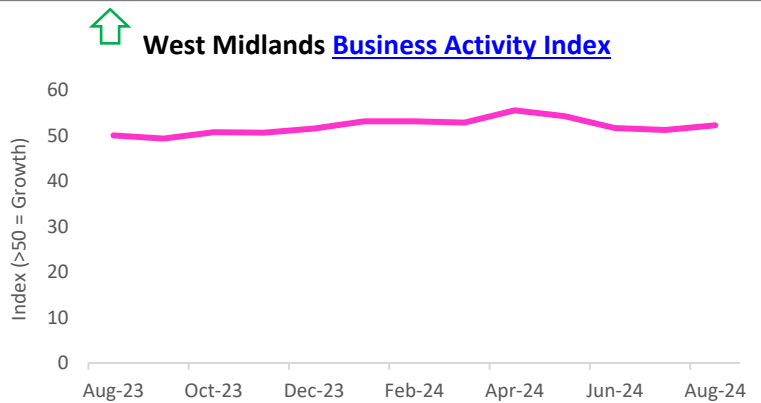
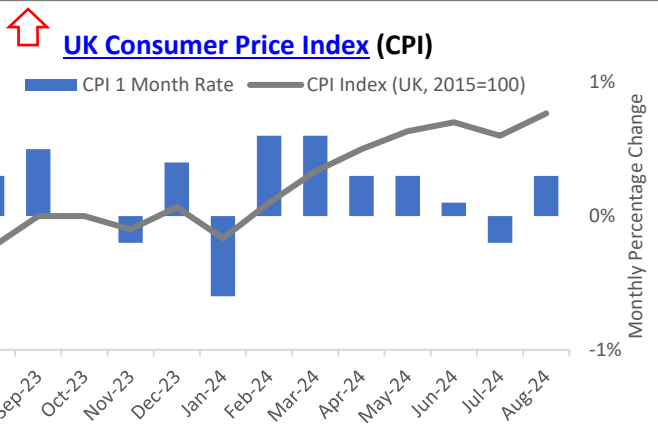


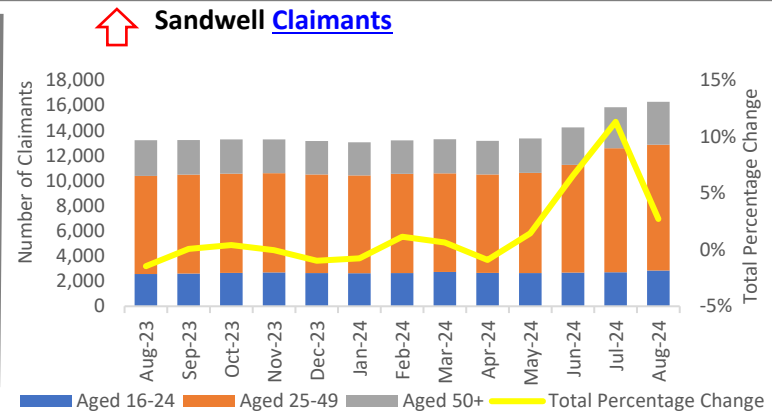
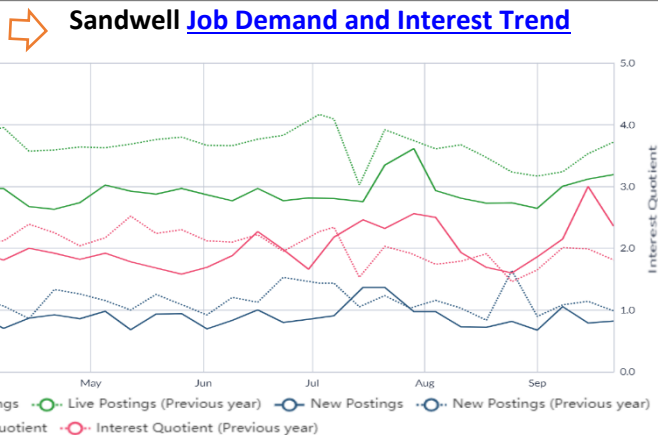
## Sandwell Monthly Economic Insights, September 2024

Reports of no growth in GDP in July has dulled business investment forecasts for the remainder of 2024, but a stronger outlook is predicted for 2025-2026. Inflation is expected to increase towards the end of the year but should stabilise in 2025. High regulatory costs and immigration policies are challenges voiced by international investors in the UK. Pay growth has outpaced inflation, but economic inactivity is still a concern, especially with over 850,000 fewer workers in the market since the pandemic. The West Midlands is seeing mixed employment trends, with job growth over the past year but recent monthly declines. Recruitment challenges are expected to persist across sectors, amplified in Sandwell due to skills challenges that persists amongst the workforce, with a third of employees classed as underqualified for their current role.

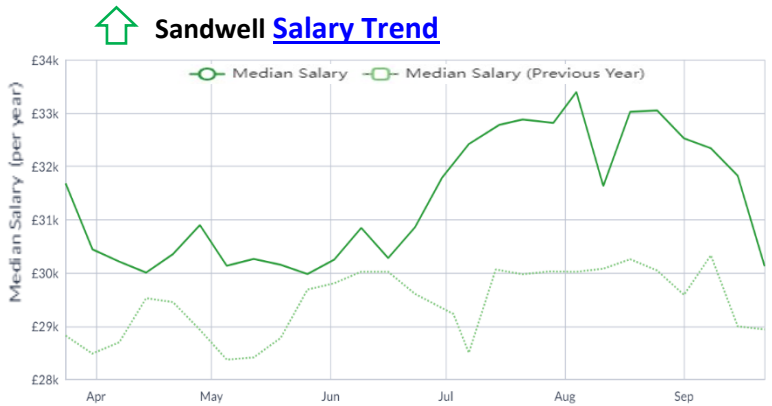
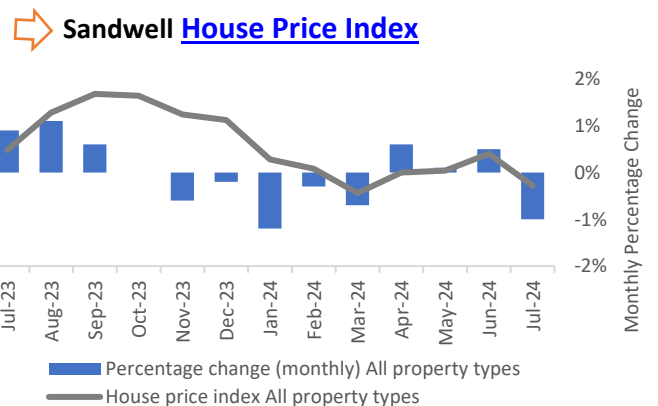
### Monthly Monitoring Indicators



- Utilising a base year of 2015, UK CPI was **134.3** in August 2024 – a **monthly rise of 0.3%**, an annual rise of 2.2%.
- The West Midlands **Business Activity Index** increased from 51.2 in July 2024 to **52.2 in August 2024**.



- In the past month: **3,176 job postings (-17.3% YoY)**, **1,683 new postings (-18.6% YoY)**. 2.2 (high) Interest Quotient.
- In total, **16,270 claimants in August 2024**; +430 since July 2024, (+3,050 since Aug '23, +5,490 since Mar '20).



- Sandwell's **House Price Index** was **176.3 in July 2024**. The Monthly Index decreased by **1.0%**.
- In the past month, on Adzuna: **Median Salary of £31,615, +8.5% year on year**.

## Other Recent Data Releases

- We have published [The Future of Work: AI in the Black Country](#) which explores the **overall impact of AI in the workplace along with Black Country analysis on jobs, opportunities and challenges.**
- Office for National Statistics (ONS), published [regional Gross Disposable Household Income](#) (GDHI) covering up to 2022, Sandwell's findings are:
  - **Total GDHI of £5.3bn**, an increase of £300m since 2021 (+6.0%, UK: +6.3%)
  - **GDHI per head of £15,305**, an increase of £758 since 2021 (+5.2%, UK: +5.3%). A shortfall of £7,484 to reach UK level.
- The recently released [Demos-PwC Good Growth for Cities report](#) looks at the priorities of communities across the UK, and how local leaders can play a greater role in delivering inclusive economic growth in their areas.
  - **The Black Country scored average overall but above the UK average for work-life-balance and income distribution.**
- [HMRC UK Regional Trade in Goods Statistics](#) reports that for the West Midlands region in the year ending Q2 2024:
  - **Exported £35.4bn** worth of goods, an increase of £2.0bn (+6.0%, UK: -6.7%)
  - **Imported £42.4bn** worth of goods, a decrease of £89m (-0.2%, UK: -8.2%)
- The ONS have published a bulletin containing official statistics in development on [understanding skill and qualification suitability in the labour market](#) which provides subnational differences in the population's suitability to the labour market, with potential gaps and shortages. Analysis for Sandwell shows:
  - In 2021, 44.8% of employed adults in Sandwell had qualifications that matched the average for their occupation (England & Wales: 52.2%), while **22.9% of employed adults were more qualified than average for their current occupation** (England & Wales: 20.2%), meaning 32.4% were less qualified than average (England & Wales: 27.3%).

## Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	<ul style="list-style-type: none"> <li>• <b>After a welcome recovery from last year's short recession, the UK economy has performed better than expected in 2024. The UK was the <a href="#">fastest-growing economy</a> among the G7 in the first half of this year, which could be attributed to 'catch-up' effects after experiencing a shallow technical recession last year.</b> However, higher-frequency indicators and survey data highlight signs of slowing down – while business activity continues to expand, we can expect the pace of growth to be slower compared what we have seen since the beginning of the year.</li> <li>• Recent data from the <a href="#">ONS</a> reveals <b>monthly real gross domestic product (GDP) is estimated to have shown no growth in July 2024</b>, after showing no growth in June 2024. <b>Real GDP is estimated to have grown by 0.5% in the three months to July 2024</b>, compared with the three months to April 2024 with <b>widespread growth in the services sector driving growth in this period.</b></li> <li>• <b>This has led to <a href="#">NIESR</a> forecasting GDP to grow by 0.2% in the third quarter of 2024.</b></li> <li>• The <a href="#">British Chambers of Commerce</a> (BCC) Quarterly Economic Forecast is now forecasting 0.4% for Q3. <b>But this momentum is expected to tail off</b>, with 0.2% in Q4, and for every quarter in 2025. Business investment is expected to increase by 0.3% in 2024, <b>a revision down from the previous forecast.</b> Business investment is then expected to grow by 1.4% in 2025 and 2.0% in 2026. The services sector is projected to be the highest growth sector in the economy, with yearly growth above 1% across the forecasting period.</li> <li>• The <a href="#">BCC</a> has <b>upgraded growth expectations for 2024 to 1.1%, following an improved picture so far this year.</b> The forecast for 2025 remains unchanged at 1.0%, with a minor upward revision for 2026 to 1.1%.</li> <li>• <b>The <a href="#">BCC</a> say CPI is expected to be slightly higher than previously forecast by the end of 2024, at 2.6% due to global trade uncertainties, pay growth, and rising energy costs.</b> It is then expected to slow, closer to the Bank of England 2% target, reaching 2.2% in Q4 2025 and 2.1% in Q4 2026.</li> <li>• <b>Private sector firms expect activity to rise modestly in the three months to November (weighted balance of +9%),</b> according to the <a href="#">CBI</a>'s latest Growth Indicator. <b>Activity is anticipated to be driven by growth in services (+14%) as growth in business &amp; professional services (+19%) is set to offset a small decline in consumer services activity (-4%). Manufacturing output is also expected to rise (+9%),</b> though expectations for growth have softened compared to the last couple of months. Furthermore, distribution sales are expected to fall again (-4%), albeit at a much slower pace than declines seen in recent months.</li> </ul>

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> <li>The latest <a href="#">NatWest Regional Growth Tracker</a> reports the West Midlands <b>Business Activity Index increased from 51.2 in July 2024 to 52.2 in August 2024, the fastest growth seen for three months. The UK Business Activity Index increased from 52.8 in July 2024 to 53.8 in August 2024.</b></li> <li>The <b>West Midlands Future Business Activity Index</b> decreased from 77.9 in July 2024 to 76.1 in August 2024. Despite the fall from July, firms in the West Midlands remain optimistic for the upcoming 12 months.</li> </ul>
Trading Environment	<ul style="list-style-type: none"> <li>The <a href="#">Consumer Prices Index</a> including owner occupiers' housing costs (CPIH) <b>rose by 3.1% in the 12 months to August 2024, unchanged from July. The Consumer Prices Index (CPI) rose by 2.2% in the 12 months to August 2024, unchanged from July.</b> The largest upward contribution to the monthly change in both CPIH and CPI annual rates came from air fares, which rose this year but fell a year ago; the largest offsetting downward contributions came from motor fuels, and restaurants and hotels.</li> <li><a href="#">NIESR's</a> measure of <b>underlying inflation</b>, which excludes 5% of the highest and lowest price changes to eliminate volatility and separate the signal from the 'noise', <b>continued to fall to 1.4%, remaining around the lowest levels in nearly three years. This is a positive development which indicates that the headline rate is being driven by large price increases in a few sectors, with inflation rates broadly falling for most items. NIESR expect inflation to rise towards the end of the year due to base effects, before stabilising in early 2025.</b></li> <li>As was widely expected, <b>the interest rate was held at 5% by the Bank of England. CBI say monetary policy will be walking a fine line for a little while yet: between balancing upside risks to inflation, but not being too tight, so as to choke off activity.</b> Developments in fiscal policy in <b>October's Budget</b> will also be a key consideration for growth prospects.</li> <li>New research from <a href="#">Grant Thornton UK LLP</a> finds that <b>the UK is a preferred international destination for 89% of Indian businesses.</b> Indian mid-market businesses <b>view the UK as a key growth market</b> due to its 'strong infrastructure', 'strong innovation ecosystem' and 'digital competitiveness'. But while Indian businesses recognise the opportunities for growth in the UK market, significant barriers remain that need to be addressed. The biggest barriers identified are the <b>'high cost of doing business' in the UK, 'high cost of regulatory compliance' and 'immigration policies and visas.</b></li> <li>This comes amid new research from <a href="#">CBI and Pertemps</a> showing a <b>significant majority (62%) of employers predict a decline in the UK as an attractive place to invest and do business over the next five years.</b> Notably, businesses are increasingly pessimistic with a 6% upswing in those concerned that the UK is set to become 'much less attractive'.</li> <li><a href="#">Beauhurst</a> have released their <b>Startup Index</b> report for H1 2024 which reveals there were <b>38,800 new business incorporations between H1 2023 and H1 2024 in the West Midlands. This is up by 10.1%.</b></li> <li>Further data from Dealroom reveals there were <b>34 funding rounds in the West Midlands (valued at approx. £56.3M).</b> The region also had 1 investment in September so far worth £10m. Dealroom is limited with what information is available publicly or through their partners, and only focuses on the startup and innovative ecosystem. This means that companies outside of this scope are not considered. Data is also likely to change.</li> <li><b>Academic spinouts play a pivotal role in enhancing the UK's global competitiveness by bringing groundbreaking innovations to market.</b> New data from <a href="#">Beauhurst</a> reveals Equity investment in spinouts fell to £2.34bn, down from the pandemic-related peaks in 2021 and 2022. Despite this decline, the number of deals has remained consistent between 2020 and 2023, with between 420 and 426 deals occurring each year. In 2023, top academic institutions in the Midlands receiving equity deals included: The University of Warwick (10 deals at £51.6m), University of Nottingham (7 deals) University of Birmingham (7 deals at £30.6m), Loughborough University (7 deals).</li> <li><a href="#">CBI</a> have launched its new <a href="#">Planning for Growth</a> report, which has identified a series of <b>recommendations to accelerate building projects, boost connections and drive economic growth</b> by going beyond the areas for consultation put forward in the NPPF.</li> <li>J.P. Morgan have partnered with Beauhurst to deliver a comprehensive overview into <a href="#">women-powered businesses</a>, which <b>reveals the West Midlands is home to 800 women-powered businesses, with 27.7% classed as high-growth.</b></li> <li><a href="#">CBI</a> have called on the Government to <b>fix the business rates rules in England to boost investment and grow the economy. Businesses from all regions of England told the CBI that the current business rates system is too complex, unpredictable and unfair – factors that dampen productivity and economic growth.</b> The Government has already committed to reforming the rates regime but insists that overall revenue must remain the same, which makes root and branch reform almost impossible and risks simply creating new and different imbalances.</li> </ul>
Labour Market	<ul style="list-style-type: none"> <li>There are some further <a href="#">signs</a> of loosening in the jobs market as vacancies continue to fall and wage growth slows. <b>But pay continues to outpace inflation by some margin and high levels of economic inactivity mean recruitment difficulties are likely to persist.</b></li> <li>With over 850,000 more people no longer seeking work than before the pandemic, this remains a big concern.</li> <li>The <a href="#">British Chambers of Commerce</a> thinks the autumn statement presents a key opportunity to reverse this trend.</li> </ul>

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> <li>• <a href="#">Payrolled employees</a> in the UK decreased by 59,000 (negative 0.2%) on the month but increased by 122,000 (0.4%) on the year, to 30.3 million. <b>The West Midlands decreased by 0.2% on the month</b> but has increased by 0.5% over the year to a total of over 2.6 million.</li> <li>• In June to August 2024, the estimated number of <a href="#">vacancies</a> decreased by 42,000 on the quarter to 857,000. Vacancies decreased on the quarter for the 26th consecutive period but are still above pre-coronavirus (COVID-19) pandemic levels.</li> <li>• Annual growth in employees' average regular <a href="#">earnings</a> (excluding bonuses) in Great Britain was 5.1% in May to July 2024, and annual growth in total earnings (including bonuses) was 4.0%. <b>This total annual growth is affected by the NHS and civil service one-off payments made in June and July 2023.</b></li> <li>• PwC have released their latest Good Growth for Cities Report. In it, <b>West Midlands cities fair poorly, with Birmingham, Walsall and Wolverhampton each ranked 'below average', Coventry ranked as 'average', and Stoke-on-Trent is 'above average'.</b></li> <li>• <a href="#">The Workplace Equity Commission</a>, convened by the British Chambers of Commerce, has outlined more than <b>40 recommendations</b> to improve employment opportunities and breakdown barriers for people in the workplace.</li> <li>• The <a href="#">Youth Futures Foundation</a> reveal that <b>currently 1 in 8 young people are NEET</b> (not in education, employment or training), with many experiencing the scarring effects of being left out of opportunities to earn or learn long-term. <b>These rates are the highest they have been in 8 years. Research with PwC shows that if the UK lowered the NEET rate to a level comparable with the Netherlands, we could increase GDP by £69bn.</b></li> <li>• Last month's <a href="#">GCSE results</a> paint a clear picture for the new Labour government, with the entrenched disadvantage gap continuing to grow. In 2019, the groundbreaking <a href="#">Youth Jobs Gap</a> by youth charity Impetus, found <b>young people who did not achieve a grade 4 in English and maths GCSE were twice as likely to be not in education, employment or training (NEET) as those with five GCSEs.</b> Worse still, better-off young people were only half as likely to be low qualified, compared with their worse-off peers. <a href="#">Youth Futures Foundation</a> call policymakers to action to <b>safeguard the 200,000 16-year-olds who did not achieve grade 4 in English and maths GCSE and are now at increased risk of being NEET.</b></li> </ul>

### Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
<b>Manufacturing and Engineering</b>	<ul style="list-style-type: none"> <li>• <b>British industrial facilities pay up to 50% more for electricity than competitors in France and Germany, which is hampering their ability to decarbonise, the steel industry is warning.</b> <a href="#">Steel UK</a> has warned that power costs for a fully electrified industry would represent up to 180% of the GVA that the sector brings to the economy.</li> <li>• <a href="#">MakeUKs</a> Manufacturing Outlook for Q3 Report reveals <b>business and economic confidence remains unshaken and has instead improved even further despite the negative performance of output growth and UK orders. West Midlands output is up, employment is down, and investment is down, with a business confidence score of 5.9.</b></li> </ul>
<b>Construction</b>	<ul style="list-style-type: none"> <li>• <b>Monthly <a href="#">construction output</a> is estimated to have decreased 0.4% in volume terms in July 2024; this follows an increase of 0.5% in June 2024. The decrease in monthly output came from falls in both new work (0.2%) and repair and maintenance (0.7%).</b></li> <li>• <b>The latest <a href="#">S&amp;P Global</a> construction purchasing managers' index (PMI) scored 53.6 in August.</b> Any reading above the 50.0 threshold indicates that activity in the industry is increasing, while anything below means it is shrinking.</li> <li>• <b>Property developers surveyed in the Midlands have pointed to funding as their key concern according to new research from <a href="#">Shawbrook</a>.</b></li> </ul>
<b>Retail, Hospitality and Tourism</b>	<ul style="list-style-type: none"> <li>• <b><a href="#">Retail sales volumes</a> (quantity bought) are estimated to have risen by 1.0% in August 2024, following a rise of 0.7% in July 2024 (revised up from a 0.5% rise).</b> Some supermarkets and clothing retailers reported a boost because of warmer weather and end-of-season sales.</li> <li>• The <a href="#">British Retail Consortium</a> report that <b>sales growth picked up in August, particularly for food as people came together to host barbecue and picnic gatherings for family and friends, and for summer clothing, health &amp; beauty products as people prepared for trips away and summer social events.</b> While computing did well as university students made the most of summer discounting and readied themselves for the new academic year, other back to school related sales were weaker than normal as some families opted for secondhand purchases.</li> <li>• <a href="#">Oxford Economics</a> analysis reveals <b>pubs contributed £34.4 billion to the economy in 2022, the most recent year on record, and £17.4 billion in tax.</b></li> <li>• <a href="#">The British Beer and Pubs Association</a> said it wants a <b>cut to beer duty, adding that pubs currently make an average of 12p profit on every pint of beer once taxes and costs have been deducted.</b></li> </ul>

SECTOR	KEY INSIGHTS
	<ul style="list-style-type: none"> <li><a href="#">PwC</a> have explored store openings and closures for retailers in January to June 2024, there have been <b>582 store closures and 397 store openings in the West Midlands, a net change of -185. In the East Midlands there have been 436 closures, 293 openings, net change of -143.</b></li> </ul>
Digital / Tech	<ul style="list-style-type: none"> <li>Research by <a href="#">Amazon Web Services</a> estimate that 35% of businesses in the West Midlands have adopted AI. <b>29% of companies in the West Midlands are 'digital leaders' (companies in the top 20% of digital intensity).</b> If half of all SMEs in the UK caught up to 'digital leader' status, this would add £38 billion to the UK economy, including <b>£2.5bn to the West Midlands economy.</b></li> <li><a href="#">IT employers</a> report a <b>UK Net Employment Outlook of +48% for the fourth quarter of 2024. 77% of IT employers said they're facing difficulty finding the talent they need.</b></li> <li><a href="#">DSIT</a> research reveals that <b>across the economy, around half (44%) of businesses have skills gaps in basic technical areas.</b> Incident management skills gaps have increased from 27% in 2020 to 48% in 2024. Demand for cyber security professionals has fallen, with core cyber job postings decreasing by 32% between 2002 and 2023. There have been challenging macroeconomic factors and job cuts in the technology sector, but cyber security has been more resilient than the wider digital sector. <b>The UK has made significant improvements in training new potential talent for the cyber security labour market and the number of cyber security graduates has increased by 34%.</b></li> </ul>
Transport Technologies and Logistics	<ul style="list-style-type: none"> <li><b>Birmingham has been selected to host the prestigious <a href="#">2027 Intelligent Transport Systems (ITS) World Congress, showcasing the latest innovations in global transport technology.</a></b> The event, set to take place at the NEC Birmingham, will bring together thousands of international delegates to demonstrate cutting-edge advancements, including autonomous vehicles, zero-emission transport, 5G technology, and traffic management systems.</li> <li><b>The <a href="#">Midlands Rail Hub</a> programme could yield almost 13,000 new roles,</b> according to recent analysis. The Hub is the region's biggest and most ambitious rail improvement scheme, which will serve more than 50 stations – covering seven million people across the region, with work expected to run from next year until 2033. Economically, over the course of the project, <b>Midlands Rail Hub could generate an additional £240m in economic value throughout the supply chain. And a further £45m uplift is expected in social value benefits, thanks to enhanced skills and knowledge and sustained employment.</b></li> </ul>
Environmental Technologies	<ul style="list-style-type: none"> <li><b>Five million people a year are affected by floods and droughts in the UK, with the number and the cost of damage set to increase in the coming years due to climate change.</b> However, scientists find predicting their location and measuring their intensity and impact a significant challenge. A new <a href="#">research infrastructure</a> launched today with £38 million in UK funding will advance our understanding of how, when and where floods and droughts occur. <b>The river Severn, amongst others, is initially being used to test a range of digital instrumentation and monitoring techniques.</b></li> <li><b>The UK Government has been urged to develop a <a href="#">National Food Security Strategy</a> to ensure the resilience of the nation's food systems against multiple risks such as extreme weather events and armed conflict.</b></li> <li><b>The <a href="#">IPPR</a> have released a report calling on the Government to progress policy to restore the natural environment.</b> Four years on from the commitment to protect at least 30% of the UK's land and sea for nature by 2030 and with less than six years left to meet it, the area of England effectively protected for nature is only around 3% on land and 8% at sea. As a result, the new government has inherited a series of pressing policy challenges.</li> <li>New <a href="#">LinkedIn</a> data has revealed that while <b>demand for green skills is expected to double by 2050, the current supply is not keeping pace, leading to a significant skills gap.</b> Global demand for green talent increased by 11.6% from 2023 to 2024, but supply grew by only 5.6%. <b>This disparity is projected to widen to 101.5% by 2050 if trends continue. Countries at the forefront of green talent demand include the UK, where 13% of job roles require at least one green skill.</b></li> </ul>

NEW ECONOMIC SHOCKS			
COMPANY	LOCATION	SECTOR	DETAIL
<a href="#">Recyclus Group</a>	Tipton	Circular economy	Jobs will be axed at a pioneering battery metal recycling firm, "to increase efficiencies and drive productivity". Technology Minerals has announced a cost reduction programme after reviewing operations and will cut jobs across its workforce, including in its subsidiary Recyclus Group. Recyclus Group has a lead acid battery recycling plant in Tipton.

**NEW INVESTMENT, DEALS AND OPPORTUNITIES**

COMPANY	LOCATION	SECTOR	DETAIL
<a href="#">GB Tyres</a>	Sandwell	Retail / Wholesale	A West Midlands tyre supplier has rolled into a new warehouse in <b>West Bromwich</b> after securing a £7.6m funding package from HSBC UK. GB Tyres has used the seven-figure commercial mortgage to support the purchase of an £11.5m site. With the company's second facility based in <b>Oldbury</b> , this brings all of its storage facilities into the West Midlands.
<a href="#">Specialist Vehicle Logistics</a>	Tipton / Smethwick	Logistics	Commercial vehicle transportation group DMN has acquired a <b>Tipton</b> -based logistics firm as part of its strategy to improve its position in the UK automotive logistics sector. Specialist Vehicle Logistics' operations will add to DMN's 4,000 vehicles at their eight sites including in <b>Smethwick</b> and <b>Brierley Hill</b> .
<a href="#">LondonMetric</a>	Wednesbury	Logistics	LondonMetric has bought a fully let logistics park between Darlaston and <b>Wednesbury</b> for £25 million. The 211,000 sq. ft Axxess 10 has been bought from a pension fund. The deal is part of £70m of warehouse acquisitions and £50m disposals announced by the property group.