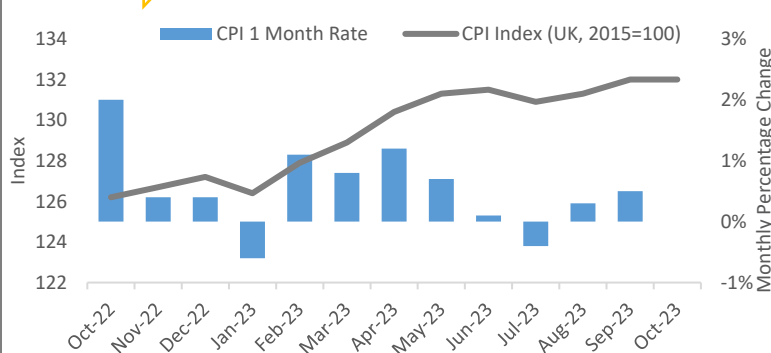


Wolverhampton Monthly Economic Insights, November 2023

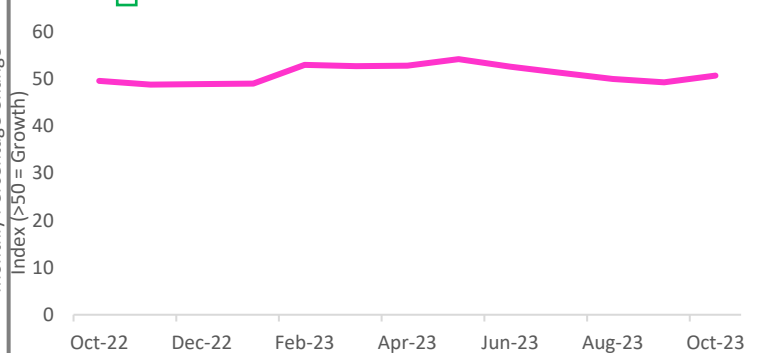
Despite mixed results, regional business confidence and business activity appear to be growing on the back of falling inflation and relative stability in recent months; reflected in real examples of business investment deals in W'ton. However, high interest rates in a difficult economic environment continues to threaten business growth and wider economic stability; with new data showing some of the stark follow-on impacts in W'ton over the past year; with a decrease in earnings, decrease in business births and considerable increase in business deaths. More positively, W'ton now ranks 6th of all UK local authority areas for the proportion of its business base that are female-led (25.2%).

Monthly Monitoring Indicators

UK Consumer Price Index (CPI)

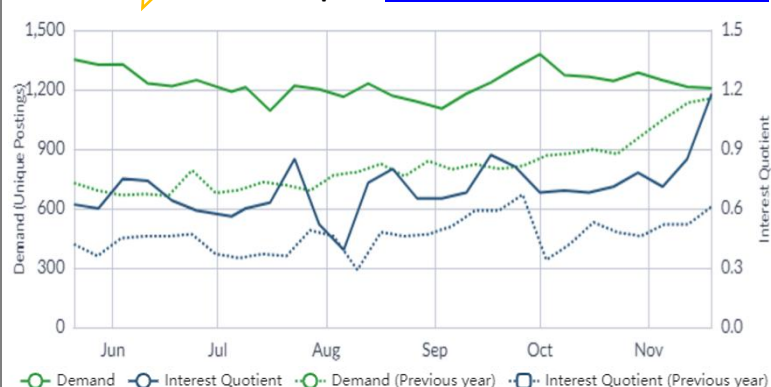


West Midlands Business Activity Index

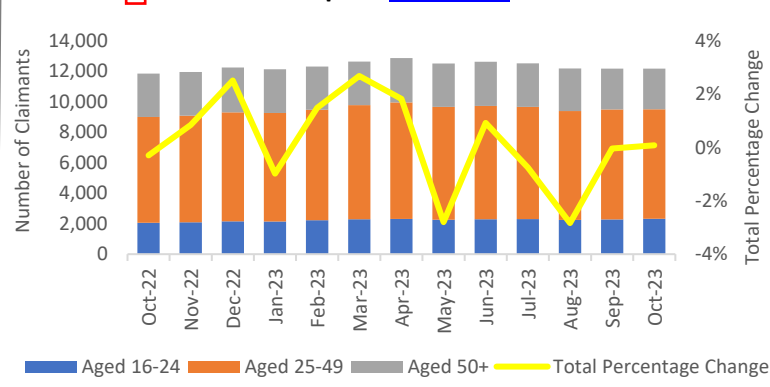


- Utilising a base year of 2015, UK **CPI was 132.0** in October 2023. UK CPI **unchanged** from September 2023.
- The West Midlands **Business Activity Index increased** from 49.3 in September 2023 to **50.7 in October 2023**.

Wolverhampton Job Demand and Interest Trend

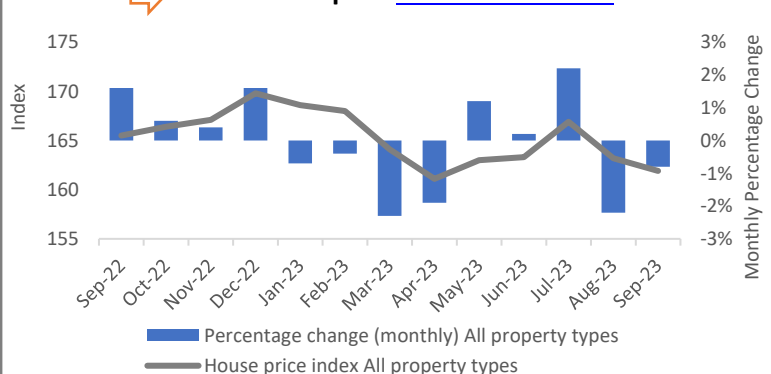


Wolverhampton Claimants



- In the past month, on Adzuna, **2,595 (average) job postings, +9.6% year on year. 0.9 (average) Interest Quotient.**
- In total, **12,180 claimants in October 2023; +10 since Sep 2023, (+330 since Oct 2022, +1,800 since Mar 2020).**

Wolverhampton House Price Index



Wolverhampton Salary Trend



- Wolverhampton's **House Price Index was 161.9** in September 2023. The monthly Index **decreased by 0.8%.**
- In the past month, on Adzuna: **Median Salary of £25,214 per year, -0.9% year on year.**

Other Recent Data Releases

- Office for National Statistics (ONS), published [employee earnings in the UK: 2023](#). Wolverhampton's findings are:
 - Gross, annual full-time resident earnings: £29,621** a decrease of £86 (**-0.3%**, WMCA **+4.5%**, UK +5.8%) since 2022
 - Resident gender pay gap: 8.4%** (UK 7.7%),
 - Regional low pay: 1.4% paid below National Living Wage in the West Midlands** (UK: 1.3%).
- HMRC have released [regional trade in goods statistics disaggregated by smaller geographical areas: 2022](#). Wolverhampton's findings are:
 - Exported £988m and imported £1.4bn** – leading to a trade deficit of £452m.
- ONS have updated [business demography](#) figures to include up to 2022. Wolverhampton's findings are:
 - 1,510 enterprise births**, a decrease of 665 (**-30.6%**, BC **-17.9%** WMCA **-6.7%**, UK -7.4%) since 2021
 - 1,510 enterprise deaths**, an increase of 515 (**+51.8%**, BC **+11.7%** WMCA **+10.0%**, UK +5.2%) since 2021
 - 10,485 active enterprises**, an increase of 740 (**+7.6%**, BC **+1.5%** WMCA **+1.2%**, UK -0.5%) since 2021
 - 20 high growth enterprises**, remained unchanged (**0%**, BC **-7.1%** WMCA **+1.5%**, UK +7.4%) since 2021
 - Of the **1,370 births in 2017, 31.8% (435) were still active after five years** (BC 37.1%, WMCA 35.3%, UK 39.6%).
- ONS have published [Population estimates for England and Wales: mid-2022](#). Wolverhampton's findings are:
 - Total resident population of 267,651**, an increase of 3,391 (**+1.3%**, BC **+0.7%** WMCA **+1.2%**, England +1.0%) since 2021.
- University of Birmingham's City-Redi unit have used data from Red Flag Alert to assess how many businesses are at risk of becoming insolvent using the Red Flag measure. This measure indicates companies that are at risk of failing or becoming insolvent. One flag would indicate a company that is in danger but can still change its situation. Three flags is the highest level of jeopardy. [Findings](#) show:
 - 1,694 companies in Wolverhampton have one red flag, 8.25% of the total business base in the database.**
 - The sectors most affected in Wolverhampton are wholesale / retail, construction and professional services.**
- Lower geographic level (ITL3) productivity scorecards have been published by The Productivity Institute, including for [West Midlands areas](#). This suggests that **Wolverhampton is "catching up" in productivity terms relative to the UK and the wider West Midlands**. However **lower productivity in the city remains, driven by a range of issues** including skills health & wellbeing, business performance & characteristics and infrastructure / connectivity investment.
- From a dataset of 19,273 companies, a recent update of analysis in the [Gender Index](#) reports that there are **4,863 female-led companies in Wolverhampton**. This represents **25.2% of all active Wolverhampton businesses in the study, above the UK average of 18.3%**. This **ranks Wolverhampton 6th of all local authority areas in the UK for the proportion of companies that are female-led**, contributing to a strong performance by the West Midlands region overall (2nd of all regions behind London).
- The Scaleup Institute recently published their [Annual Review for 2023](#). This reported that the **Black Country had 335 scaleups in 2021, equal to 29.3 scaleups per 100k of the population**. This represents a decrease from **37.8 per 100k in 2020**, with national scaleup figures also falling.

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	<ul style="list-style-type: none"> New forecasts from the Office for Budget Responsibility (OBR) predict that the UK economy will grow more slowly than previously thought – with real GDP growth slowing from 4.3% in 2022 to 0.6% this year and 0.7% next year. More positively, inflation was confirmed to have fallen to 4.6%, and anticipated to drop to 2.8% by the end of 2024. However, driven by high inflation and interest rates, living standards are forecast to be 3.5% lower in 2024-25 than their pre-pandemic level. In line with the OBR forecasts published with the Autumn Statement, predictions for UK regions suggest sluggish growth in 2023 and 2024. According to the latest (Autumn 2023) economic forecasts from the National Institute of Economic and Social Research (NIESR), low economic growth is predicted for all devolved nations and English regions with the Midlands not reverting to pre-pandemic levels of GVA until 2025. Only the West Midlands and the non-metropolitan parts of the South East are projected to have lower output at the end of 2024 than the end of 2019.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> NIESR also predict that the Midlands will continue to lag behind other regions with regard to employment (potentially reaching its pre pandemic level in late 2025) while also forecasting the Midlands to experience the most significant drop in productivity between the fourth quarters of 2019 and 2025. This is likely to be in part due to the West Midlands' reliance on more exposed and affected sectors such as manufacturing, and their disproportionate impact of the major shocks in recent years. More currently though, business confidence in the West Midlands is above the national average according to the ICAEW, rising a little in Q3 2023 (now standing at +10.6), in contrast to the national picture (which is +2.9). According to the survey, regulatory requirements remain the most cited growing concern in the region. Bank charges are another growing issue, reported by a larger share of companies in more than a decade. And while staff turnover is less widely cited as a growing challenge, it remains prevalent. However, the latest Business Confidence Barometer from Lloyds Bank suggests West Midlands business confidence dropped in November, and is at the fourth lowest level of all UK regions, reflecting the mixed picture across different surveys.
Trading Environment	<ul style="list-style-type: none"> The government's Autumn Statement was broadly well received by business groups and the wider business community. Highlighting measures such as full expensing, planning reform and electricity grid upgrades, The British Chambers of Commerce said it "gives hope to businesses", while the FSB praised welcome action on late payments, business rates and self-employed taxation. However, a survey has found that most owners of micro businesses with less than 10 employees in the West Midlands feel overlooked and misunderstood when it comes to the right support from the Government. According to the survey, 56 per cent of owners in the West Midlands do not feel the Government understands their needs with 29 per cent saying they have been neglected in favour of hand-outs to consumers and larger businesses. The survey found that because of additional worries relating to higher inflation and interest rates, supply chain availability, difficulties over recruiting skilled staff and industry legislation, micro businesses are struggling to plan ahead. Deal activity in the Midlands has declined so far this year after a bumper 2022, according to a new report by Experian Market IQ, against a backdrop of a UK-wide subdued M&A market. Volumes have fallen by about 22 per cent so far this year, and value has experienced a decline of 72 per cent from the highs of almost £20bn to £5.7bn. While thousands of businesses in the West Midlands are now classed as being in 'significant' economic distress, according to the latest figures from Begbies Traynor's Red Flag Alert. Dudley experienced a significant uplift in the number of businesses in distress during Q3 of 2023, jumping by 18.1 per cent on the previous quarter, followed by Stafford where there was a 17 per cent increase. This quarterly rise in the number of struggling businesses was also felt in Walsall (6.8 per cent), Wolverhampton (5 per cent) and Birmingham (3.2 per cent). Furthermore, profit warnings issued by listed companies in the Midlands are at their highest levels since Q4 2022, according to new research from EY-Parthenon. EY-Parthenon's latest Profit Warnings report said that nine profit warnings were issued by UK-listed companies in the Midlands in Q3 2023, up from eight in Q2 2023. More positively, according to R3 Midlands, an organisation focused on insolvency and restructuring, the number of new start-ups in the West Midlands grew by 5.86% last month, rising from 5,998 in September to 6,351 in October. This represents one of the highest numbers of new businesses established in any UK region, except Greater London.
Labour Market	<ul style="list-style-type: none"> The latest KPMG and REC, UK Report on Jobs survey, compiled by S&P Global, revealed the Midlands as an outperformer in terms of hiring during October. The Midlands was the only English region to record a rise in permanent staff appointments, contrasting with the strong downturn seen at the UK level, while temporary billings growth also outpaced that seen at the national level. Although the expansion was only marginal, it was a marked contrast to the strong contraction seen at the UK level. Signs of softness were nevertheless apparent as candidate availability rose markedly, while job vacancy growth remained considerably weaker than those seen in the first half of 2023. In turn, rates of increase in permanent starting pay and temp wages were slower than seen on average across the survey history. Pearson have produced a Skills Outlook report to give a regional breakdown of the immediate needs of the modern workforce and to help employers adapt to technological change; this report provides localised insights into the West Midlands. The Institute for Fiscal Studies (IFS) recently produced a report on the changing geography of jobs from 1993-2022. The report discusses the profound changes seen across the labour market over this period, including the 'hollowing out' of jobs in the middle of the pay distribution, rising demand for high-skilled worker, an expansion of higher education and an increase in both domestic and offshore outsourcing. These trends have had significant implications on geographical inequalities.

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	<ul style="list-style-type: none"> Manufacturers reported that output volumes fell in the three months to November, disappointing expectations for expansion, according to the CBI's latest Industrial Trends Survey. A more subdued outlook for production comes as order books fell to their weakest level since the second Covid-19 lockdown in early 2021. Both total and export order books were reported as below normal in November, to the greatest extent since January and February 2021 respectively. As outlined in previous publications though, there is likely to be regional differences in performance; with West Midlands manufacturing still relatively robust, in part due to the strong recovery in automotive, especially important for Wolverhampton: UK car manufacturing output went up 31.6% in October with 91,521 units rolling out of factories. Also in the last yearly period, manufacturing jobs increased according to ONS' Business Register and Employment Survey (BRES). Furthermore, industry has generally welcomed recent announcements by government to support the sector; for example through its new Advanced Manufacturing Plan (including announcements for aerospace, automotive, life sciences and green industries) and Battery Strategy but also directly through the full expensing and skills / apprenticeships policies announced in the Autumn Statement.
Retail, Hospitality and Tourism	<ul style="list-style-type: none"> Official data on UK retail sales shows that they fell to a two-year low in October 2023. The volume of products sold fell by 0.3% to the lowest level since February 2021 when large parts of the UK were in Covid-19 lockdowns. Complementing this, retail sales volumes fell year-on-year in November for the seventh consecutive month, according to the latest quarterly CBI Distributive Trades Survey. Despite a slight uptick in sentiment, firms expect sales to decline again in December. This is concerning for the already struggling Wolverhampton high streets. Retail sales volumes fell in the year to November, but at a slower pace than last month (weighted balance of -11% from -36% in the year to October). Retailers expect an even slower decline in volumes next month (-6%). Retailers also reported a reduction in headcount in the year to November, while investment is set to decline in the year ahead. Price pressures in the sector are expected to remain acute. There were mixed feelings from retail and hospitality related to the Autumn Statement; while on one hand the business rates relief extension is welcomed, The British Retail Consortium have claimed the Statement is a "sell out" that risks forcing up the pace of price rises in shops again. Positively, UK shop inflation eased to the lowest rate in more than a year in November as competition increased in the run-up to Christmas and food cost growth continued to fall, according to industry data. There is ongoing concern in the hospitality sector regarding the lack of available staff.
Construction	<ul style="list-style-type: none"> Monthly construction output in the UK is estimated to have increased 0.4% in volume terms in September 2023. This follows two consecutive falls in monthly construction output. While quarterly output increased 0.1%, coming solely from growth in September. This came from an increase in repair and maintenance (2.1%), partially offset by a decrease in new work (0.8% fall) in the month. Total construction new orders increased 3.9% (£393 million) in Q3 2023 compared with Q2 2023; this quarterly rise came mainly from public other new orders and infrastructure new orders, which increased 23.7% (£265 million) and 14.3% (204 million), respectively.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Task Consumer Products	Wolverhampton	Manufacturing	Stoford has submitted a detailed planning application on behalf of Task Consumer Products for the development of almost 210,000 sq. ft of new industrial/distribution accommodation on an 18-acre site at Citygate Park, Stafford Road in Wolverhampton. The plans propose the expansion of Task's operations within a single location. They include the 83,500 sq. ft extension of an existing building which will be connected, via a conveyor belt system, to a new purpose-built unit of around 125,000 sq. ft with three-storey office space.
Wetherspoon	Wolverhampton	Hospitality	Wetherspoon has submitted a revised planning application to add a new storey and a further 25 hotel rooms to its transformative proposals for The Moon Under Water pub in the city centre.
NatWest	Wednesfield	Retail Banking	NatWest will also close its branch in Wednesfield, on High Street, on 28 th February 2024.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
Marston's	Wolverhampton	Breweries	A new chief executive has been announced for Wolverhampton-based pubs and restaurants group Marston's. After navigating the company through the pandemic, a move to a new head office and the challenging economic conditions, Andrew Andrea has agreed with the board that he will step down as chief executive with immediate effect. Justin Platt will take over from 10 th January 2024.
Hill & Smith	Bilston	Engineering	Infrastructure products group Hill & Smith saw revenue rise 15 per cent in the four months to the end of October.
Littlewood Group / Berry Systems	Wolverhampton	Engineering	Littlewood Group has acquired Berry Systems, a provider of car park barrier systems. While Berry Systems was established in 1971 and based in Wolverhampton, it has collaborated with Littlewood Group for over 15 years, contributing to integrated solutions across various markets. Despite the acquisition, Berry Systems will maintain its name, workforce, and office in Wolverhampton.
Guest Motor Group	Bushbury	Engineering	Guest Motor Group has opened its latest development, a 28,000 sq. ft facility in Bushbury, Wolverhampton. Guest Truck and Van represents a £4m investment that has transformed a once abandoned site.
Robert Irving Burns	Wolverhampton	Property	The landmark Beatties store site in Wolverhampton city centre has gone on the market for £7.5m. The iconic former Beatties department store in Victoria Street, is set in a designated regeneration zone. The site is 376,636 sq. ft and includes a multi-storey car park. It has existing planning permission for more than 400 residential units.
Carlsberg Marston's	Wolverhampton	Breweries	Carlsberg Marston's Brewing Company has announced it is to invest more than £10m in upgrading equipment at its Northampton Brewery. It was announced in May that eight operators were competing to run the Grade II-listed Chubb Buildings.