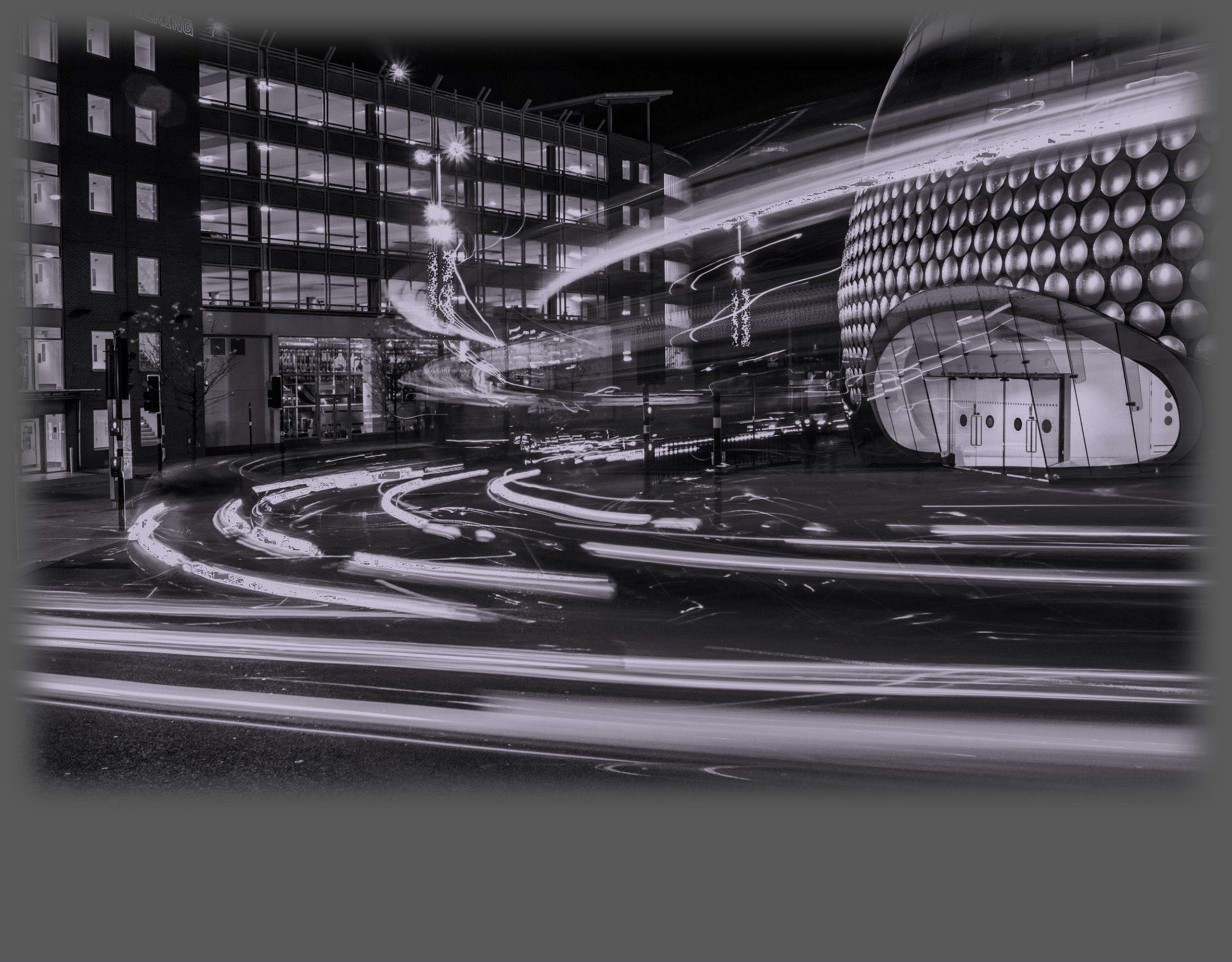


West Midlands Monthly Monitor

July 2019



Introduction

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

Infrastructure

[Midlands Connect](#) has submitted a £2 billion plan to the government for funding approval for its 'Midlands Rail Hub'. The ambitious plan is set to be delivered in phases from 2024 - 2033 and deliver 24 extra passenger trains every hour across the regional network, enhancing East-West regional public transport. The proposals include faster connectivity times to Nottingham and Hereford from Birmingham and improved connectivity times from Coventry to Leicester and Nottingham.

The proposal, submitted by Midlands Connect in partnership with Network Rail, is backed by 47 other partner organisations, including the West Midlands Combined Authority, (WMCA). Alongside improved journey times for passengers, the proposal has environmental benefits. The improvements will add 36 additional freight paths a day, ensuring that 4,320 lorries' worth of goods are moved from road-infrastructure onto rail, reducing carbon emissions of HGV transport and reducing potential road-congestion.

As part of the project [Moor Street Station](#) would undergo a dramatic change and include a 'respectful' regeneration, doubling the size of the concourse and introduce two new platforms. Sitting next to the proposed HS2 Curzon Street Station, the project aims to provide 'seamless' connectivity between the two rail hubs.

HS2 has also revealed designs for its proposed [automated connectivity link](#) between the HS2 Solihull Interchange and Birmingham International Airport. Passengers will be transported on an automated vehicle that will move on a viaduct for the entire route, reaching 12 meters off the ground at its highest point. With services every 3 minutes, HS2 have claim the service will be capable of carrying 2,100 passengers per

hour in each direction, when fully operational.

The release of the design visuals emphasise the scope for Solihull HS2 Interchange to become a major gateway to the region, with fast and reliable connectivity to Birmingham International Airport, UK motorway network, and leisure facilities such as Resorts World and Birmingham NEC.

HS2 remains a politically controversial policy, with Conservative Party Leadership Candidate, Boris Johnson, announcing a review in to the project, if elected Prime Minister. [The review](#), reported to be chaired by Mr Oakervee, who was Chairman of HS2 between 2012 and 2013, is set to conclude on the 'business case' for HS2 by December.

Despite this, [Parliamentarians have passed the High Speed Rail \(West Midlands to Crewe\) Bill](#) through the report stage of the HoC. The Bill passed with 263 votes in favour to 17 against, showing the scope of support for HS2 in Parliament, despite its controversy with specific Members of Parliament.



The Moor Street station renders, showing how the station will look upon completion of the Rail Hub project. Source, (The WMCA)

Ideas

A lack of digital skills is estimated to cost the UK economy £145 billion in the next decade. South and City College Birmingham are aiming to meet that challenge head-on. The College have [recently launched](#) the West Midlands' first emerging digital technology courses. The courses, which include mastering drone operation, aims to plug a shortage gap for businesses that are in need of emerging technology skills. New students will join the course at the newly rebranded Digbeth Campus in September.



Drone demonstration at South and City College Birmingham, (Source: BirminghamLive)

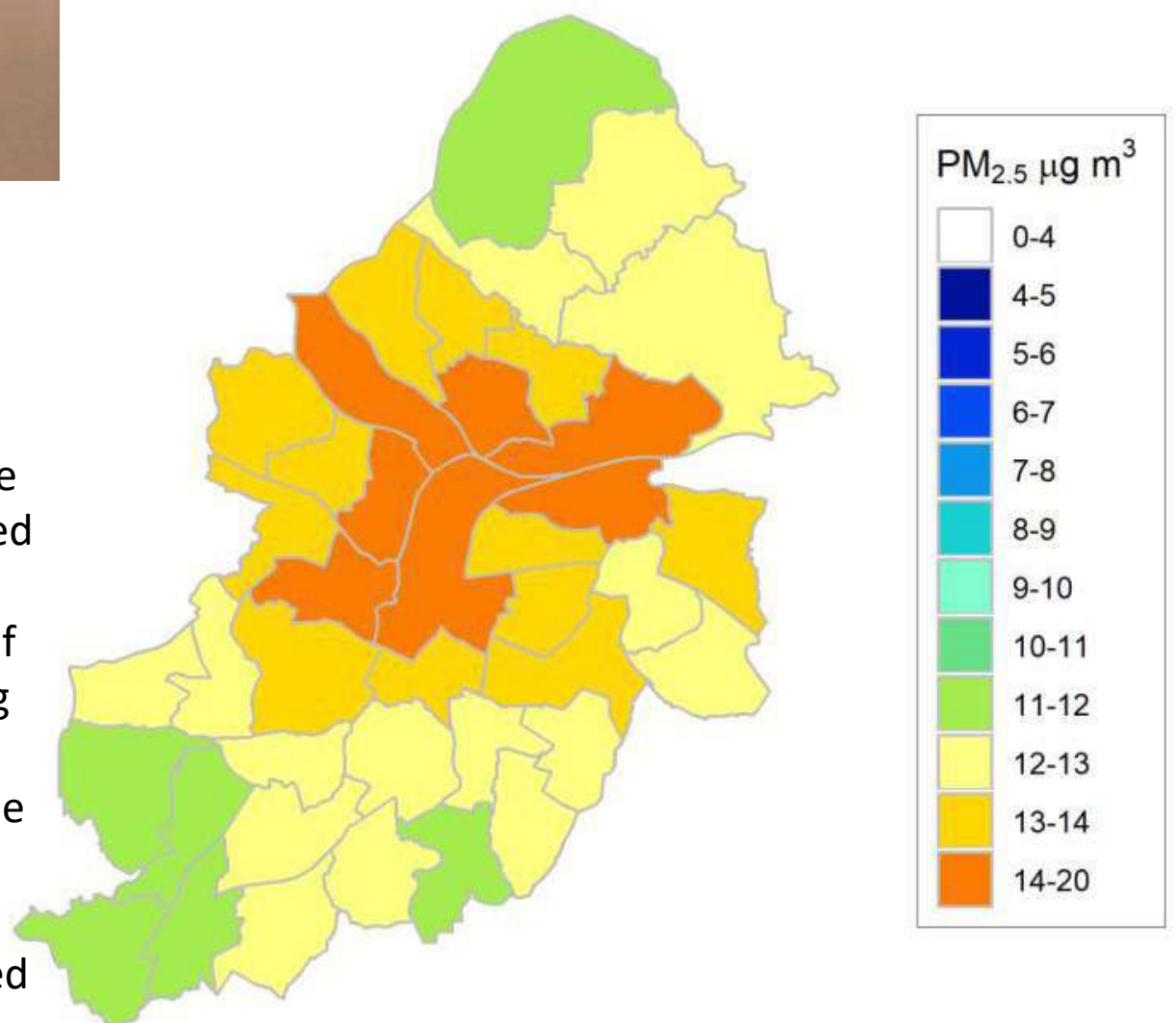
The news comes at a similar time that the [Treasury has committed £94 million to the UK National Quantum Technologies Programme](#). The additional funding will be divided across the four Quantum Technology Hubs based across the UK, with the UK Quantum Technology Hub Sensors and Timing programme, led by the University of Birmingham, receiving £23.5 million. Additional funding will ensure the programme continues to harness the power of emerging technologies to meet the aims of the industrial strategy.

The University of Birmingham has also recently launched an [Air Quality Research Supersite on its campus](#). The research supersite, launched on National Clean Air Day, 20 June, will gather detailed data on air pollution in the region. Air pollution in the West Midlands is a growing health concern, with [headlines](#) on the BBC reporting that "Pollution cuts Birmingham children's life expectancy".

King's College London, has revealed the severity of pollution in Birmingham. The report suggests that the life expectancy of a child born in 2011 and living in Birmingham would be 7 months less than that of a child living in Manchester.

In addition to the shortening of life expectancy, the data reveals there is the risk of a substantial financial cost if no action is taken. If nothing changes to the concentrations of anthropogenic PM_{2.5} for 124 years from 2011 levels the economic costs will be up to £650 million.

This underscores the importance of research from the University of Birmingham supersite, which aims to gather data to be used in the WM-Air, the West Midlands Air Quality Improvement Programme', which utilises environmental research to understand how best to save lives from air pollution.



A map showing Birmingham constituencies and prevalence of PM_{2.5} concentrations (in µg m⁻³) in 2011. Source: Kings College London).

People

In the latest [findings from the Office of National Statistics \(ONS\)](#), **national wages are at their highest rate since the financial crisis in 2008**. With inflation also currently around the Bank of England's target rate of 2%, **real wage growth stands at a healthy 1.4% real growth rate**.

This is good news for consumer spending which is a key driver for the growth of businesses in the region. Public sector pay growth is at its highest since June 2010.

Figures published by the [Insolvency Service](#) have revealed **that 212 people across Birmingham were declared bankrupt by a court in 2018**, the highest number recorded since 2014. **The data shows that 65.4% of recorded bankruptcies in the region were male**, showing the gender divide on this issue.

The figures show that despite the increase in the West Midlands, the region is still below the England and Wales average. The highest rates of insolvency tend to be in the North East and the South East, with all regions broadly following the England and Wales average.

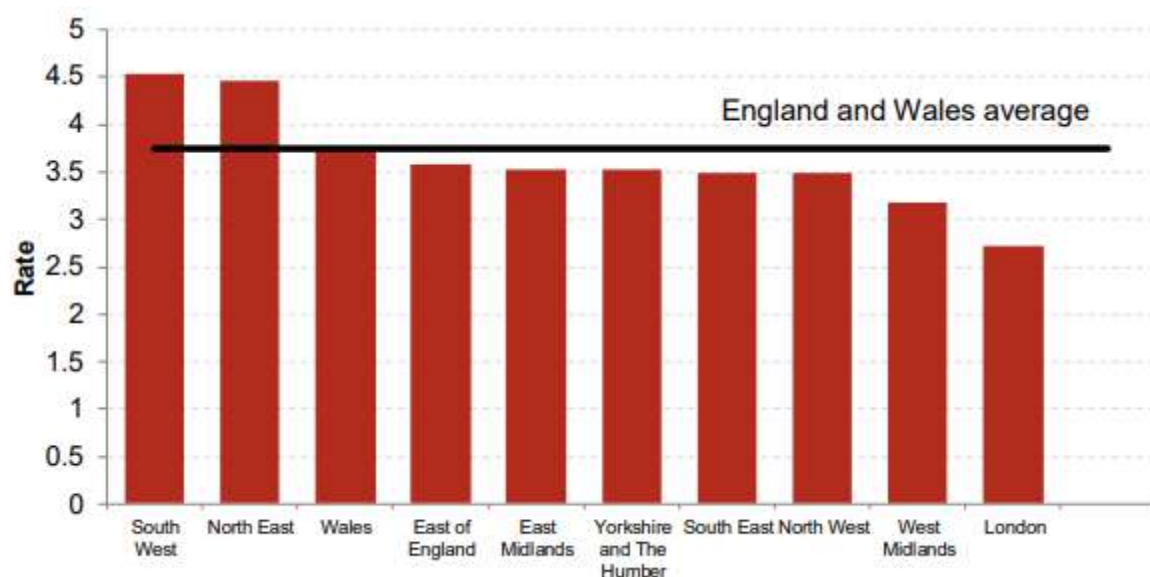


Table showing Regional Insolvency Rates. Source: The Insolvency Service)

These figures are significant as financial hardship is a cause of poor mental health, with [420,000 people](#) in problem debt experiencing suicidal ideation, with 100,000 people attempting suicide.

If bankruptcy is a growing problem in Birmingham, **there is a risk for a knock-on effect to public mental health services and a risk to personal employment**.

The consequences of Mental Health as a result of gaming addiction is also a growing concern for policy-makers, with Gaming Developers recently [giving evidence](#) to the Digital, Culture and Sport (DCMS) committee.

The gaming sector is an increasingly important sector for the West Midlands, with Leamington Spa's gaming cluster employing 10% of the UK's entire gaming industry alone.

One company from Finland, called Action Stadium, is hoping to capitalise on the surge in gaming whilst mindful of the negative effects of gaming addiction on mental health.

Action Stadium has taken a long-lease on a 39K SF unit at Star City for a live-action gaming facility that mimics online gaming whilst promoting 'healthy' gaming addiction. This will be the first of its kind in the UK. The company hopes to open further stores in the West Midlands and the new model could open the door to the 'gamification' of West Midlands high-streets, with a new interactive and family-friendly focus on leisure.

New [data](#) from the ONS has revealed that in the year leading to June 2018 the WMCA population area increased by 0.7% (+29,417) to 4,171,507, an above UK-average rise. Birmingham suffered the largest net loss of internal migration at -10,417, followed by Coventry at -2,273.

The region remains distinctly 'young', with the West Midlands having a high percentage of the population aged 0 – 15 years - at 21.5%. This is compared to the UK average at 19.0%. Additionally, those aged 65 and over is significantly lower than the UK average, at 18.3% compared to 15.5%. This means that across all Combined Authority areas, the WM has the highest percentage of people aged 0 -15 years old and the lowest percentage of people aged 65 years old and over, retaining it's title of a 'young' city-region.

Business Environment

West Midlands Business Activity Index

sa, >50 = growth since previous month



Overall business activity in the West Midlands area has contracted. That's according to a recent [Natwest PMI report](#) with data revealing the sharpest fall in business activity for over a decade. The West Midlands export climate index has fallen to a six-year low, down from 51.6 in May to 51.4 in June. The New business index has continued to decrease, resulting in an 11-month decrease in outstanding business.

Despite this, **the labour market is performing strong nationally and regionally** with [32.75 million](#) people registered as in work - an all-time high in the country's employment rate. The job creation rate has been maintained in the West Midlands, leading to a solid recording for employment growth in June.

The West Midlands does still lag behind the UK average with [74% of the population](#) in work compared with 76% for the UK as a whole. Nationally 72% of women aged 16-64 were in paid work, which is the joint highest female employment rate that has been recorded. Part of the reason for a record number of [women in the workplace](#) was changes in the state pension age nationally, which sees more women remaining in the workforce.

However, **in May 2019 the number of women in work in the region was 69.2% of women; 2.8% below the national average at 72%.** With these figures falling behind the national average, it also highlights the untapped potential Birmingham has to offer to get more women into the workforce. With more women working, paying taxes and contributing to the regional economy, the multiplier effect

of nearly a 3% rise in women to the workforce could be substantial for GVA and productivity.

Birmingham and the surrounding region reports higher than the national average of people completing NVQ2 and NVQ3 qualifications. However, the region [falls behind](#) the national average for University degrees with as little as 33.1% of the population possessing an NVQ4 qualification compared to the UK average of 39.2% last year. There is a similar story with Apprenticeships where the West Midlands lags behind the national average by 0.6%.

The West Midlands has more of its workforce in unskilled jobs, meaning upskilling the regional workforce could produce a substantial GVA percentage increase to the regional economy.

Nevertheless, a recent report, due to be published by the WMCA and the GBBC, on Brexit preparedness of business in the regions reveals **that businesses feel most prepared around the people and skills aspects of Brexit.**

The report by Greater Birmingham Chamber of Commerce, reveals that **overall businesses do not feel significantly prepared for Brexit**, on average scoring 2.5 -3 out of 5. The area businesses in the region feel least prepared in is in business support and procurement. Despite uncertainty and apparent average unpreparedness, **regional businesses remain confident about increasing profitability over the next year.**

Places

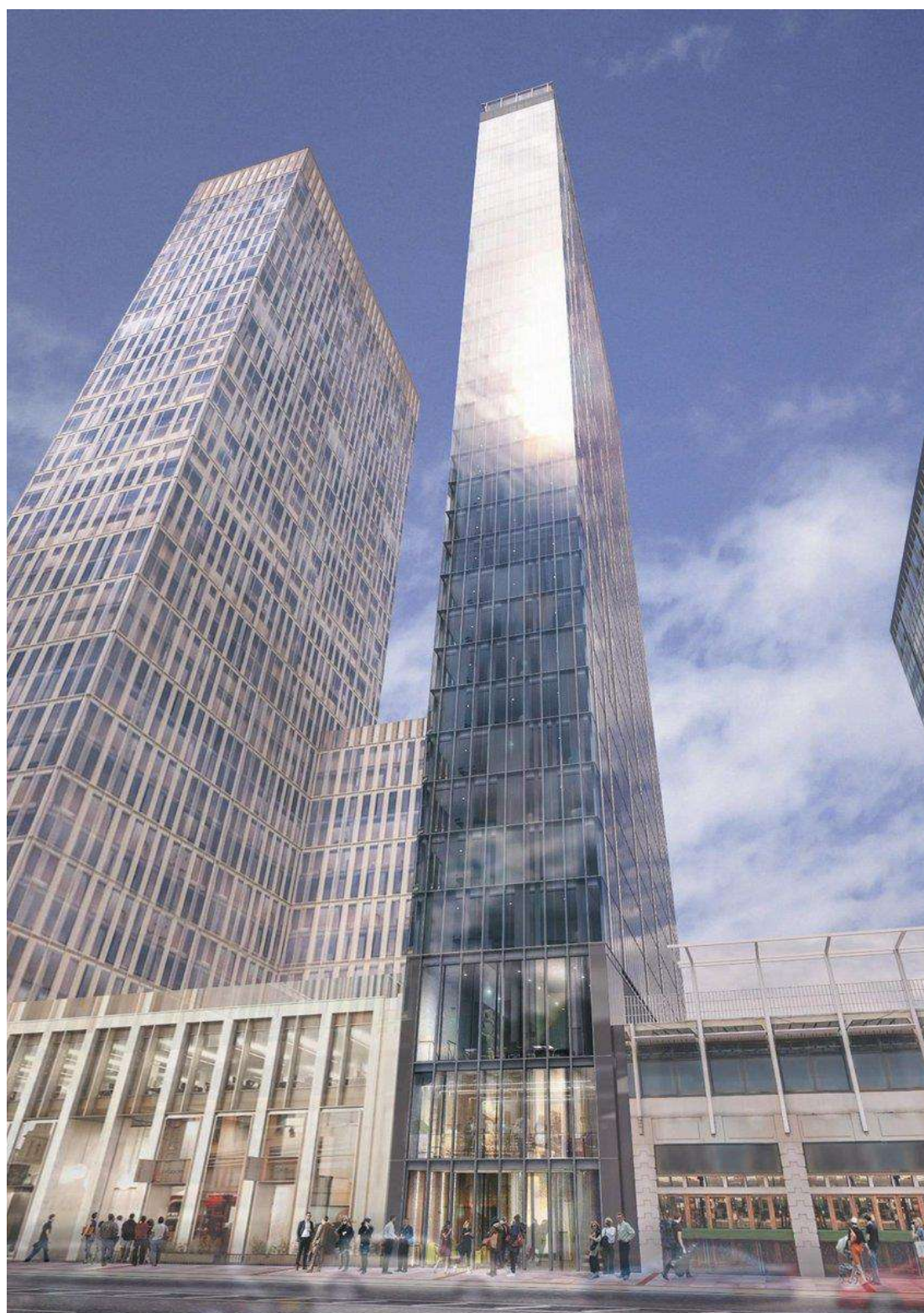
Birmingham is set to see an additional skyscraper added to its rapidly changing skyline. [Taylor Grange developers have submitted a planning application](#) to Birmingham City Council for a 37 fl tower with a [GDV of £58 million](#). The tower will sit next to Moda's 42 fl tower, which is currently under construction, enhancing urban density and height, solidifying the construction of a cluster of tall-builds on Broad Street.

The development will provide 264 serviced apartments, adding further housing capacity to the growing residential sector in the city-core. In addition, amenities at the lower level will include dining, cafe, restaurant, a bar, a resident's lounge, gymnasium and storage space. The site is currently occupied by Transport General Worker Union Building which will be demolished.

In additional regeneration news, Walsall Council Cabinet has approved a £600,000 masterplan to regenerate the town centre's high-street. The masterplan will be delivered in phases, with phase 1 cutting car-park charges by 25%, a clean-up of the high-street, the introduction of live-performances and the installation of seven electric car-charging points. The masterplan has outlined its ambition for over £500 million of investment over a 20 year period, to ensure the high-street survives the retail sector's current fragility.

The City of Wolverhampton Council has also seen its future high-street funding shortlisted. The local authority has been given £250,000 by the Ministry of Housing, Communities and Local Government to develop a full business case for its plan to reinvent and rejuvenate its town centre high-street. In 2018, Wolverhampton reported a [net decrease](#) of 7 shops on the high street, demonstrating the need for action by local authorities.

However, figures since 2010 have shown business growth in Wolverhampton is actually performing better than the rest of the country when measuring the number of enterprises between 2010 and 2018. If this trend continues into this year, the economic factors for Wolverhampton could look healthy by the end of the year. [ONS data](#) shows this growth has been taking place away from the High Street as residential properties and flats are in more popular demand.



The Taylor Grange development render showing how the 37 fl tower will look next to Moda's residential tower. (Source: Taylor Grange).

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