



<b>Date</b>	16 November 2023
<b>Report Title</b>	West Midlands Economic Conditions
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<b>Report has been considered by</b>	

## **Recommendations**

Economic Growth Board is recommended to:

A) To note current economic conditions for the West Midlands.

### **1 Purpose of Report**

- 1.1 To ensure that Economic Growth Board's (EGB) has the latest data relating to the wider performance of the West Midlands Economy as reported in the WMCA's new West Midlands Insights on Society and Economy (WISE) Newsletter as well as qualitative insights from the WM Business Insight Forum.

### **2 Background**

- 2.1 The Research, Intelligence, and Inclusive Growth team at the WMCA have created the WISE Newsletter, which brings together various forms of quantitative information detailing the region's economy. This includes the WM Economy Dashboard and information from the WM Redi Monitor which previously formed part of the WM Economic Conditions report in earlier Economic Growth Board meetings. This will allow members of the Economic Growth Board to understand the context in which they are making decisions and for partners to have a consistent view of the economy. The WISE Newsletter is being published monthly. The latest edition as appendix 1 and the previous edition is available on request.

### **3. West Midlands Insights on Society and Economy (WISE) – November 2023.**

3.1 The WISE newsletter incorporates information previously provided in the West Midlands' Economic Dashboard and West Midlands Regional Economic Development Institute (WM REDI) monthly Monitor. Further to this, it reports other national and regional updates of importance to the region. The key items to note from the November wise are:

3.1.1 National headlines

1. **Wage growth outstrips inflation** for first time in almost two years. Annual growth in regular pay (excl. bonuses) in GB was 7.8% in June-August 2023. Annual growth in employees' average total pay (incl. bonuses) was 8.1%. In real terms (adjusting for inflation), annual growth for total pay rose on the year by 1.3%, and regular pay rose on the year by 1.1%.
2. Chancellor announces **major increase to National Living Wage**. The National Living Wage (NLW) will increase to over £11 an hour from April 2024 and will mean the annual earnings of a full-time worker on the NLW will increase by over £1,000 next year. This announcement follows the recommendations of the Low Pay Commission. People currently aged 23 and over are eligible, with over 2 million workers on low pay set to benefit from the increase. West Midlands workers projected to be impacted number 270,000.
3. Prime Minister announces that **A-levels and T-levels will be replaced with a new Advanced British Standard (ABS)**. The ABS will increase the breadth of subjects studied by 16–18-year-olds, increase taught hours by 15% and ensure every young person studies maths and English to 18. DfE will consult on its plans over the coming months with a White Paper expected next year. Nevertheless, it is anticipated that this will take up to 10 years to implement, so the current rollout of T-levels is likely to continue.

3.1.2 Regional headlines

1. Number of **payrolled employees rises at same time as claimant count** - The number of payrolled employees in the WMCA area was estimated at 1,237,594 in September, up 1.75% on the year. At the same time, the total claimant count rose by 4.0% since this time last year and youth claimant count rose by 13.3%. One explanation for this is that as businesses struggle in the current economic climate, those previously self-employed are transferring into employment or claiming jobseeker's allowance.
2. More than **£14.7m is being invested in skills training** for West Midlands' booming tech sector. Birmingham hosted a series of events to celebrate Birmingham Tech Week 2023, with the Mayor announcing WMCA will invest 14.7m in bespoke training schemes to help meet the skills needs for the region's booming tech sector. The announcement complements Plan for Growth and plans to support tech starts ups, empowering businesses to navigate technological ecosystems such as AI, and boost the region's economy. The investment will underpin the £1m blueprint announced by TechWM, PfG tech leadership cluster.



3. Latest data from ONS highlights **West Midlands' advantage in 4 key industries**. A 2023 snapshot based on the Inter-Departmental Business Register data revealed that, out of 10 defined sectors, the WMCA has 4 sectors above the UK proportion and a further 1 that matches. These are: advanced manufacturing (6.4% vs 4.6%), life sciences & healthcare (5.7% vs 4.4%), logistics & transport technologies (9.0% vs 4.7%), retail (19.7% vs 15.1%) and public sector including education (2.4%). The sector with the highest proportion of enterprises in the WM was business, professional & financial services, which accounted for 25.8% (26,310) of the business base. Though, this is smaller than the total UK proportion of 31.1%.
4. The number of **individuals not in education, employment or training (NEET) has fallen** steadily across the 7-met area over the last 5 years from 6.6% in 2019 to 4.8% in 2023. This is the result of better monitoring by local authorities in the region, reducing the number of 'unknowns', which are included in NEET figures, from 4.1% to 2.4%.

#### 4 Direct insights from businesses and business groups

##### WM Business Insight Forum

- 4.1 Since the last Economic Growth Board meeting, some of the topics explored by the WM Business Insight Forum included:

**West Midlands Growth Company and an overview of their programmes:**

The update provided an overview of the West Midlands International Strategy, Strategic Relationship Management, Major Events Fund and the SportsAccord and how these support the primary clusters identified in the West Midlands Plan for Growth, but more broadly as well. The forum discussed how these programmes were progressing and where additional consultation was needed to ensure the programmes were fit for purpose.

**Birmingham City Council – Section 141 notice:** The Forum received an update on the section 141 notice at Birmingham City Council, and how that the Council was subject to wide ranging interventions from HM Government. Members heard that a team of six commissioners with their own areas of focus would be entering the Council. The commissioners were charged with undertaking specific actions such as preparing an improvement plan within 6 months in order to return the Council to sustainable financial footing.

**HS2:** Members received an overview of the scrapping of the second leg HS2, the creation of Network North as well as the confirmation that the Midlands Rail Hub proposal by Midlands Connect would receive £2.7bn of funding over the next decade. Members discussed their profound disappointment at the scrapping of the second leg HS2 and the potential economic implications of this but were keen to understand the detail of the new transport announcements.

#### 5 Financial Implications

- 4.1 There are no direct financial implications arising from this report.



**6 Legal Implications**

5.1 There are no direct legal implications arising from this report.

**7 Equalities Implications**

6.1 There are no direct equalities implications.

**8 Inclusive Growth Implications**

7.1 There are no direct inclusive growth implications.

**9 Geographical Area of Report's Implications**

8.1 The report refers to the 7 Met area.