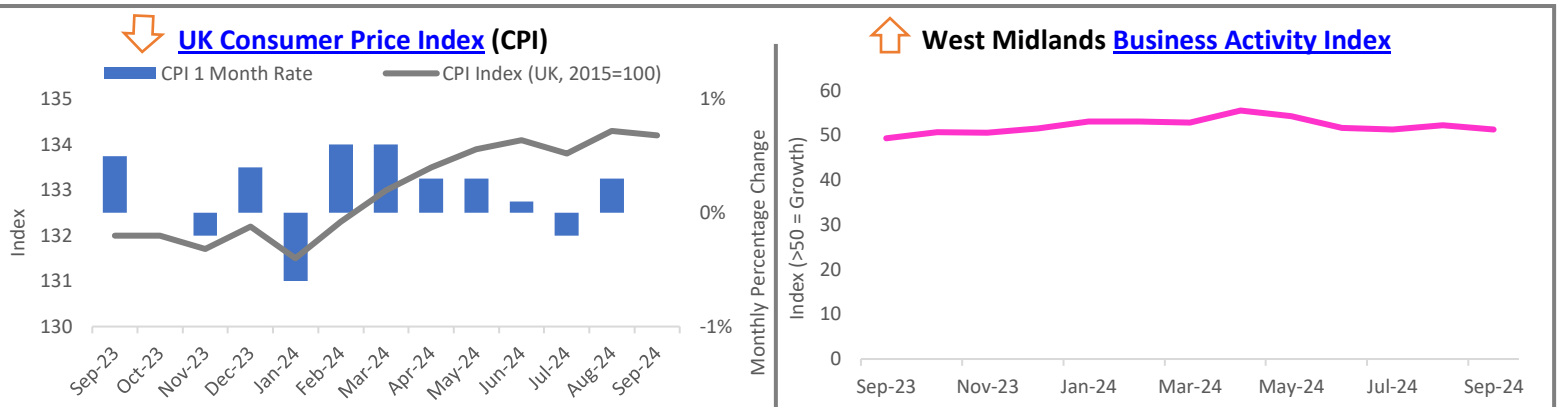


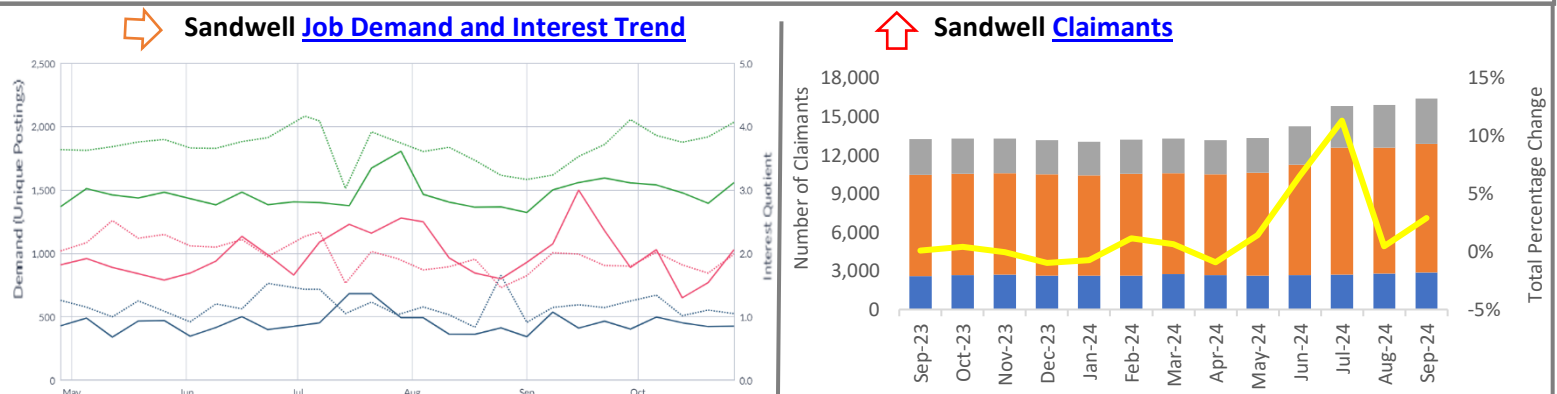
Sandwell Monthly Economic Insights, October 2024

The Autumn Budget presents multiple avenues for Sandwell’s growth, with specific support for its industrial sectors, housing, and public services. Advanced manufacturing, automotive and aerospace businesses will benefit from targeted investment from the Investment Zones and Life Sciences Innovative Manufacturing Fund. This has come at a time of varying business confidence and caution in business investment in Sandwell. Rising labour costs and the rise of utility prices are the pressure points this quarter for Black Country businesses. Taxation and inflation are amongst the highest concern for firms across all sectors in the region. With many business tax announcements in the Budget, time will tell how Sandwell businesses will respond.

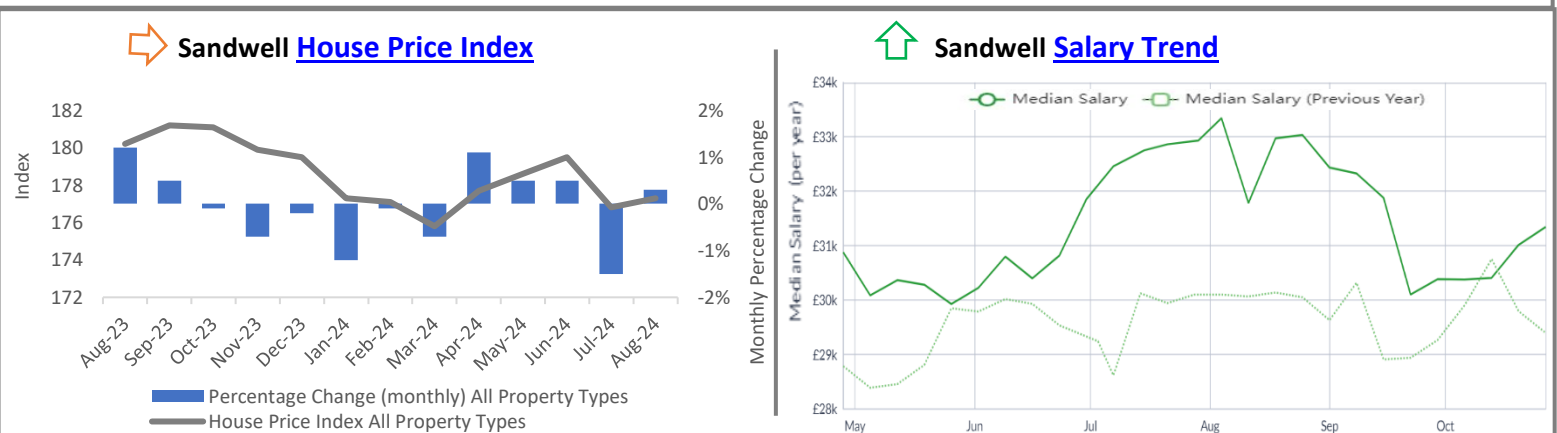
Monthly Monitoring Indicators



- Utilising a base year of 2015, UK CPI was **134.2** in September 2024 – broadly unchanged from the previous month.
- The West Midlands Business Activity Index decreased from 52.2 in August 2024 to **51.2** in September 2024.



- In the past month: **3,513 job postings (-21.2% YoY)**, **1,817 new postings (-20.6% YoY)**. 1.7 (high) Interest Quotient.
- In total, **16,380 claimants in September 2024**; +465 since Aug 2024, (+3,150 since Sept '23, +5,600 since Mar '20).



- Sandwell’s House Price Index was **177.3** in August 2024. The Monthly Index increased by **0.3%**.
- In the past month, on Adzuna: **Median Salary of £30,881, +5.8% year on year.**

Other Recent Data Releases

- **The Black Country Chamber of Commerce Quarterly Economic Survey Q3 2024 summary findings:**
 - **Sales Trends (Domestic and Export):** 31% of firms reported an increase in domestic sales, while 40% reported no change and 18% reported a decrease. **Recruitment:** 57% of Black Country firms attempted to recruit over the past quarter, and 62% experienced recruitment difficulties. **Business Resilience:** Rising labour costs and the rise of utility prices are the pressure points this quarter. Taxation and inflation are amongst the highest concern for firms across all sectors in the region at 31% and 27% respectively. **Business Confidence:** 60% of Black Country businesses believe turnover will improve over the next 12 months, down from 71% Q2.
- The Office for National Statistics (ONS) have released [experimental data on quarterly business births and deaths](#) at a local level, now up to Q3 2024. Analysis for Sandwell shows:
 - **415 business births in Q3 2024** (**unchanged**, UK -7.6% since Q2 2024).
 - **Q3 2023 – Q3 2024 Change: Sandwell +12.2%**, UK -3.7%.
 - **270 business deaths in Q2 2024** (**-10.0%**, UK -13.2% since Q2 2024).
 - **Q3 2023 – Q3 2024 Change: Sandwell -5.3%**, UK -4.2%.
- The ONS [Annual Population Survey](#) (APS) has been updated to show data for the year ending June 2024 for **labour market activity**:
 - **Sandwell Employment Rate: 67.4%** (since the year ending June 2023 **+2.0 percentage points (pp)**, UK -0.1pp to 75.4%).
 - **Sandwell Unemployment Rate: 5.7%** (since the year ending June 2023 **-1.2pp**, UK -0.1pp to 3.7%).
- The ONS [APS – households by combined activity status](#) for 2023 shows for Sandwell:
 - **18.6% (19,000) of workless households** (since 2022 **-1.6pp**, UK unchanged at 13.9%).
- Snapshot data from the ONS [UK; business activity, size and location](#) publication shows for Sandwell as of March 2024:
 - **9,945 enterprises**, an increase of 10 (**+0.1%**, UK: - 0.1%) since March 2023.
- The [15-minute cities](#) interactive map shows **parts of Sandwell are well connected and services accessible in under 10 minutes by foot**. However, the outskirts of the borough and a large part near Sandwell valley are less connected and would not be classed as a 15-minute city.
- The [Resolution Foundation Labour Market Outlook](#) for Q3 2024 provides insight into the evolving landscape of labour market trends across the UK. This report focuses on the new Growth and Skills levy, replacing the Government’s Apprenticeship Levy and the **importance of using apprenticeships as a way of addressing firms to address skills shortages and individuals to boost their qualifications**.
- The ONS have released a publication which provides analysis of [trends in UK real Gross Domestic Product \(GDP\) per head](#) using national accounts, employment, and population statistics – headlines include that **GDP per head has slowed in recent years as the population has increased at a faster rate than the volume of output produced**.
- A recent [techUK](#) report shows that over half of UK tech SMEs continue to be based in London, the South East and the East of England. Outside of these areas, **Greater Manchester, West Midlands and West Yorkshire are the subsequent largest regions, with these three regions home to over 16,000 tech SMEs**.

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	<ul style="list-style-type: none"> • The UK’s economic recovery is not yet secure. Structural changes will require reform, not just investment. The upcoming budget will be a critical moment. Businesses understand the fiscal backdrop the Government is facing and the need to address public finances, but the British Chamber of Commerce says that must not be at the expense of investment and growth. • Recent data from the Office for National Statistics (ONS) reveals monthly real gross domestic product (GDP) is estimated to have shown 0.2% growth in August 2024, after showing no growth in July 2024. Real GDP is estimated to have grown by 0.2% in the three months to August 2024 compared with the three months to May 2024. • Recent ONS revisions edged down GDP growth by 0.1pp (percentage points) in the second quarter of 2024 to 0.5%. While this does not significantly impact this year’s overall growth outlook, taken with higher-frequency indicators, it does suggest a loss of momentum relative to the first half of the year. Consequently, NIESR project the economy to expand by 0.2% in the third quarter and an early forecast of 0.4% in the fourth quarter of 2024.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> • The EY Item Club Autumn Forecast expect the UK economy to grow 0.9% in 2024, down from the 1.1% growth projected in July's Summer Forecast. • Looking further ahead, the EY ITEM Club thinks the ingredients are in place for the economy to grow at around trend pace through 2025. The consumer outlook remains relatively upbeat, with sustained real income growth likely to be bolstered by some dissaving. The lagged impact of past interest rate rises and tighter fiscal policy are still emerging and will likely drag on growth moving forward. As such, GDP growth expectations for 2025 have seen a significant downgrade to 1.5%, down from the 2% predicted in the Summer Forecast. • New research from Grant Thornton UK LLP finds that mid-market business confidence is faltering ahead of the Autumn Budget on 30 October, as profit growth expectations sink to a three-year low and confidence in their funding position continues a downward trajectory since the beginning of the year. Business confidence has also declined amongst Black Country firms. • The latest NatWest Purchasing Managers Index (PMI) reports the West Midlands Business Activity Index decreased from 52.2 in August 2024 to 51.2 in September 2024, despite a decrease in the last month, this was the twelfth consecutive month of growth in the region. Output growth was supported by new client wins and repeat orders from existing customers. The UK Business Activity Index decreased from 53.8 in August 2024 to 52.6 in September 2024. • The West Midlands Future Business Activity Index decreased from 76.1 in August 2024 to 69.8 in September 2024, despite business confidence remaining positive, it is at its lowest level since December 2022 in the region. The main factors causing this decrease were public policy uncertainty and economic difficulties faced by European export partners.
Trading Environment	<ul style="list-style-type: none"> • The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 2.6% in the 12 months to September 2024, down from 3.1% in August. The Consumer Prices Index (CPI) rose by 1.7% in the 12 months to September 2024, down from 2.2% in August. The largest downward contribution to the monthly change in both CPIH and CPI annual rates came from transport, with larger negative contributions from air fares and motor fuels; the largest offsetting upward contribution came from food and non-alcoholic beverages. • The EY ITEM Club thinks CPI inflation will rebound back above the Bank of England's target in October, as September's base effects disappear and the 10% rise in Ofgem's energy price cap comes into play. Headline inflation will likely rise further around the turn of the year, with the drag from the energy category expected to continue fading and services inflation likely to remain relatively sticky. • 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', continued to record 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. • The upcoming 10% increase in the energy price cap in October will exert sizeable inflationary pressure, potentially raising the headline rate by an estimated 0.5 percentage points. NIESR therefore expect inflation to rise to around 2.5% by end of year due to base effects and the energy cap rise. Sandwell households will feel the pinch with increasing energy bills. • The British Business Bank's Nations and Regions Tracker reveals trends in smaller businesses' external finance use and borrowing intentions in 2023. Usage of external finance in the West Midlands rose by 14 points to 49%. Small businesses in the West Midlands were some of the most reliant on bank overdrafts with 16% utilising them - up 5pp on last year. Nationally, credit cards were the most used and fastest growing finance type with nearly one in five (17%) using them. Demand for loans & overdrafts from major banks remained subdued in 2023, but the rate of decline had eased across all regions. Equity deal numbers declined across all Nations and regions in 2023, though activity was stabilising in H1 2024. • The British Chamber of Commerce Quarterly Economic Survey reveals that following improvements to business conditions in the first half of 2024, key indicators stalled or declined in Q3 – with manufacturing suffering the most. Taxation is now more of a concern than inflation for business, cited by nearly half of firms (48%). Business confidence has declined slightly, with 56% of firms expecting an increase in turnover in the next twelve months. The proportion of firms expecting to put up prices has levelled off (39%) after falls earlier in the year. Most firms (77%) are still not increasing levels of investment. • While the latest figures from the Black Country Chamber of Commerce survey showed 60% of Black Country businesses are predicting an improvement in turnover over the next 12 months, well above the latest national survey result but down from 71% in Quarter 2. • This has led to Midlands businesses calling for greater certainty on taxes ahead of the Autumn Budget. 22% want a commitment from the government to replace business rates, potentially with a local business income tax, with more than one in ten (15%) seeking assurances from the Chancellor that full expensing capital allowances will remain for the life of this Parliament.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> • The monthly number of start-up businesses in the West Midlands has begun to rise again after a sudden fall last month. Figures from R3 also show a relative levelling out in the number of West Midlands businesses with unpaid invoices past their due date, although the figures for September and August remain high at 47,663 and 47,617 respectively. • This follows reports that the number of companies in the Midlands filing for administration during the first nine months of the year has outpaced last year's figures by more than 10%, totalling 126 administrations. • The UK is a hive of innovation, with businesses in almost every sector pushing their boundaries and finding new and exciting ways to grow their industry. The UK government introduced Research & Development (R&D) tax credits to encourage and reward companies that are innovating. However, recent changes to the scheme have caused a number of challenges for businesses. Many are unsure whether their activities are still eligible, or are concerned about working with R&D tax relief consultancies that are not operating above board, putting the company at risk of investigation from HMRC. • The £7bn contribution of the UK's female SuperScaled companies to the national economy could dwindle without a stronger support for the next wave of women entrepreneurs, according to a new EY report. The report also identifies more than 240 female-founded and led UK companies with revenues between £20m and £50m which have the potential to become SuperScalers with the right support. However, this may not be possible unless current barriers to the growth of female-founded businesses are addressed, including enhancing access to funding and tackling geographic and sector disparities that skew the entrepreneurial landscape. Female-founded companies in the UK only receive 2p for every £1 invested, compared to 14p per £1 invested for mixed-gender founding teams, and 84p for male-only founded businesses. • The UK faces an infrastructure spending shortfall of at least £700bn by 2040 says an EY report. This high collective cost is partially due to the impact of economic headwinds. Persistently high levels of inflation have already significantly increased the cost of capital projects in recent years. • The Mayor of the West Midlands has announced a major new festival for the business community offering firms the chance to come together and help turbocharge economic growth across the region. The first West Midlands Business Festival will take place in March next year and bring together small and medium sized enterprises (SMEs) and the wider business community for a fortnight of inspiration, innovation, learning, showcasing, and networking.
Labour Market	<ul style="list-style-type: none"> • Payrolled employees in the UK decreased by 35,000 (negative 0.1%) between July and August 2024, but rose by 165,000 (0.5%) between August 2023 and August 2024. • The estimated number of vacancies decreased in July to September 2024, by 34,000 on the quarter to 841,000. • Annual growth in employees' average regular earnings (excluding bonuses) in Great Britain was 4.9% in June to August 2024, and annual growth in total earnings (including bonuses) was 3.8%. This total annual growth is affected by the NHS and civil service one-off payments made in June, July and August 2023. • The number of permanent staff placements fell for the fourth consecutive month across the Midlands at the end of the third quarter, according to the latest KPMG and REC UK Report on Jobs survey. The decrease was moderate but eased to the softest for three months and was the slowest recorded of the four monitored English regions. • The British Chambers of Commerce Quarterly Recruitment Outlook reveals that the proportion of firms attempting to recruit new workers fell to its lowest level in three years at 56%. There are significant sectoral differences with transport (73%), hospitality (70%) and construction (67%) most likely to be attempting to recruit. Of those attempting to recruit 76% faced difficulties, up from 74% last quarter. Construction (85%), manufacturing (80%) and hospitality (76%) firms are the most likely to be facing recruitment problems. • Firms are also worried that the Government's new employment reforms could increase costs. The Employment Rights Bill includes measures such as ending zero hours contracts and protecting workers against unfair dismissal. • There are two key issues the British Chambers of Commerce say the Chancellor must address to boost employment and help keep momentum in the economy. First, is to help the long-term sick back into work and, second is to plug the gaps in local training provision.

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	<ul style="list-style-type: none"> • Trade bodies representing steelmakers, manufacturers and renewable energy developers are asking the Government to rule out introducing zonal pricing which would result in higher wholesale electricity prices for regions lacking in generation capacity.

SECTOR	KEY INSIGHTS
	<ul style="list-style-type: none"> • The introduction of a long-term industrial strategy will bring a surge of offshore manufacturing production back to the UK. This is according to a major annual survey on the investment landscape for UK industry published by Make UK and RSM UK.
Construction	<ul style="list-style-type: none"> • Monthly construction output is estimated to have increased by 0.4% in volume terms in August 2024; this follows a decrease of 0.4% in July 2024. The increase in monthly output came from growth in new work (1.6%) as repair and maintenance fell by 1.0%.
Retail, Hospitality and Tourism	<ul style="list-style-type: none"> • Retail sales volumes (quantity bought) are estimated to have risen by 0.3% in September 2024, following a rise of 1.0% in August 2024. Computers and telecommunications retailers grew strongly but were partly offset by decreases in supermarkets. The next few months will be critical as retailers brace themselves for the 'golden quarter,' with key shopping events such as Halloween and Black Friday drawing near. Retailers will be using discounting strategies to stimulate consumer spending and manage stock levels more effectively. • The Campaign for Real Ale and the Express and Star have launched a campaign to encourage people to support the remaining brewers in the region by buying locally produced beers, following the closure of 150-year-old Banks's Park Brewery in Wolverhampton. • Amazon have revealed the economic impact in nations and regions in the UK. Since 2010 Amazon has invested over £5 billion in the West Midlands. This investment led to the production of goods and services that contributed over an estimated £4.6 billion to the region's GDP since 2010, created more than 6,500 full and part-time jobs. Over 640 people have completed Amazon's employability skills training programme, over 420 apprentices in the region, and supporting 8,800 SMEs exporting £450m goods in 2023.
Digital / Tech	<ul style="list-style-type: none"> • Successive new generations of mobile technology have boosted economies in the past. The introduction of 5G is no different. Studies suggest that, by 2035, widespread availability and use of 5G could add £159 billion to the UK economy. The primary economic benefits that 5G brings will be felt by businesses, through its role in supporting operational efficiencies and the diffusion of innovations across industries. As a result, consumers will mainly benefit indirectly. • The West Midlands' fast-growing tech industry could be worth £100bn by the end of the decade, fuelled by both international investment and by supporting home-grown tech businesses to scale up, according to the founder of Birmingham Tech Week.
Transport Technologies and Logistics	<ul style="list-style-type: none"> • New research has revealed that the UK automotive sector could increase its contribution to the economy by £16.1bn by 2035, if it rapidly transitions to Battery Electric Vehicle (BEV) production.
Environmental Technologies	<ul style="list-style-type: none"> • 88% of Britain's local authority leaders would welcome a statutory duty to tackle climate change, but only if it came with the necessary powers and funding, according to the latest report from UK100. • The UK is to publish a strategic spatial plan that maps where net-zero infrastructure such as renewables generation and storage should be located across the UK. • Floating wind could be this century's "biggest British industrial success story" if the right measures are put in place to enable more projects to go ahead faster, a new report by the joint government-industry Floating Offshore Wind Taskforce has revealed. The UK's engineering prowess and exceptional wind resources give it a head-start in the international race to build up a £1trn global floating wind energy industry by 2050. It states that the UK's floating wind industry can employ 97,000 people by 2050. This could contribute £47bn to the UK economy. • A new industrial strategy for heat pump manufacturing in the UK is vital to achieving green economic growth a new report from the Institute for Public Policy Research (IPPR) has warned. Heat pumps will be needed to replace outgoing gas boilers, and the UK is well-placed to produce these products and capture a share of much-needed jobs and investment. This creates huge market opportunities for British heat pump manufacturers. Research finds that regions like the Midlands, the North East and Scotland stand to benefit the most from the growth of heat pump manufacturing. • The UK is at serious risk of another energy crisis due to its heavy dependence on imported gas for electricity and heating, according to a new report from the Energy Crisis Commission (ECC). The UK missed several opportunities to invest in renewable energy, improve energy efficiency in homes, and enforce building standards that could have reduced the country's dependence on gas though electrification.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	LOCATION	SECTOR	DETAIL
Nicklin Transit Packaging	Wednesbury	Manufacturing / Logistics	Timber pallet and packaging specialist Nicklin Transit Packaging, based in Wednesbury , has invested in a new pallet line. The company has made a significant investment in 2-way pallet automation in response to an evolution of the wider market, while also continuing to help customers meet their carbon targets.
Interclass	West Bromwich	Retail	Work has started on new indoor market in West Bromwich as the town's ongoing regeneration continues. The new market will blend classic market stalls with modern amenities, including a specialist street food court featuring communal seating.
JLL Vehicle Distribution	Smethwick	Transport	A Sandwell transport service is set to expand if a Good's Vehicle Operators Licence application is successful. JLL Vehicle Distribution, based in Smethwick , is looking to add a new operating centre.
Wykamol / Mapei UK	Sandwell	Manufacturing	Wykamol, who specialise in waterproofing and property renovation products, has been acquired by Mapei, a global producer of adhesives and chemicals for the construction industry. Mapei UK, based in Halesowen, has three warehouses in the West Midlands (in Dudley and Sandwell) that supply distributors throughout the UK and Ireland.
Motus Vehicle Solutions / Aftercare Response	Wednesbury	Automotive	Derby's Motus Vehicle Solutions, part of Motus Group (UK), has acquired Wednesbury based Aftercare Response, a division of the Bevan Group. Aftercare Response will be integrated into Motus' operations, improving its ability to support commercial vehicle clients across the UK.