the most deprived and most impacted by Covid-19. These places suffer multiple inequality and deprivation issues
  \item The labour market is persistently challenged by skills shortages – a long-running problem - particularly within major sectors that demand high level technical skills like manufacturing and construction. Upcoming threats through EU Exit could exacerbate these issues as people with fewer qualifications cannot access the new jobs being created
  \item Technology improvements have created a digital divide, access to technology and the benefits it brings is crucial to providing opportunities in the future
  \item The impact of the pandemic has hit young people hardest, either through the lack of jobs, or educational impacts
\end{itemize}

\textbf{Outcomes}
\begin{itemize}
  \item To improve skills levels so that people have the skills and qualifications to access jobs and are prepared for the future of work
  \item Increased labour market participation/reduced barriers to employment
  \item Improved skills and qualifications
  \item Increased learning participation and training
  \item Increased the demand for skilled employment
  \item Better quality of life for all
  \item To reduce the health inequality gap within our population through access to work, good quality air, natural environment, housing and supportive networks of communities helping individuals and families
\end{itemize}

\textsuperscript{17} Innovation and Enterprise in the Social Economy in the West Midlands, (Rees et al) 2020
Key evidence – reduced inequalities

**Employment rate** was 72.8% in 2020
+0.4pp compared to -0.3pp since 2019
Shortfall of 63,973 people to reach the UK average (75.3%)

**Income and Expenditure Balance** was nearly **-£11bn** in 2019/20
Fiscal deficit increased by **£1.1bn** since 2019/20

**Resident Wages** were at **£30,202** as of April 2020
+2.6% (+£763) vs +3.6% for the UK (2019-2020)
With a shortfall of **£1,259** to the UK

**204,895 Claimants** by May 2021
-3.2% (-6,715) vs -4.8% UK decrease since April 2021 (previous month)
Although +87,305 claimants compared to March 2020 (Pre COVID-19)

**40,235 Youth Claimants** (16-24 years old) in May 2021
-4.2% (-1,775) vs -6.0% since April 2021 (previous month)
Although +17,400 youth claimants compared to March 2020

**78.7% of employees earning above UK Living Wage Foundation Rates** in 2020
-0.6pp compared to -0.3pp for the UK (2019-2020)

**Wage Gap Between Males and Females:** on average full-time male workers earn **£33,090** compared to females at **£25,899** in WMCA (3 LEP) area in 2020.
The gap has reduced by 9.3% vs -2.8% for the UK since 2019

**Employment Rates Between Males and Females:** 76.5% for males compared to 69.2% for females in 2020 (WMCA (3 LEP))
The gap has reduced by 3.8pp compared to -1.5pp for the UK since 2019

**GDHI per Person** was **£17,752** in 2018
+4.6% - matching the UK growth since 2017
The issues the region faces in terms of inequality and levelling up have been exacerbated in the last 12 months and this has led to the prioritisation of key indicators and the challenges as identified in earlier sections. The data is explored there in detail in terms of the significant challenges we face.

The longer-term patterns in claimant counts have been worse than the national picture, and in the last 12 months for both young people and all ages. The greatest total increase in claimants at the onset of the pandemic was in the conurbation, while the proportional increase is greater in areas outside the conurbations. Similar to 2008 where places that did not normally see problems with unemployment and claimants, saw a disproportionate rise. Claimant count figures continue the trend of a steep increase in the claimant count during the course of the pandemic, with the bulk of the increase between March and May. The pattern is similar with youth unemployment, with slightly higher increases across the board. However, while the West Midlands region has not felt the largest absolute impact in job numbers, a greater proportion of its active workforce were on the government’s Coronavirus Job Retention Scheme than in any other English region outside London (though the take-up rate does not differ greatly). As the scheme winds down, a large number of people on the scheme may then end up out of work. Within the LEP areas, the count of workers on furlough is particularly concentrated in the Greater Birmingham and Solihull LEP area. As a result, this area is likely to be particularly exposed to the impact of the phasing out of the scheme. This may reflect a higher proportion of service-sector work in Birmingham, and a higher proportion of key workers in the Black Country who have continued to work. The Black Country, on the other hand, has a lower number of furloughed workers, indicating that a larger share of their working-age population is either in key roles, has lost employment, or were not economically active prior to the pandemic.

Workers in the West Midlands are more likely to earn less than the Living Wage Foundation rate. The highest proportion is in Wyre Forest at 32.6% and the lowest proportion is in Warwick at approximately 13.6%, with the UK average being 20.3%. Those earning below this rate are likely to be on the National Minimum Wage or potentially in the gig economy, and consequently at risk of in-work poverty. As a result, travel costs (as well as time) may represent a major impediment to working in the urban centre. The gender pay gap in the West Midlands is both lower, and improving faster, than the UK average. In the last five years, the ratio of women’s hourly pay to men’s increased from 84% to 86%.

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18 WM Local Skills Report Evidence Base 2021 WMCA
19 Gender Pay Gap in the UK 2020, ONS
in GBSLEP, 81% to 86% in CWLEP, but declined from 94% to 92% in BCLEP. The UK average increased from 80% to 82%. This implies a better situation for women in the workforce, as they are more likely to earn a similar amount to their male counterparts.

Research by the Social Mobility Commission found that, while disadvantaged learners benefit most from apprenticeships, they are under-represented in higher-level apprenticeships, with 48% from the 20% most deprived areas at the lowest-level ‘intermediate’ apprenticeships, versus 41% for the rest of the population. Those from more deprived areas were also more impacted by the decline in apprenticeship numbers (a fall of 36% versus 23% for more privileged apprentices) between 2015/16 and 2017/18.

The Trussell Trust released data on the food bank usage in the UK, they distributed 2.5m emergency parcels and increase of 33% on last year. 980,000 of these parcels went to children. Compared to 5 years ago this is an increase of 128%. The West Midlands region received 226,237 parcels ranking 5th, London received the most with 412k followed by the North West 313k. In the last 5 years the number of parcels has risen from 104k, with levels more than doubling. Coventry and Birmingham\(^2\) appear in the top 15 areas for number of food banks in the country. Birmingham as a local authority area distributed the second highest number of food parcels given to adults at just over 34k and overall at 52.5k parcels (last year 40k), just below Newcastle. Birmingham was 2\(^{nd}\) highest for parcels distributed to children at just over 19k (last year 13k). The data cannot be used to fully explain the scale of the issue as its numbers of referrals, and an individual may be referred more than once and it will also reflect the size of the population. The data also does not cover the whole food bank provision, and for example there is only 1 distribution centre in Wolverhampton compared to 16 in Birmingham so numbers there are very low.

The Joseph Rowntree Foundation is also continuing its work on poverty in the UK. In its report on UK Poverty 2020/21 (published on 13\(^{th}\) January 2021). An initial assessment suggests that in the early stages of the Covid-19 crisis relative poverty may have fallen, due to two complementary forces. The relative poverty line would have fallen, as average incomes fell due to the labour market effects. At the same time, the income provided for some by the benefits system will have risen, with people benefitting from temporary increases in benefits, albeit counterbalanced by people being pulled into poverty by losing their income from employment. Relative poverty is likely to be higher than before the coronavirus outbreak – with increases in poverty likely to be mainly among working-age families affected by the negative labour market change.

In terms of performance on the indicators, in 2020, the employment rate in the WMCA area was 72.8%, compared to 75.3% for the UK overall. For the WMCA, this is a 0.4pp increase compared to a decrease 0.3pp for the UK since 2019. Out of the 38 LEPs only 10 experienced an increase in employment rate between 2019 to 2020 – Black Country was the 3\(^{rd}\) highest (+1.5pp) and GBSLEP came in at 8\(^{th}\) place (+0.4pp).

COVID-19 has heavily impacted claimant numbers with nearly 205k claimants aged 16 years and over in the WMCA area in May 2021, although this is a decrease of 6,715 people when compared to April 2021. This represents a 3.2% decrease compared to an overall UK decrease of 4.8%. For the WMCA area, when compared to March 2020 (118k) the number of claimants has increased by 87,305 (+74% compared to +97% UK). Overall, for the WMCA (3 LEP) area the number of claimants as a proportion of residents aged 16 years and over was 6.1% compared to 4.6% for the UK in May 2021. This also means that the WMCA had the highest proportions when compared to the other combined authorities and out of the 417 wards in the WMCA, 189 or 45% were at or above the UK proportion of 4.6% in May 2021.

There were just over 40k youth claimants in the WMCA area in May 2021, a decrease of 1,775 people when compared to April 2021. This equates to a decrease of 4.2%, while the UK decreased by 6.0%. For the WMCA area, when compared to March 2020 (23k) the number of youth claimants has increased by over 17k (+76% compared to +94% for the UK). Overall, for the WMCA (3 LEP) area the number of

\(^{20}\) End of year and Local Authority food parcel data Trussell Trust 2021
claimants as percentage of residents aged 16 to 24 years old was 8.2% compared to 6.6% for the UK in May 2021. The WMCA was joint second highest with Greater Manchester Combined Authority. Out of the 417 wards in the WMCA, 231 (55%) were above the UK proportion of 6.6% in May 2021.

The WMCA average household income after housing costs was £24,950 in 2018, with the national average standing at £28,296. This has increased by 8.2% (+£1,886) since 2016 which is above the national increase of 3.4%.

Full-time male residents in the WMCA on average earn £7,192 more than the average female WMCA residents (£33,090 vs £25,899) – a larger gap than the UK of £5,942 (£33,923 vs £27,981). Although the gap has closed at a faster rate than the UK average (-9.3% -£736 vs -2.8% -£169). There was a 7.2pp gap between the male and female employment rate in the WMCA (76.5% vs 69.2%), the gap is bigger when compared to the UK at 6.6pp (78.6% m vs 72.0% f). The gap has reduced by 3.8pp – largest decrease than any other CA and the UK

In 2017-19 the Healthy Life Expectancy gap in the WM 7 Met area was 8.7 years for males with Walsall the lowest at 57.9 years to Solihull at 66.6 years. For females the Healthy Life Expectancy gap was 7.1 years with Wolverhampton the lowest at 58.6 years to Solihull at 65.7 years.

In 2020, employment rates in the WMCA area vary from 49.9% for Pakistanis/Bangladeshis, 57.2% other ethnic group, 63.4% for mixed ethnic group, 64.8% for black or black British, 75.9% for white and 77.8% for Indians. Notably, the Indian employment rate was the only one above the UK average (77.8% vs 77.1%). As the Covid-19 crisis continues to evolve it is important to monitor and assess whether and how current patterns of inequalities change too and how they might be tackled. The review to date has revealed that largely the Covid-19 crisis has exacerbated existing inequalities but that detailed analysis is needed to show the full picture of variation across sub-groups and geographies. The work of the IFS Deaton Review of Inequalities is continuing to yield new insights in the coming years.
Clean & Affordable energy - Greener Society
People have valued a cleaner environment and better air quality. #WM2041 sets out both the scale of the challenge and the opportunity, with new technology and the need for safe, secure energy creating demand for new forms of mobility and electrification. The West Midlands has major innovation assets in energy and electric vehicle manufacturing providing jobs in one of our biggest sectors, along with potential for large scale retrofit programmes to improve the efficiency of the region’s housing stock. We are looking to create a greener West Midlands, where we reduce carbon emissions to address the climate crisis

Rationale

- Previous reductions have been possible because of a number of factors, which we either cannot or will not replicate. Firstly, because of EU directives mandating the closure of coal-fired power stations, and national scale installation of renewables.
- Large reductions in industrial emissions have also been caused by local deindustrialisation, but consumption has not declined at the same rate – suggesting we are just ‘offshoring’ our emissions to other countries.
- People living in poverty tend to contribute to emissions reductions. Our commitment to lifting people out of poverty remains implacable, but the consequences of doing so may well be increased emissions unless we change how we do this.
- Considerable skills gaps exist regionally as the technology is changing across many industries, including construction, manufacturing, tech and transport
- The pandemic has caused a dramatic reduction in transport and pollution but energy use has shifted to other areas such as household consumption which is less efficient or individual cars.
- The region is a net importer of energy, with a high manufacturing base, with limited natural resources or assets for energy production. National programmes on generation will probably achieve the targets, therefore reduction is a key issue regionally as is the infrastructure upgrading needed to import efficiently.

Outcomes

- Reducing the carbon footprint of the region - Some WMCA local authority partners have agreed to reach net zero carbon by 2030
- Change our economy without leaving anyone behind – reskilling and developing training
- Invest in the resilience of places with a focus on retrofitting and fuel poverty, as energy costs rise
- Utilise our industrial past to create a new future through technology and innovation
- Create places and connections to meet climate change challenge
- Decouple prosperity from the consumption of energy and resources
In 2020 the WMCA published a green paper\footnote{WMCA Green Paper WM2041 WMCA 2020} to start a conversation about the actions required to achieve its carbon target, whilst delivering an inclusive, prosperous, and fair transition that leaves no body behind.

By looking at differences across the diverse places of the West Midlands, the following can be inferred:

- **Density makes a difference:** in cities / conurbations, people, energy, and items have less far to travel, and economies of scale are easier to realise. Furthermore, some homes in rural areas have less amenity to enable different choices: e.g. poorer public transport, or homes that are not connected to a gas main.

- **People living in poverty are already low carbon:** they are less likely to own a car, and generally consume less – e.g. by rationing heating to pay for food. As such, areas with significant poverty in the region tend to have lower per capita emissions – and emission drops in these areas can be partly attributed to rising poverty.

Understanding these differences will help us to come up with the right policies and investments for the many different places of the West Midlands. The WMCA is currently developing its evidence base\footnote{WM2041 Five Year plan outline WMCA/WSP} and 5-year plan in the green and climate change area. Particularly around energy use, skills demand and infrastructure. As the region is a net importer of energy due to the sector mix and size of the manufacturing sector, unlike other regions, the land locked and flat nature of the West Midlands creates a lack of natural assets such as fast flowing rivers, wind and tidal options for energy production. This means the region is likely to continue to be a net importer.
Despite the recent travel bans and lockdowns, air quality has declined, in part this is the effect of natural air flows across Europe which were carrying unusually high levels of particulates last year. Although the lockdown did lead to reduced travel, the shifts were not positive for pollution as people moved from public transport to personal cars which are far less efficient as they move fewer people round the region.

The increase of online shopping also increased the demand for light vehicles, delivering shopping from supermarkets, take-away deliveries and individual parcels was a contributory factor also. These vehicles tend to be worse for the environment and pollution levels.

Fuel poverty is a devolved policy area, and is defined and measured differently in different parts of the UK. In general, fuel poverty relates to households that must spend a high proportion of their household income to keep their home at a reasonable temperature. Fuel poverty is affected by three key factors: a household’s income, their fuel costs, and their energy consumption (which in turn can be affected by the energy efficiency of the dwelling).

As highlighted in the 5 challenges, fuel poverty rates are an important part of driving a clean affordable energy approach. However, rates vary across the nations of the UK and cannot be directly compared due to differences in methodology, the methodology has also changed this year so cannot be compared year on year. Data released using the new method shows:

- The West Midlands region has the highest rate of fuel poverty (17.5%) followed by Yorkshire and the Humber (16.8%) and London (15.2%).
- There were seven Local Authorities with a fuel poverty rate above 20% in 2019. Of these, four are in the West Midlands region and three in London.
- In the WMCA area there were 17.9% (305,386) of households in fuel poverty compared to 13.4% nationally in 2019. For the WM 7 Met area there were 19.5% (226,416) of households in fuel poverty.
- Within the WMCA, 15 local authorities were above the national average of households in fuel poverty. There were three local authorities where fuel poverty exceeded 20%, these were: Birmingham (21.2%), Wolverhampton (21.1%) and Sandwell (20.9%).
- The four local authorities within the WMCA area below the national average of the percentage of households living in fuel poverty was Bromsgrove at 11.7%, Lichfield and Solihull both at 12.5% and Warwick at 13.0%.

The Covid-19 pandemic has caused widespread financial hardship. Many consumer groups argue that the pandemic is worsening fuel poverty and more needs to be done. Various policies from the UK and devolved Governments have intended to help households financially through the pandemic, including with specific support for energy bills. However, some policies, such as the roll-out of smart meters and the publication of new fuel poverty strategies, have been delayed by the pandemic.

In terms of performance on indicators of 1,276,902 tonnes of waste from the WM 7 Met. area in 2019/20 30.7% (392,284) was recycled-composted. 6.3% (79,866) was landfilled, 62.5% (797,998) was incineration with EfW, 0.002% (28) incineration without EfW and 0.5% (6,702) was other.

In 2019, the WMCA (3 LEP) area produced a total of 19,614 Kt CO2 emissions, a decrease of 4.4% (-898 Kt CO2) compared to a decrease of 3.8% nationally since 2018. Carbon dioxide emissions for the WMCA (3 LEP) area equated to 4.7 tonnes per capita, below the England average of 4.9 in 2019. Emissions were 4.7 kt per km2 for the WMCA (3 LEP) area compared to 2.1 kt per km2 for England in 2019. Emissions are broken into six main categories, as seen in the following chart. In 2019, transport accounted for the highest proportion of carbon dioxide emissions in the WMCA (3 LEP) area at 40.3% (7,908 Kt CO2) of total emissions – slightly above the England proportion of 37.7%. This was followed by domestic emissions at 28.7% (England 28.1% of total), industry at 19.0% (England 21.1%), commercial at 8.6% (England 9.6%) and the public sector with 3.7% of the total (matching England). In contrast, the Land Use, Land Use Change and Forestry (LULUCF) net emissions reduced the total by -0.4% (England -0.3% of total).

23 Fuel Poverty House of Commons Library Nov 2020
Sustainable communities – Strong Communities

Less commuting and more homeworking have meant people spend more time in their neighbourhoods, which has illustrated the importance of strong local businesses and community infrastructure, like parks and high streets, to communities. The major challenge is to understand the long-term implications of these changing commercial and societal trends and help towns, cities and rural areas adapt. A better-connected West Midlands, where transport connects all communities to opportunities

Rationale

- The West Midlands has multiple infrastructure challenges – congestion, unbalanced connectivity, housing need, high energy prices, poor quality air and a lack of employment land – that constrain its productivity potential, stifle access to opportunities, and entrench the region’s inequalities.
- Providing greater connectivity – physical, digital and environmental - for businesses and society, is crucial to capitalising on strategic opportunities and driving boosting inclusive growth.
- Lack of access to green space has been felt harder in the dense, urban areas common across our region, many of which also suffer from high levels of deprivation relative to their leafy suburban neighbours. Research by the New Economics Foundation (commissioned by WMCA) shows that there is significant variation in publicly accessible park and green space provision per person in the West Midlands, with the equivalent of up to 151sqm in Solihull but only 16sqm in Wolverhampton.
- Natural capital has long been understood as having an important role in physical and emotional wellbeing, as well as in mitigating, and adapting to, the effects of climate change. Infrastructure, homes, vibrant town centres and regeneration projects fit for the future will help to deliver a long-lasting economic recovery

Outcomes

- Improve the quantity of high quality, readily available development sites; turning brownfield sites to high quality locations that meet our housing and business needs
- Increase the supply of brownfield sites that meet our housing and business needs
- Increase the levels of quality housing available
- Increased the level of commercial floor
- To improve the connectivity of people and business to jobs and markets respectively
- Increased the accessibility of people to employment
- Increased the levels of public transport use, cycling, walking and non-single occupancy car trips
Key evidence – Sustainable communities

The West Midlands is one of the largest urban areas outside London. Its central location at the heart of the road and rail network, together with Birmingham International Airport, means that it is well connected to the rest of the UK and international markets.

In the West Midlands, there is a major issue regarding affordable housing. This has negative consequences across the board, including issues of accessibility for first time buyers, higher rents in the private sector due to high demand, and longer waiting times for those registering for social housing.  

Transport scenario planning is ongoing through the year based on the data developed through the Data Insights Team and monitoring the travel behaviours in the region. Last year’s expectation was that the 

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25 The Birmingham Economic Review, Bryson 2019
26 Travel Trends dashboard
region was generally moving in a negative direction on the economy and the society, coupled with the initial government Covid-19 restrictions (although easing of the first lockdown was in sight), pressure on local, and national passenger transport finance, and for commuting/business travel, a far greater use, and acceptance of reduced public transport use. Scenarios looked plausible all had less public transport, some had more active travel but none was close to strategy on carbon/inclusion, even after initial estimates were made more optimistic on active travel potential; reduction in car use; and continued passenger transport use.

TFWM\(^{27}\) is in the process of continually reassessing the scenarios based on the success of coming out of lockdown, return to work based on Post-Covid via vaccine (optimistic) and/or therapeutics/herd immunity (pessimistic). With an expectation it will be longer for the most medically vulnerable, already most affected (Ring and Ride trips down 90%)

Three-year average shows for 2016-2018 that 68% of journeys were in the car, 1% cycle 2% PHV/Taxi, 10% public transport and 19%. Car was the only one to decrease since 2015-17, rest remained the same.

The next phase begins a return to 'normal', but each more day of delay means more economic pain, and adaptation. This creates uncertainty, but not because 'never seen the like’; wars and oil crises also had big travel impacts, and often no return to status quo; adaptations stuck (Danish cycling)/older trends accelerated (UK car use). Many predict no ‘default option’ of a return to normal, but care is required as there is considerable uncertainty about behaviours. However, a return to the 2019 situation is less likely as time goes on, and research is ongoing to understand the adaptations to enhance the current trends or understand what a return to normal would look like. This does mean that past performance on modal share shift was going well as seen in the indicators, but this is unlikely to continue.

Data from public engagement surveys on Covid-19 and transport suggest people want to stick with public transport to car shift (an existing trend), counter to carbon/inclusion strategy, but also meet their aspirations for health/environment/community. So, some positive scenarios are emerging that point to the strategy vision which was in place, and is therefore still valid.

However, counts and other transport data use data, on actual behaviour late last year, show public transport use down (bus 40%, and rail 70%), more than the ‘central’ average of previous scenarios. Car use was also down (10%) but less than average, active travel was up, but again less than the average, so not the predicted shift expressed early in the pandemic. This is in line with experience in other metropolitan areas also the more negative scenarios in earlier work. Therefore, taking both together, earlier scenarios still look valid, but changes in factors are too small. Sentiment data suggests the positive scenarios are still useful in line with area’s needs/wants and strategy but actual travel data is playing out a negative scenario more negative than expected. This means a greater positive change in economic and social factors is needed to achieve the positive scenarios now.

In terms of performance on the indicators, related to water bodies in 2019 – WMCA Overall: 6/103 rated good (5.8%), Rivers 0/82 rated good, Lakes 0/11 rated good, Groundwater 6/10 rated good (60%). Other classifications include: Bad: 5/103 (4.9%), Moderate: 61/103 (59.2%), Poor: 31/103 (30.1%).

Mapping of 1,003 points show 21.2% (213) of land cover is tree/shrub. Other categories show 6.0% (60) is impervious buildings, 18.4% (185) soil/bare ground, 44.0% (441) grass/herbaceous, 4.7% (47 each) for both impervious other and impervious road, 1.0% (10) for water. As part of the Commonwealth Games legacy, Severn Trent Water have committed to funding the planting and maintenance of a 2,022 acre woodland, and 72 separate mini urban forests across the West Midlands. Trees provide a range of ecosystem services to the communities they are located in.

254,357 total recorded crime in the West Midland 7 Met area year ending September 2020. This equated to a rate of 86.9 per 1,000 population, above the England was Wales figure of 83.5. The rate has decreased since September 2019 which was recorded at 89.9 per 1,000 population (England and Wales was 87.8).

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\(^{27}\) TFWM Scenario Modelling 2021 and data insights ongoing work
Industry, innovation & Infrastructure – Strong Assets

The sectoral assessments highlight the region’s distinctive strengths, but they can act as breaks as well as catalysts of growth. Experience from previous recoveries shows that our main tradeable assets can boost a quick recovery, so it is vital they are protected. The region’s universities are at risk as uncertainty about student numbers, international travel and disruption to research continues. This is important as they help drive innovation, high-level skills and business investment in R&D. HS2, the Commonwealth Games and the City of Culture are distinctive strengths that provide the West Midlands with a global platform. The major policy challenge is to mitigate harm to key sectors while ensuring that local people benefit from game-changing investments.

Rationale

- Despite considerable R&D and innovation strengths and world-class assets, the West Midlands performs moderately on key innovation measures like collaboration, new-to-the-market innovation and new-to-the-firm innovation.
- The WM wins fewer large-scale funds and the amount has fallen
- Spatial and structural imbalances potentially hold the region back, with innovative activity too heavily concentrated within large firms and certain places in key sectors. Innovation needs to become “business as usual” across sectors and geographies across the West Midlands.
- The region underperforms in attracting public sector R&D into the region’s universities.
- Business investment has dramatically shifted through the pandemic with business models shifting to adopt technology, and new markets. Lower levels of innovative companies hinder this shift in the region Internationally active firms are more innovative, EU Exit and supply chain issues could reduce this and constrain growth

Outcomes

- Increase the regional spend on R&D
- Thriving competitive and innovative Business Base
- Thriving university research base attracting students, international investment and innovative thinking into the region
- Increased levels of research and development investment in innovation in business
- Increased employment rate in knowledge jobs
- Increased highly skilled people
- Increased apprenticeships in technical and research occupations
- Improve the connectivity of local business to new local markets
Key evidence – Industry Innovation and Infrastructure

98.1% NGA Broadband Connectivity in 2020 – above the UK average of 97.7% +0.3pp matching the UK increase since 2019

38.7% enterprises engaging in Innovation in the West Midlands Region – above the UK average of 37.6% (2016 – 2018) -13.3pp compared to -11.4pp (compared to 2014-2016)

5,444 Traffic Collisions in 2019 (WM 7 Met.) -126 collisions when compared to 2018

42.9% of WM 7 Met. Residents Able to Access 3 or More Strategic Centres Including Birmingham, accessible by public transport within 45 mins travel time in peak time (Jan 2021) +4.6pp (compared to Jan 2020)

1,752,577 Dwelling stock in 2020 +1.0% (+16,863) dwellings – matching the national average increase from 2019

Work in the region by the MIT REAP team has recognised the need to support the region in preparing for the ‘recovery’ stage. A key theme highlighted by the MIT faculty is strengthening both the innovation capacity (I-cap) and entrepreneurial capacity (E-cap) within a region. One of the actions of the MIT REAP West Midlands team has been to develop a set of indicators to assess the capability to support Innovation and Entrepreneurship in the region. WM-REDI has led on matching these indicators with datasets, which compare the West Midlands regional figure with the National average. Analysing these indicators will help to identify the ‘comparative advantage’ of the West Midlands and help inform decisions on local Business Support.

A key theme highlighted by the MIT program is the importance of strengthening both the innovation capacity (I-cap) and entrepreneurial capacity (E-cap) within a region. Often innovators have great ideas (I-cap) but lack the entrepreneurial skills (E-cap) to develop them. Similarly, there are many talented entrepreneurs whose talents are wasted on a limited pipeline of high quality ideas.

Strengths

- The West Midlands has the largest University sector outside London, including nine universities and four higher education colleges. There are an additional 41 further education colleges with students taking higher education courses. Higher education institutions are critical sites for innovations, they educate prospective workers and produce technological and scientific results that can be turned into patents and product. Therefore, are an important part of the region’s I-Cap.

- The eight Midlands Innovation (MI) alliance universities (Aston, Birmingham, Cranfield, Keele, Leicester, Loughborough, Nottingham and Warwick) currently generate more patents per unit of research income than any other major UK university group (MICRA, 2020).

- Graduate retention is an important contributing factor to ensure there are enough trained graduates to sustain innovative work. In total, 40.4% of graduates from a Birmingham institution work in the West Midlands six months after graduation. In addition, 23% of Warwick University graduates take up professional jobs in the West Midlands in the six months following graduation.

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• The percentage of engineering / scientist graduates in the region is 22.1%, which is higher than the UK average of 19.5%. This is important since a higher quality of STEM education leads to a higher rate of more advanced technological breakthroughs made.

• For the ‘average progress 8’ score Birmingham is rated as ‘Above Average’; both Solihull and Wolverhampton as ‘Average’; while Coventry, Dudley, Sandwell and Walsall were deemed ‘Below Average’. A school’s ‘average progress 8’ score is the average of all of its students’ scores and reflective of the quality of secondary school education.

• The West Midlands is identified as a ‘business-led innovation region’. This reflects the above-average levels of private sector investment in R&D in the region (Forth and Jones, 2020).

• Birmingham produces 39.1 STEM graduates per 1000 people which is far higher than the UK average of 19.8. This suggests that there is a strong allure for choosing a degree in science and engineering.

• 16% of the self-employment workforce are ethnic entrepreneurs adding to the vibrant entrepreneurial base. This is significantly higher than the 9.6% share in the North West and 9.6% share in the North East. The density of ethnic entrepreneurs in the West Midlands is significant because: (i) 30% of ethnic minority businesses (EMBs) engaged in recent product or service innovation, 11 percentage points higher than non-ethnic minority firms; (ii) Since 2002 typically ethnic minority entrepreneurs have reported a higher Total Entrepreneurial Activity rate than non-ethnic minority entrepreneurs; and (iii) EMB owners in every UK region were more likely to export than non EMB owners.

Weaknesses

• Although there have been considerable gains in the last quarter on levels of qualifications the region still lags the UK. To increase the entrepreneurial capacity in the region, a greater proportion of the working-age population is needed with the required skills and knowledge to start a business.

• The UK’s R&D spending, both public and private, is highly regionally imbalanced, which disadvantages the West Midlands region.

• City-REDI research shows that 12.2% of West Midlands GDP is at risk because of Brexit negative trade-related consequences. The West Midlands as a whole is more exposed than the UK average.29 Brexit will exacerbate the negative economic effects caused already by Covid-19 in UK firms, regions and sectors.30

• The impact of the funding shortfall is also evident in that good new spinouts in ‘unfashionable’ sectors (e.g. medical devices, advanced manufacturing) have difficulty in securing match funding for Innovate UK grants. Under-capitalised spinouts and start-ups struggle to attract and secure top commercial and technical talent. They spend disproportionately more time on fund-raising, raise less per investment round and university founders suffer increased dilution from more frequent rounds. The potential to scale and generate employment and more economic activity within the region is therefore limited as things stand.

Recent work looking at performance on funding has found:

• The West Midlands wins fewer large-scale funds than other regions. Innovate UK funding in 2017-18 period is the exception, where very large grants include the Battery Innovation Centre, Catapults, HVMC etc.

• On average the West Midlands has received 11% of total Innovate UK funding, although the regional share fell from nearly 14% in 2018/19 to only 7.7% in 2019/20.

• Within England, West Midlands receives more on average from Innovate UK than all regions except London and South East. In 2019/20 funding dropped to below that received by London, South East, East of England and East Midlands.

• Confirms the West Midlands strength in Clean Growth & Infrastructure (clear leader), and Manufacturing, Materials & Mobility (competes with East Midlands & South West outside Golden Triangle).

There is a need to foster collaboration between universities and local companies. Universities should build relationships with market players (large or small/medium sized enterprises) and other institutions.

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29 Ortega-Argiles et al., 2018, 2018, 2018c, The Implications of Brexit for UK regions.
30 (Ortega-Argiles, 2020). Brexit and losses of UK Regional Competitiveness: what does this mean for West Midlands, Levelling up and a UK-EU Trade deal.
31 WMCA Public Sector R&D analysis 2021 Collinson et al CityREDI.
as early in the process as possible. This may present opportunities such as being to able scale up research through already existing enterprises.

The region must help businesses counter the current negative trade-related consequences, especially as the business intelligence to date suggests some of the teething problems are persisting and may turn out to be structural changes in the way business is carried out post EU Exit. If public sector investment in the West Midlands is not increased, the danger is that the private sector will respond to the better availability of innovation resources and skills elsewhere by relocating their own investment.

In terms of access to finance and cash flow – The impact of the Covid-19 pandemic has meant that credit providers are now more cautious about who to lend to and sales have diminished. Consequently, the region’s businesses are facing new challenges with regards to access to finance and cash flow. There is a huge chasm between government policy around economic growth and the day to day reality of the enquires to the Growth Hub. Customers keep coming back to account managers, essentially asking for them to give them money, buy goods or services from them, prepare their accounts for them, or to write tenders or grant applications for them.

UK employers stand out internationally for their preference to recruit rather than train, even when faced with skill shortages – there needs to be a drive in incentives to help shift these priorities. In terms of timeframes for skills planning employers face a balancing act of ensuring practical skills are in place for the ‘here and now’ to deal with ‘business as usual’ operations while at the same time looking ahead at strategic skills needed for future business development and success.

There is an observed long-term systemic problem relating to a UK university-industry gap, a so called ‘valley-of-death’ with a variety of constraints and barriers to the adoption and diffusion of new technologies. It is important the region works to promote networks and university business collaborations to facilitate industry applications of innovation and university to entrepreneurship transitions.

Access to leadership and management education for entrepreneurs and small business leaders: Business support is not all about start-ups and that business leaders crucially need the skills to grow and scale their businesses along with growth ambition (relating to the cultural point) and access to finance for E-Cap to flourish. We already have areas of good provision through the Growth Hubs and some business support providers, but this could be strengthened.

In terms of performance indicators, 38.7% of responding West Midlands businesses to the UK innovation Survey were active in innovation in 2016-2018. This is above the UK average of 37.6% and was the 4th highest region. All regions had declined from 2016-2018 (although, the West Midlands had the second highest drop at -13.3pp, behind the East Midlands at -14.6pp).

In terms of accessing hubs the figures during the Covid pandemic are not entirely representative - there was significantly less traffic on the roads (and fewer passengers for the buses to stop for) which made bus journeys faster. The latest data (Jan 21) shows 42.9% Residents Able to Access 3 or More Strategic Centres Including Birmingham by all public transport – an increase from 42.3% in Oct 2020. The latest data (Jan 21) shows 49.1% Residents Able to Access 3 or More Strategic Centres by all public transport – an increase from 47.3% in Oct 2020.

32 Green and Taylor, 2020
33 Green and Taylor, 2020
Looking forward Post Pandemic

The 2020 Annual State of the Region report identified a number of major trends which will affect the region in the future. We explored these trends in more detail through policy workshops, community engagement and interviews with businesses in the first half of 2021.

The initial workshops with policy stakeholders and academics identified a number of cross cutting themes, including:

- **Demographic issues** are important factors underlying behaviour and attitudes.
- **Climate change and green considerations** – at both global and local scales - underpin changes and trends including future mobility, health and business models.
- **Greater remote working** makes place attractiveness more important – broader ‘life’ considerations as well as ‘work’ ones - are increasingly relevant here.
- **Technological developments** shape the present and the future. Digitisation is impacting on business models, how and where work is done, skills and health.
- **Hybrid working** will become established for many. However, a substantial proportion of people have continued to work in the same/similar ways as before Covid-19.
- **The state plays a key role as a regulator** – in shaping trends and their impacts and as a place investor.
- **Without ameliorative action** many of the trends discussed tend to increase inequalities, so leading to concerns about greater polarisation and ‘left behind’ people and places.

There is a consensus that people will look increasingly for a mix of uses in one place; this resonates with the idea of the ‘15-minute city’. The ‘urban experience economy’ means that city centres are playgrounds. But they also need to be blended inclusive spaces to attract a wide range of people. There is a consensus that people will look increasingly for a mix of uses in one place; this resonates with the idea of the ‘15-minute city’.
The below information summarises emerging findings from interviews with businesses focussed in Birmingham City Centre looking at the return to the cities post pandemic. These interviews were conducted with firms and organisations across sectors, including, but not limited to hospitality, arts, culture, legal, and property investment, as well as with selected policy stakeholders.

**Hybrid Working**

An emerging consensus on hybrid working is that the model is here to say. The debate is centred on how many days employees with spend at home compared to time at the office. An additional ongoing debate is about whether the model is a permanent feature, or whether as employees get used to returning to the office they return more consistently, a near-full return to pre-pandemic model will ensue (although the majority of respondents believe at this stage that the latter is unlikely).

There is a consensus, across sectors that home working is less appropriate for many younger staff members and apprentices, exacerbating difficulties in seeking promotion, learning on the job and their task of becoming an integral member of the team. (Sometimes these individuals also lack appropriate workspaces at home.)

**Office Space**

The dominance of hybrid working is likely to have a significant effect on commercial office space. Whilst the demand for office space is not expected to fall, the demand for types of office space will change. Firms are planning for a more communal and ‘person-centred’ office space, with more breakout rooms, collaboration areas, and places to meet with clients. Demand for high-grade quality office space is expected to rise. Lower rents and the inherent trade-offs with design quality and secondary luxury amenities that consider wellbeing and climate change, remain a problem for developers in the city, compared to peer-city regions, such as Manchester.

**Transport**

Public transport is expected to continue to be underused compared to pre-pandemic levels, posing substantial challenges to the season-ticketing model and how people commute to the city centre. There is some scope for ‘peak spreading’ meaning more consistent demand through the day. The metro is too small and too concentrated within the immediate city-core to provide a significant alternative mode of transport to personal vehicles, especially for those that live in the outer-towns or suburbs of the city-region. E-scooters and walking are likely to become a more frequent way of travelling within the city centre (although some expressed concern about E-scooters). The long-distance train commute to business meetings nationally and internally will continue to be challenged by the use of digital technology, such as Zoom and MS Teams and company drive to adopt climate change actions.

**Environmental and Wellbeing**

Firms are increasingly placing greater importance on employee wellbeing and the need to tackle climate change. Hybrid working ensures a greater work-home-life balance and firms are keen to ensure that this a bottom-up approach that is led by employees. Firms are also taking active efforts to tackle climate change by encouraging public transport use but this is expected to conflict with personal safety concerns. Additionally, property developers are finding it difficult to provide commercial office space that meets climate change needs, whether that be energy efficiency or providing green space, due to persistent low rent in the city, which makes the profit-margin less attractive than Manchester or London. Ongoing and high-levels of crime, anti-social behaviour, and homelessness are unattractive features of the city to firms looking to relocate continues to be a challenge to consumers and office-workers for cities.

**Place**

Place has emerged as an important factor across the interviews. A sense of place is considered important in attracting people to the city in the future. If people are becoming less attracted by the office to go into the city centre, then the public realm should be attractive as a place to “be”.
The trends towards increased residential (and to a lesser extent reduced office space) in city centres was already underway prior to covid-19. So, the masterplans of city centre developments (e.g. Smithfield, Paradise, Snow Hill) haven’t fundamentally changed that much, but it is important to consider that increased demand for residential properties shouldn’t be at the expense of design quality – Birmingham doesn’t want to commit the same mistakes with unsustainable and unsightly tower blocks as it did in the 1960s.

This all means there is an opportunity for organisations such as the Business Improvement Districts to work on improving the public realm to attract people into the city in future and enhance its role in place management.

**Research with a sample of self-selected citizens of the West Midlands** carried out over the Easter period in 2021[^34], highlighted similar issues and concerns. Although there was a greater focus on safety and crime for people.

Amongst those surveyed there is considerable uncertainty about the future use of the city, although many miss the atmosphere many other are happy to be away from crowds and the commute. The top concerns about travelling to the workplace were:

- Travel costs and fare prices
- Cleanliness and Covid safety
- Overcrowding and traffic
- Safety and security concerns

We asked those in work about their working behaviour, 16% of respondents have seen their working hours increase, rising to 18% if they worked in the city centre before the pandemic. 1 in 7 had started a new job, 7% were furloughed, but only 2% had lost their job. Four in five working respondents expected the future of work to be blended between home and workplace, with the benefits being better work-life balance; flexible working hours; no commute and saving money and time: less distractions and more productivity; and more time with family and friends. The results indicated that not only is working from home long term an option but it is desired and directly implemented by employers already.

People expect to come back to the city centre however once hospitality, retail and leisure is reopened and it is a key way of encouraging people back. Other suggestions included improved/cheaper travel options and alleviating crowding a safety concerns.

In terms of the future scenarios the vast majority see the future of cities to be networking hubs as working from home becomes the norm 2-3 days a week and that the 9 to 5 week will disappear. The views on the ‘15 minute city’ (i.e. the idea that daily urban necessities are with a 15-minute reach on foot or by bike) were more mixed and seen as less likely, but most people expected the city centres to focus on the experience economy, with a focus on cultural, festivals, shopping and greater use of cafes for meeting. Co-working arrangements in suburbs and villages were seen as less likely. Climate change impacts and living locally received a mixed reception as a trend and generally people did not see this becoming a reality.

[^34]: Keep WM Moving Megatrends Report April 2021 Mustard, WMCA
We also asked about broader city centre visits and 1 in 4 go to the city centres weekly for shopping, socialising or visiting friends/family. Entertainment happens less frequently. 9 out of 10 say their behaviour has changed and as a result they are shopping online more, staying local or going out less. They highlighted avoiding crowds, saving money, supporting local businesses and convenience as positive outcomes. However, there is an indication that some missed the experience of going into a CC for shopping, particularly when it is part of a bigger socialising experience. As restrictions ease, more than half expect to go into the city centre for work less than before the pandemic. The majority expect socialising or entertainment to be done at least in the same amount as before and respondents would use a range of information sources to find out about new things happening in the city centre. Council and local websites were most frequently referenced. Events, green spaces and an increased police presence are seen as most effective in encouraging residents back into city centres.

This suggests city centres need to pursue an experience led strategy both for workers and visitors to ensure vibrant futures. Current research is exploring four potential futures based on the workshops, ongoing interviews and work with citizens this is based on the return of visitor footfall and employment footfall into city centres in the region.

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35 In development (Riley and Green 2021)
Future threats and trends

In many ways the issues highlighted in last year’s report have come to pass and past trends have accelerated during the pandemic. The current futures work has highlighted clear cross cutting issues for based on trends already in train. Underpinning the trends are the demographic structures of places which are important factors underlying behaviour and attitudes. There is scope for increasing generational divides driven by variations in the material conditions, experiences and expectations of the population. Birmingham’s population still has high numbers of young people (22.5% of the population 0-15 compared to 19% for UK) and low number of older people (13.1% are 65% compared to 18.6% of the UK). This means the city is disproportionately affected by the impact on the young, such as lack of jobs, reduced hours, reduced education and lack of contact with others at important life stages. The behaviour of the young population and their perceptions will influence the trends long into the future.

Threats for the future

There is likely to be a continued perception of fear of return to the city, town centres, entertainment and shops for some time, for some people, this could lead to continued levels of reduced visitors, audiences and workers. The lower footfall in places will continue to impact on businesses, for example footfall dropped by 46% in Birmingham over the 12 months to June. This could mean ongoing difficulty with the return of retail and hospitality to levels of 2019. The considerable effects of the pandemic on people, risks high levels of mental health impacts preventing re-engagement and return to normal. The delayed return of footfall to centres will lead to longer term reduced public transport demand, this risks the provision of accessible transport in the future and achieving the climate change goals the city has set.

Reduced employee footfall into offices and flexible working could trigger a reduction in the office space demand in the city. In the long term this could affect the investments reliant on high property incomes such as pensions. Although as yet there are no clear signs of this, it could destabilise the economy and more significantly those that rely on pensions. This in turn could reduce spend and incomes for a significant proportion of the population, for many years to come. This reduced city centre working also has implications for the geography of work and implications for places in terms of where people spend their income and what they spend it on.

Over the pandemic we have seen that a lack of skills and take up of digital and technology is leaving people behind as the world’s adoption of technology has been accelerated through the necessity of contactless working and shopping. This could lead to structural changes which leave many people unable to access new jobs, services and activities in the long term. High unemployment and long periods of furlough have affected those in retail, hospitality, sports and culture roles, impacting on availability and productivity of the workforce and a return to jobs. We have seen people switch sectors for more security and the lack of students and overseas workers in cities are constraining businesses in these sectors, longer term this could create constraints for the city in attracting people back. This could also affect the return of tourism in general, but specifically for Birmingham and West Midlands, business tourism which was a key strength, which is also still suffering due to moving online, reduced international travel and impact on the business professional services sectors and those sectors which need international travel to support sales and growth.

There is a real risk of increased segregation of place, making inclusivity a greater challenge. The structural changes to work could led to greater inequality and reduced social mobility as jobs become more inaccessible because of technology, transport and skills accessibility risks.

Opportunities for the future

However, the pandemic has also created opportunities to be built on. The pandemic has increased demand for green, open space and events, which could boost the attractiveness and investment in spaces if demand is responded to. It’s an opportunity to grow the events, culture and hospitality sectors into new areas and spaces.

36 Source: ONS, Population estimates for the UK, England and Wales, Scotland and Northern Ireland: Mid-2020, June 2021
37 Centre for Cities footfall data High Streets Recovery Tracker
38 What will the real estate look like after covid19 Professional Pensions
There is an increased awareness of sustainability and importance of local suppliers and employment, which is a trend started before the pandemic, but accelerated as people shopped more locally. This could drive greater investment and spend in local suppliers and businesses if capitalised on, especially if they can be supported to move online as many have already.

The increased awareness of physical and mental health and the advantages of exercise will, if sustained, improve the wellbeing of the city. Greater awareness is changing the way businesses interact and engage with employees, improving the longer-term relationship, investment in employees' leads to productivity improvements and greater employee engagement[^40]. If this is supported by continued increase in modal shift of travel, to walking and cycling the benefits will continue.

There is considerable pent up demand and spend capacity in the economy. Barclays[^41] is predicting the economy will grow at its fastest since 1948 and they estimate an extra £200bn sitting in customer and company bank accounts, and although there is a considerable risk in debt for those who have lost income, Barclays has not raised their predictions for debt default. This consumer spend could drive a boom in retail, culture and hospitality providing it meets the growing trend for increased experiential offers. It could revitalise struggling sectors and drive the opening up of the region nationally and internationally.

Business models have adapted and innovation has accelerated, with businesses more likely to have a mind-set to take advantage of opportunities, technology and innovation, this creates an environment more open to change and improvement. The growth in digital and technology usage and implementation, application and adoption has increased alternative options for activities, diversification in business models and income generation, greater opportunity for engagement, the skills base has expanded and created more capability and capacity to adapt.

The potential of 15 minute cities bringing services closer together and more local travel will have an impact on climate planning and business corporate social responsibility as travel times are reduced, there is greater use of online communication and services are closer to the customer. Increased flexibility and employment opportunity closer to home, enables people to cope with care responsibilities, businesses to tap into a wider, more diverse, labour market and skill set.

The impact of the pandemic has also shifted the emphasis to broader life considerations, sustainability and place attractiveness in a holistic sense. Cities, like Birmingham, will need to adapt to these emerging issues, mitigate the risks and take advantage of the risks.

[^40]: Employer and Employee needs post covid. A Green 2021
[^41]: https://www.bbc.co.uk/news/business-56940141
Next steps in the strategy and evidence development

This report complements previous work on the five Regional Challenges approved by the CA Board in March 2021. Partners across the West Midlands will work together to continue to develop policies and projects that tackle the 5 Challenges including:

- Continue to develop the evidence base to monitor changes and deliver a new forecasting model developed by Oxford Economics
- Work collaboratively to develop logic chains for each of the challenges using analysis in the State of the Region report.
- Firm-up the outputs and outcomes associated with each of the Challenges.
- Understand the distinctive spatial and sectoral implications and how this relates to the evolution of institutions.
- Respond to the evolving national agenda (Plan for Growth, Devolution White Paper, and Comprehensive Spending Review etc.)

The State of the Region report provides the evidence that will underpin this approach, as the foundation for a rationale for intervention. It is important to differentiate between the evidence for challenges and opportunities in the region versus the plans to address or accelerate these issues. The evidence base sets out the current and ongoing challenges being faced due to the pandemic and EU Exit in the immediate future. It also aims to set out the longer-term regional performance against wider structural goals, as set out in previous State of the Region Reports. Any opportunities/challenges or asks of sectors can continue to be monitored as will other impacts and changes in the wider economy, society and environment.
Further evidence

This report summarises the evidence base collated throughout the year, it specifically references and uses the WMREDI Weekly monitors March 2020 to May 2021.

To date there are 53 monitors published which have helped shape and inform the understanding and discussion in this report

Further evidence and commentary can be found in:

- State of the Region - Exec Summary Report 2021
- Performance against Sustainable Development Goals 2021
- Health of the Region 2021
- Skills Advisory Panel Local Skills Report and Evidence Report 2021
- Logic chains exemplars (awaiting publication)
- Income Inequality Report and Dashboard 2021 (awaiting publication)
- Outcome Measures Monitoring Report 2021 (awaiting publication)
- Megatrends and Cities Report 2021 (awaiting publication)
- Sectoral Impact Report 2021 (awaiting publication)
- Innovation in the West Midlands 2021 (awaiting publication)
- Business Support Review (awaiting publication)
- MIT REAP Evidence Report and Dashboard 2020
- WM2041 Strategy
- Local Industrial Strategy Evidence 2019
- GBSLEP Sector Plan
- GBSLEP – Annual Report,
- Delivery Plan 2020-21 (gbslep.co.uk)
- Black Country LEP Sector Plan
- Coventry and Warwickshire LEP Sector Action Plan
- Recharge the West Midlands
- WM Digital Roadmap
- Employment support framework
- Levelling-up community recovery plan
- State of the Region 2020
- Innovation and Enterprise in the Social Economy in the West Midlands 2020
- Travel Trends
The West Midlands Regional Economic Development Institute

and the

City-Region Economic Development Institute

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