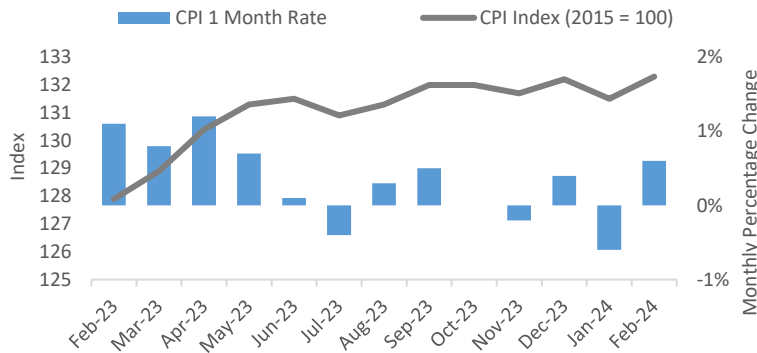


Sandwell Monthly Economic Insights, March 2024

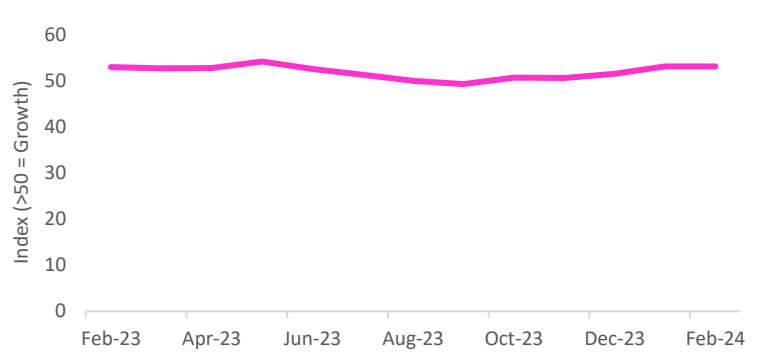
As this month welcomed the Spring Budget, business confidence in the West Midlands remains in positive territory, with exports at their highest levels and insolvencies falling. Despite this, businesses are reporting financial constraints leading to underinvestment. A continued cooling of the labour market and an increase in economic inactivity poses key threats to Sandwell businesses in terms of recruitment, compounding skill shortages locally. For Sandwell residents, there has been a rise in material deprivation and rates of childhood poverty, translating into a reduction in healthy life expectancy and disability-free life expectancy, revealing the consequences of the cost of living crisis.

Monthly Monitoring Indicators

UK Consumer Price Index (CPI)

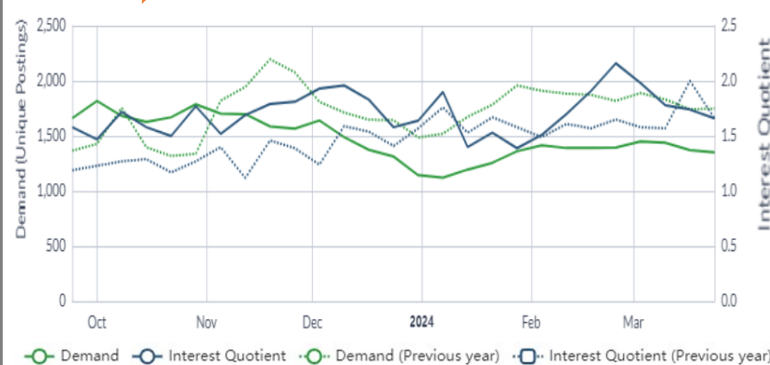


West Midlands Business Activity Index

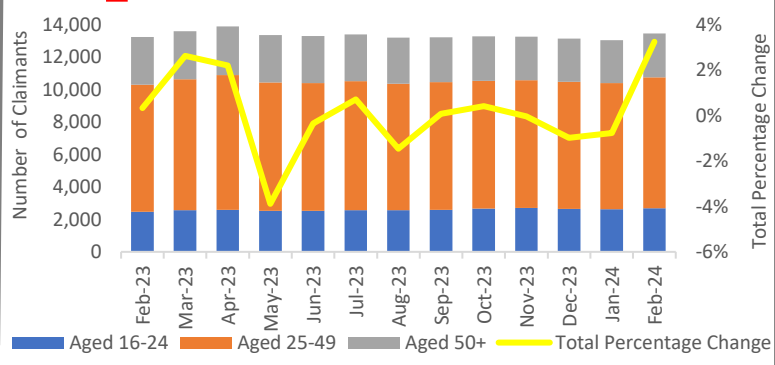


- Utilising a base year of 2015, UK CPI was **132.3** in February 2024; **+0.6%** since January 2024.
- The West Midlands Business Activity Index remained at **53.1** in February 2024.

Sandwell Job Demand and Interest Trend

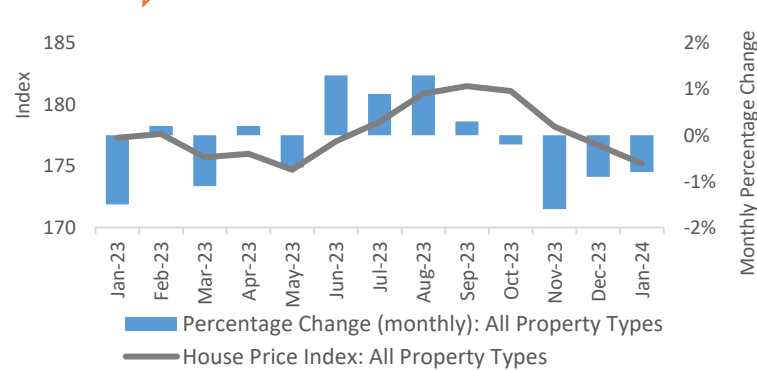


Sandwell Claimants

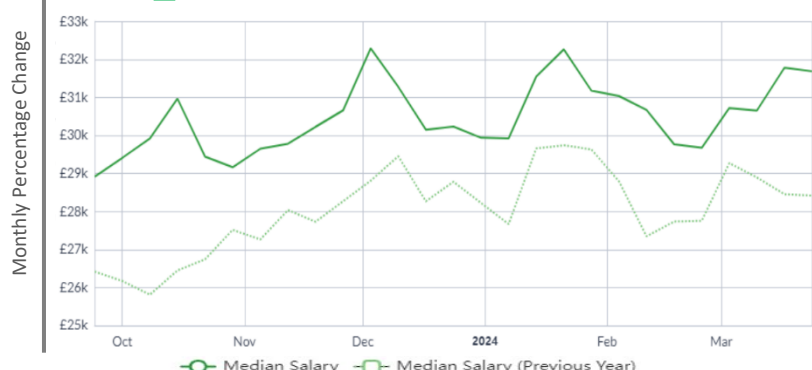


- In the past month, on Adzuna: **3,148 (high) job postings, -22.9% year on year.** 1.9 (high) Interest Quotient.
- In total, **13,475 claimants in February 2024; +425 since January 2024,** (+220 since Feb '23, +2,695 since Mar '20).

Sandwell House Price Index



Sandwell Salary Trend



- Sandwell's House Price Index was **175.2** in January 2024. The Monthly Index decreased by **0.8%**.
- In the past month, on Adzuna: **Median Salary of £30,914, +8.2% year on year.**

Other Recent Data Releases

- The [2024 Gender Index](#) shows for Sandwell:
 - 18.7% (4,017) of total active companies were female-led** (UK average 19.9%).
- Office for National Statistics (ONS), have released [housing affordability in England and Wales](#) for 2023:
 - Sandwell house price to residence-based earnings ratio: 6.76** (-0.10), England 8.26 (-0.21) compared to 2022.
 - Sandwell house price to workplace-based earnings ratio: 6.61** (-0.25), England 8.26 (-0.21) compared to 2022.
- HM Revenue & Customs (HMRC) have updated [local sites and numbers of employees linked to businesses involved in international trade in goods](#), which now covers up to 2022:
 - Sandwell had **1,330 local sites linked to an exporting enterprise** (16% of all for Sandwell), and **45,239 employees linked to an exporting enterprise** (44% of total for Sandwell).
- [Insolvency Statistics](#) reveal for Sandwell in 2023:
 - 654 insolvencies** (-10.4%, Eng -12.9% since 2022).
 - Insolvency rate of 25.3 per 10,000 adults** (Eng 21.6). Males: 22.3 per 10,000 (Eng 19.5), Females: 27.7 per 10,000 (Eng 23.2).
- Data from the [ONS](#) reveals the **graduate retention rate of Sandwell's towns**:
 - Rowley Regis: 67.1%, Wednesbury: 68.9%, Smethwick: 69.6%, Oldbury: 65.7%, Black Heath: 61.5%, West Bromwich East: 65.4% and West Bromwich: 70.6%.
- ONS have released local data on [access to sport facilities](#), for Sandwell (a more in-depth interactive briefing can be found [here](#)):
 - Total of **337 sports facilities** – of which 101 were private and 236 were publicly accessible.
 - Equates to **1,014 people per sport facility** / 1,449 people per publicly accessible sport facility.
- An update from Department for Work and Pensions (DWP) on [children in low income families: local area statistics](#) found for Sandwell in the FYE 2023 that:
 - 28.3% of children (aged under 16) were living in absolute low income families**, above the England average of 15.6%.
 - 36.7% of children (aged under 16) were living in relative low income families**, above the England average of 19.8%.
- The latest [regional trade in goods statistics](#) released from the HMRC found for the West Midlands region:
 - Since 2022, the West Midlands region's **goods exports increased** by nearly £5.0bn (**+16.6%**) to **£34.9bn in 2023**.
 - Since 2022, the value of West Midlands region's **goods imports decreased** by £131m (-0.3%) to **£42.5bn in 2023**.
 - The West Midlands had a **trade in goods deficit of £7.6bn** in 2023.
- ONS have published [health state life expectancies](#), for the West Midlands region in 2020 to 2022:
 - Healthy Life Expectancy (at birth) – males: 61.2 years** (-0.8 years since 2018-2020, England 62.4 years -0.8 years), meaning **78.4% of life spent in good health** (England 79.2%). **Females: 61.5 years** (-1.4 years since 2018-2020, England 62.7 years -1.4 years), meaning **74.9% of life spent in good health** (England 75.7%).
 - Disability-free Life Expectancy (at birth) – males: 60.9 years** (-1.2 years since 2018-2020, England 62.4 years -1.0 years), meaning **78.0% of life spent disability free** (England 78.4%). **Females: 59.8 years** (-1.2 years since 2018-2020, England 60.5 years -1.6 years), meaning **72.7% of life spent disability free** (England 73.1%).
- The [Institute for Fiscal Studies](#) analysis of data from DWP reveals the cost of living crisis has resulted in a widespread fall in household incomes, despite the recovery in economic activity following the pandemic. The rise in material deprivation is seen across every age group, housing tenure, work status, household composition, and region - but it is especially sharp for owner-occupiers and pensioners. **In the West Midlands, 22% of households live in relative low income before housing costs, compared to 17% in England. 26% of households live in relative low income after housing costs, compared to 22% in England.**

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	<ul style="list-style-type: none"> Recent data from the Office for National Statistics (ONS) reveals monthly real gross domestic product (GDP) is estimated to have grown by 0.2% in January 2024, following a fall of 0.1% in December 2023. Real GDP is estimated to have fallen by 0.1% in the three months to January 2024, compared with the three months to October 2023. Stronger sales in shops and online and more construction activity have helped the UK economy return to growth during January.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> • The dip in economic activity at the end of 2023 does have implications for 2024 growth. The EY ITEM Club winter forecast was for growth of 0.9% for 2024. However — given the disappointing end to 2023 — this forecast is likely to be revised down in the spring forecast at UK and regional level. • Although economic activity has picked up since the start of the year, the outlook remains weak by historical standards. NIESR forecast GDP to grow by 0.3% in the first quarter of 2024. This forecast remains broadly consistent with the longer-term trend of low, but stable economic growth in the UK. • KPMG's latest UK Economic Outlook then expects GDP growth to accelerate to 0.9% in 2025, with longer-term economic growth expected to reach just 1% this decade. • The latest EY Regional Economic Forecast highlights how economic momentum is set to return to all parts of the UK between 2024 and 2027. This follows a turbulent 2023, which, despite this, the fastest growing region of the UK in 2023 was the West Midlands, achieving GVA growth of just 0.6%, this was despite poor performance in Birmingham (-0.8%). • The Regional Economic Forecast expects growth to remain subdued for much of 2024, before rising real wages and lower energy prices see economic momentum begin to build towards the end of the year. GVA growth in the West Midlands is expected to be 0.8%, the 4th highest region and matching the UK average. West Midlands employment growth is set to be just 0.1%. WMCA GVA growth is set to be 0.7% in 2024, and employment growth of 1.6%, the highest of all the Combined Authority areas. • Moderate levels of growth are expected to return from 2025 and 2026, with the West Midlands set to grow by 1.7% between 2024-2027, the 5th of all UK regions. The WMCA is set to grow by 1.4%, the slowest growth for all Combined Authority areas. Employment growth of 0.9% is expected in the West Midlands region, with just 0.3% predicted for the WMCA. • The latest NatWest Purchasing Managers Index (PMI) reports West Midlands business activity remained at 53.1 in February 2024. This reading still indicates an increase in business activity which was due to new orders, demand resilience and promotional activity.
Trading Environment	<ul style="list-style-type: none"> • While there were concerns that the Spring Budget felt more to be more of a Budget for individuals than for business, there were targeted measures for certain sectors, and some promises for the future such as incentives to drive investment which will come as welcome news to Sandwell businesses. • The recent Budget contained some help for small firms, notably the raising of the VAT threshold from £85,000 to £90,000 and the cut to National Insurance contributions, but small firms hoped for more help with day-to-day costs. • The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.8% in the 12 months to February 2024, down from 4.2% in January. The Consumer Prices Index (CPI) rose by 3.4% in the 12 months to February 2024, down from 4.0% in January. • This latest fall takes UK inflation within touching distance of US CPI inflation (3.2%), although remains above the euro area (2.6%), having experienced far higher inflation in recent months. • NIESR's measure of underlying inflation, which excludes 5% of the highest and lowest price changes to eliminate volatility and separate the signal from the 'noise', fell to 3.9% in February from 4.9% in January; core CPI fell to 4.5% from 5.1%; and services inflation fell to 6.1% from 6.5%. These measures indicate that underlying inflationary pressures remain elevated – and well above the 2% target. • All of this comes as welcome news to Sandwell businesses, who are clear about the factors that are holding back growth – high inflation, high interest rates, skills shortages, a lack of infrastructure investment, and trade barriers with the EU. • This is echoed in the final report from Business Commission West Midlands (BCWM) which urges that businesses need to see a sense of urgency and ambition. Issues are hampering growth and risking the UK falling behind in our international competitiveness or missing opportunities to lead the field in emerging industries. • The decision to hold interest rates at 5.25% was widely expected. However, it prolongs the period of uncertainty for firms grappling with high borrowing costs. A British Chambers of Commerce survey revealed one third (33%) are negatively impacted by the current Bank of England interest rate, with small and mid-sized firms (39%), manufacturers (36%) and business to consumer firms (37%) are more likely to report a negative impact. • Research by the British Business Bank has highlighted an increase in small business equity investment across the West Midlands, despite a nationwide slowdown. The region experienced a 4% upturn to 52 deals in Q1-Q3 2023. However, the region experienced a 23% downturn in equity investment across smaller businesses in the West Midlands, raising £153m of equity finance. • Furthermore, businesses across Sandwell may be set for up to £1bn of growth investment following the launch of the £400m Midlands Engine Investment Fund II (MEIF II). This fund was set up to overcome 'market failure' in regional funding.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> The FSB Small Business Index (SBI) decreased to -15.0 in Q4 2023 from -8.0 in Q3, indicating that SMEs expect a faster decline in business performance than they did last quarter. This represented the SBI's seventh consecutive negative reading. West Midlands reported a Small Business Index of -19.6. A recent survey from the Bank of England reveals businesses reported financial constraints (high borrowing costs and strict collateral requirements) and economic uncertainty as the key reasons for underinvestment. This comes as no surprise given the uncertainty an election year brings, with both local and national elections on the horizon. This has translated into increased rates of insolvency across the West Midlands during February. West Midlands insolvency-related activity jumped by 34.95% last month compared to January and by 8.66% against the same period 12 months ago. The number of start-up businesses has fallen by 2.62% from 7,074 in January to 6,889 in February. The number of West Midlands firms with late payments on their books climbed from 44,778 to 45,139.
Labour Market	<ul style="list-style-type: none"> Grant Thornton LLPs Business Outlook Tracker research found that the number one area that businesses would like to see government focus on is investing in skills and training to support business growth. The Spring Budget brought some good news on this front. As the competition for talent continues to intensify, businesses will welcome the measures that were at the crux of the Chancellor's 'making work pay' focus. These measures, designed to encourage more people into the labour force, included the further reduction in the main rates of National Insurance Contributions for employees and for the self-employed along with immediate increases in the Child Benefit thresholds. There are ongoing signs that the labour market is softening, with employers hesitant to commit to new hires. However, a lower participation rate - due to adverse population trends and a larger proportion of the population actively choosing not to look for work - could leave the supply of labour relatively low. The latest KPMG and REC UK Report on Jobs survey, compiled by S&P Global showed the Midlands was the only monitored English area to register an increase in temp billings during February. Permanent placements in the Midlands fell at their slowest pace for three months. The region recorded the softest fall in permanent placements. NIESR report that while pay growth softens, it remains strong by historical standards: The annual growth rate of average weekly earnings, including bonuses, was 5.6% in the three months to January 2024 while pay growth excluding bonuses was 6.1%. These figures indicate that wage growth continued to soften at the start of 2024, after peaking in mid-2023. Early estimates for February 2024 indicate that the number of payrolled employees rose by 1.2% compared with February 2023, a rise of 368,000 employees. NIESR forecast wage growth to continue slowing as the labour market continues to cool. With vacancies falling steadily since mid-2022, the vacancy-to-unemployment ratio was 0.7 in the three months to January. If this trend continues and the labour market loosens further, wage growth is likely to slow down to its historical levels in the medium-term. They forecast economy-wide total pay (incl. bonuses) and regular pay to grow by 5.4 and 5.7% in the first quarter of 2024, respectively. From April 2024, the National Living Wage and the National Minimum Wage rates are set to increase, which is fully in line with the Low Pay Commission recommendations and NIESR's research that helped to shape them. This will benefit Sandwell residents, as earnings will increase. As March welcomed International Women's Day, new polling carried out for the British Chambers of Commerce highlights the scale of the challenge to make workplaces across the UK more equitable. A quarter of surveyed employees (25%) believe that not everyone in their workplace has the same access to opportunities. Furthermore, data from Grant Thornton's 20th annual Women in Business report shows that whilst the percentage of women in senior management roles in the UK and globally has increased over the last two decades, progress remains disappointingly slow. At the current rate, parity won't be achieved until 2053. In the UK, the percentage of women in senior management roles in mid-market organisations has increased from 18% in 2004 to 34% today, with representation improving every year up until 2020, when progress stalled. The UK data is in line with global trends, which follow a similar pattern. The British Chambers of Commerce Youth Skills Manifesto identifies the crucial role of employers in supporting young people to transition from education to employment. It also calls on politicians at Westminster and across the devolved nations, to do more to ensure young people have the knowledge and skills needed to be successful in life and in work.

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	<ul style="list-style-type: none"> West Midlands manufacturers are facing a mixed outlook as they enter the new year, yet confidence remains resilient despite the overall weakness of the UK economy. Business confidence in the West Midlands remains high at 6.9, the 3rd highest out of all UK regions. Make UK predicts modest growth for manufacturing, with forecasts indicating a 0.1% increase in 2024 and 0.8% in 2025, both lagging behind the broader economy. The Society of Motor Manufacturers and Traders reports the UK new car market has recorded its best February performance for two decades as registrations rose 14.0% to 84,886 units, similarly, new light commercial vehicle (LCV) registrations grow 2.2% to 17,934 units in the best performance for the month for 26 years.
Retail, Hospitality and Tourism	<ul style="list-style-type: none"> New research from business and financial adviser Grant Thornton UK LLP finds that deal activity in the food and beverage sector rebounded last year compared to 2022, when dealmaking was put on pause, in part, due to the emerging cost of living crisis. ONS data reveals in the latest quarter, the wholesaling, retailing, hotels and restaurants sector saw the largest annual growth in earnings rate at 7.2%. Retail sales volumes were estimated to be flat (0.0%) in February 2024, following an increase of 3.6% in January 2024 (revised from an increase of 3.4%). Sales volumes in clothing and department stores grew because of new collections but falls in food stores and fuel retailers offset this growth. Meanwhile online sales increased, particularly for clothing retailers, as wet weather affected footfall. £10m of extra funding to support the West Midlands arts, cultural and heritage organisations was announced in the Spring Budget, doubling the investment in the regions cultural and heritage infrastructure to £20m.
Construction	<ul style="list-style-type: none"> Monthly construction output in the UK is estimated to have decreased 0.9% in the three months to January 2024; this came solely from a decrease in new work (4.5% fall), as repair and maintenance increased by 4.0%.
Tech / Digital	<ul style="list-style-type: none"> Birmingham City University's STEAMhouse collaborates with Arup to launch the cutting-edge STEAMhouse Digital Labs, offering a platform for digital innovation and experimentation. The facility, including a Growth Lab, Create Lab, and Arup SoundLab®, aims to support startups, scale-ups, and researchers in driving digital innovation and fostering collaboration.
Environmental Technologies	<ul style="list-style-type: none"> Transport for West Midlands (TfWM) has received a £15.7m boost for its plan to install up to 12,000 electric vehicle chargers across the region in the next five years. This money will be used to attract private sector investment to speed up the deployment of charging infrastructure in the area. The EY Regional Economic Forecast reveals the mining and quarrying sector GVA to decrease by 3.2%, following ongoing challenges in the sector at the UK level, largely reflective of the long-term decline in North Sea oil production. The decline in activity is largely driven by structural changes — as many oil fields are reaching the end of their useful life. New research from Midlands Connect suggests the region could have more than two million electric cars on its roads by 2030 based on growth of 1,899% (a third of all cars). This requires a further 58,997 public charging points, a 969% increase from the 6,090 chargers existing today.

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
AG Barr	Wednesbury	Drinks Manufacturing	Drinks firm AG Barr is to cut almost 200 jobs as part of an overhaul of its operations. The Irn-Bru maker said the roles will be cut through the closure of direct sales operations at three sites across the UK – including Wednesbury – and the closure of the Leeds office for its energy drink brand, Boost.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
The White Swan	Oldbury	Food & Drink	The White Swan in Oldbury has spent £230,000 on a complete renovation of the pub, which had become dated. Pubs face competition from national chains and have had to do work to improve, update and renovate the facilities, as well as revamp the drinks selection, to attract customers.
Haden Hill Leisure Centre	Cradley Heath	Leisure	Haden Hill Leisure Centre, on Barrs Road in Cradley Heath, is set to undergo a £24 million makeover which includes the demolition and rebuild of the swimming facilities

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL & SOURCE
			and an extensive upgrade to the rest of the building to bring the facilities up to modern standards.
Christie & Co	Rowley Regis	Commercial Property	Nisa Local & Springfield Post Office, in Springfield Close, has been put on the market by Christie & Co with an asking price of £1 million. The firm says it offers an 'excellent opportunity for an experienced operator to acquire a business with scope to increase the turnover'.
The Midland Met Learning Campus	Smethwick	Healthcare	The Midland Met Learning Campus, which is being built next to the new Midland Metropolitan University Hospital in Smethwick, Sandwell, will train more than 1,280 students a year. The West Midlands Combined Authority (WMCA) has agreed in principle to make a £5 million investment into the campus project, which is supporting around 100 jobs during its construction and will create 30 new jobs once it opens next year.
RKA Holdings	Cradley Heath	Housing	A new apartment block with 'affordable' homes will be built next to a busy road in Cradley Heath after plans were backed by the council. The plan by developer RKA Holdings will see ten new flats inside a three-storey apartment block built off Halesowen Road.
Aldi	Smethwick	Retail	Supermarket bosses have promised the planned refurb of an Aldi in Smethwick will mean it coming back larger and brighter with a new layout. The store isn't expected to reopen until autumn.
West Bromwich Leisure Centre	West Bromwich	Leisure	Hundreds of facilities have received government investment to help improve the energy efficiency of their pools and leisure centres. Measures being supported by the latest Swimming Pool Support Fund investment include funding for new heating systems, solar panels, better insulation and other energy saving interventions. West Bromwich Leisure Centre received £297,854 in funding.