MIDLANDS ENGINE

OBSERVATORY

MIDLANDS ENGINE
REGIONAL ECONOMIC IMPACT MONITOR

EDITION 55: FEBRUARY 2025

Executive Summary

The February edition of the Midlands Engine Regional Economic Impact Monitor is published at a time of important economic measurements and announcements in the UK. As Deloitte's annual State of the State report reveals the public is increasingly concerned about the UK economy, the latest data reveals consumer price inflation **rose by 3.0%, an increase on the previous month, but is forecast to fall throughout the rest of the first half of 2025 if geopolitical tensions do not escalate**. Forecasts predict the UK could be the third fastest growing economy in the G7 this year, with GDP projected to increase by 1.5% in 2025. These are **mixed signs for the regional and national economy**, particularly related to the upcoming changes to tax announced in the Autumn Budget and confidence in spending.

Business optimism remains mixed across Midlands firms:

- The latest national Business Confidence Monitor (BCM) from ICAEW shows a significant **decline** in sentiment from the previous quarter, with UK confidence only just remaining positive, as businesses digest the implications of the proposed tax increases in the Autumn Budget and domestic sales growth eased. **Business confidence in the West Midlands fell into negative territory**, below both the region's historical norm and the UK average. In the East Midlands, **sentiment fell sharply into negative territory** in Q4 2024, and the region **remains one of the least confident regions in the UK.**
- The **West Midlands Business Activity Index decreased from 48.9 in December 2024 to 47.2 in January 2025.** While the **East Midlands Business Activity Index decreased from 50.7 in December 2024 to 49.8 in January 2025. The UK Business Activity Index increased from 50.4 in December 2024 to 50.6 in January 2025.**
- **Despite the fall in activity,** the West Midlands region **has seen improved business sentiment since the previous month.**

While locally, the Midlands economic growth prospects are dampened by poor performance:

- Claimants continue to be a concern with numbers increasing for people aged 16+ and youth claimants aged 16-24.
- The latest job postings data shows that the **number of postings across the Midlands dropped 21.1% over the last six months to 684,157,** however, the number of postings is high compared to the average for all regions.
- Data from the ONS reveals **business births were at an all-time low of 41,870** in the Midlands Engine in 2024.
- This is echoed by NatWest and Beauhurst research which highlights that in 2024 **the UK witnessed a slight decline in the rate of new business incorporations, totalling 846k—a decrease of 3.75% from the previous year's high of 879k, with the West Midlands decreasing on the year by 2.17% to 68.8k new incorporations and the East Midlands decreasing by 4.67% to 41.8k new incorporations in 2024.** This reveals there is a **worrying trend of falling start-up rates in the UK over time**.

Yet some green shoots remain in terms of business resilience:

- **Recent trends of decreasing business deaths are continuing** according to latest data from the ONS. **Business deaths were at 42,890 for 2024,** an **annual decrease of 15.7%** (-7,970) which reflected national trends (-10.7%).

More widely:

- This monitor outlines insights from the soon to be published **Aerospace White Paper**, revealing that the **Midlands is home to a genuine aerospace super cluster** – both through geographic concentration and breadth of activity – from research to major manufacturers.
- New insights from CBI reveals the **net zero economy is worth £5.9bn GVA in the West Midlands, and £5.1bn in the East Midlands.**
- This edition of the monitor explores issues surrounding the **digitalisation and prevalence of innovative practices in firms, with data from** the TPI productivity Lab assessing how areas in southern England are more successful in attracting digital companies than those in northern areas. The Digitalisation Quotient for the Greater London Authority is at 147% of the UK's average, whereas the **West Midlands came in third lowest at 77% with the East Midlands roughly in the middle (88%).**

A country characterised by **low growth and entrenched inequality means that increasing prosperity in an equitable manner is a key challenge** facing policymakers across the nation in upcoming years. The latest Joseph Rowntree Foundation UK Poverty 2025 reports the **West Midlands had the highest poverty rate** in the UK at **27%,** with the East Midlands having the 3rd lowest rate at **20%**. Over the past 2 decades, **poverty rates across most of the UK have been stubbornly stagnant rather than falling.** Where poverty rates have fallen, this is predominantly due to falling levels of pensioner poverty (although rates of poverty among pensioners have climbed in recent years), alongside increased rates of employment among working-age adults, with rates of unemployment now at record lows. However, levels of economic inactivity have been climbing – stifling further reductions in poverty rates, as have rates of in-work poverty.

1. Economic Impacts

Global and National Outlook

Global

Outlook

Main points from NIESR's Winter 2025 edition of the Global Economic Outlook (GEO) include:

- **Global economic growth is expected to continue to run just ahead of 3 per cent a year** with easier financial conditions due to falling policy interest rates, offset by rising policy uncertainties and constrained fiscal positions in major advanced economies.
- Growth in advanced economies has been driven by the United States, while the Euro Area has underperformed. NIESR **forecast that GDP growth in the United States will slow but that in the Euro Area will become stronger as we move through 2025**. India and China continue to lead growth in emerging markets, although the medium-term growth prospects for China are expected to be much weaker than a decade ago.
- Headline inflation rates have fallen towards targets in most advanced economies, but underlying inflation rates have shown more stickiness. NIESR forecast that **OECD annual inflation (excluding Turkey) will continue falling this year, from 3.1 per cent in 2024 to 2.3 per cent in 2025.** However, with underlying inflation forecast to remain above target in the United States, fewer reductions in policy interest rates are forecast in 2025 than the Autumn Outlook.
- The growth of government debt during the pandemic and the recovery phase is now, with **higher interest rates, creating difficulties for governments in advanced economies**. Governments are facing prospects of higher taxes and/or lower spending but the position in the United States is less clear following the recent election.

S&P Global report that January's global PMI figures have signalled a **loss of growth momentum**. The global **composite output index fell to its lowest level for a year and is indicative of below-potential global real GDP growth.** Business activity in services fell to its lowest level since late 2023. While the indications for global manufacturing and trade have perked up a little over recent months, they remain comparatively weak.

International Climate Change Cooperation

At the end of February**, the 62nd Plenary Session of the Intergovernmental Panel on Climate Change** (IPCC) opened in Hangzhou, China, to consider and agree on the draft outlines of the three Working Group contributions **to the Seventh Assessment Report (AR7) and the Methodology Report on Carbon Dioxide Removal Technologies, Carbon Capture Utilisation and Storage**.

National

Outlook

Main points from NIESR's UK Economic Outlook include:

- A significant rise in government consumption from the Autumn Budget, coupled with continued growth in business investment, will result in **GDP growth of 1.5 per cent for 2025.**
- **Inflation to rise to 3.2 per cent in January, before falling slowly back to target, and to average 2.4 per cent in 2025**. As wage growth gradually cools in 2026, we expect that inflation will return to the Bank of England's 2 per cent target on a lasting basis. NIIESR therefore anticipate just one further rate cut in 2025.
- **The government is on track to meet its new fiscal rules**. However, the planned fiscal expansion leaves no remaining headroom by the end of the parliament. This could limit the government's ability to respond to shocks if tax and spending plans remain unchanged.
- The living standards of the bottom 40 per cent of households will not return to pre-2022 levels before the end of 2027: while **real personal disposable income is projected to grow by 1.9 per cent in 2025 and 1 per cent in 2026, this will not compensate for the fall in living standards** – as measured by equivalised household real disposable income (eHRDI) which reflects household composition and housing costs – between 2022 and 2024.
- The **rises in the employer rate of National Insurance Contributions and NLW/NMW are expected to harm the profit margins of businesses in labour-intensive sectors** such as education, health and social work, real estate and transportation and storage.
- NIESR's analysis of housing access reveals growing regional disparities in the United Kingdom: the 2008 financial crisis caused a sharp decline, with an uneven recovery; since Covid-19, variations have widened, reflecting widening affordability, employment trends, and regional impacts of government intervention.

NHS

The government has announced it has delivered on pledges to fix the NHS seven months early:

- Pledge to deliver **over 2 million more elective care appointments** hit early with **over 100,000 more treatments, tests and scans for patients each week**.
- **Waiting lists falls by almost 160,000** as extra appointments delivered for chemotherapy, radiotherapy, endoscopy, and diagnostic tests.
- Comes as an **additional £40 million** set to be handed to trusts that deliver biggest improvements in cutting waiting lists.
- Marks major step towards delivering Plan for Change milestone of hitting 18-week treatment target.

Policy Considerations

THEME	KEY INSIGHTS
Outlook	• Recent data from the Office for National Statistics (ONS) reveals **monthly real gross domestic product (GDP) is estimated to have grown by 0.4% in December 2024, largely because of growth in the service sector**, following an unrevised growth of 0.1% in November 2024. **Real GDP is estimated to have grown by 0.1% in the three months to December 2024**, compared with the three months to September 2024, mainly because of growth in the services sector. • The **EY ITEM Club Winter Forecast predicts UK GDP growth of 1% in 2025**, down from the 1.5% growth projected in October's EY ITEM Club Autumn Forecast. • **Lloyds Quarterly Economic Forecast sees mild downward revisions to the near-term growth outlook with more sustained inflationary pressure, with GDP expected to grow between 1.0% - 1.3% in 2025.** • **NIESR call on the government to increase public investment spending in the United Kingdom to boost economic growth and productivity**, citing a permanent 1% rise in public investment as a share of GDP leads to a 2.2% - 2.9% increase in long run output, using a 35-year horizon.
Trading Conditions	• The Consumer Prices Index including owner occupiers' housing costs (CPIH) **rose by 3.9% in the 12 months to January 2025,** up from 3.5% in December 2024. The **Consumer Prices Index (CPI) rose by 3.0% in the 12 months to January 2025**, up from 2.5% in the 12 months to December 2024. • **NIESR expects inflation in February will fall to 2.6% - 2.7% and to 2.2% - 2.3% in March. This forecast assumes that geopolitical tensions do not deteriorate.** • **Midland's businesses face complex challenges as US trade tensions escalate**, an international trade expert has warned. • **East Midlands Chamber reports that inflation remains a significant concern for local businesses, with 60% expecting to increase prices, and 22% planning to cut back on recruitment**. Rising costs, including the upcoming National Insurance hike in April, add further strain. • The Greater Birmingham Chamber of Commerce **consistently finds that labour costs are already the most persistent source of cost pressures on Greater Birmingham businesses,** with 6 in 10 businesses anticipating increasing their prices further to mitigate the impact of the Autumn Budget. • **More than a quarter (29%) of Midlands mid-market businesses are looking at salary sacrifice schemes as a means of mitigating the impact of Budget tax changes** coming into force from April. • The percentage of **UK small business owners predicting growth (33%) has dipped to a nine-month low**, according to Novuna Business Finance. Whilst 45% see Q1 as a standstill period, there is a four-year high in the percentage of small businesses saying they will contract by the end of March (13%) and the percentage of enterprises that fear closure in the next three months has hit a two-year peak (8%). **Growth forecasts in the West Midlands have grown** from 40% to 42% since last quarter. Growth forecasts in the East Midlands have fallen from 37% to 31% since last quarter. • **The number of Midlands mid-sized businesses at risk of becoming a 'zombie' company has risen, as rising costs and challenging economic conditions leave little breathing room for growth,** according to new research from BDO. In the last 12 months, **one in six mid-sized businesses in the West Midlands (15.3%) have been deemed to be at risk of being so-called 'zombie' companies – an increase of 0.9 percentage points versus the previous year's figures. This compares to 14.7% of businesses in the East Midlands – a figure which has risen from 13.2% since 2024.** Nationally, 15.9% of mid-sized businesses are classed as 'at risk', a year-on-year increase of 3.5 percentage points. **Zombie companies are those that generate just enough cash to continue operating and service their debt but not to invest in growth.**
Labour Market	• **Nearly half of UK workers are prioritising landing a new role this year, new data reveals.** Research by Pertemps showed that 47% said a new role was a goal for 2025. Meanwhile, 26% said they wanted to get a better work/life balance, 19% wanted to learn new skills and eight per cent said a promotion was their top target before the end of the year. • In response to historically low levels of business confidence and ONS/HMRC data showing a sharp decline in employment in December, 41% of business leaders believe that a **significant scaling-back of the government's employment law reforms would make a major difference to business confidence in 2025.** • This is echoed by the FSB who say the **Employment Bill will wreak havoc on already fragile economy. Two thirds (67%) of small employers say the proposals in the Employment Rights Bill would make them curb hiring and one third (32%) plan to reduce the number of employees they have before the measures are introduced.** • UK recruitment leaders have raised concerns that the Government's **Employment Rights Bill could disrupt the temporary work sector**, which they argue is essential to economic stability. The bill introduces measures such as guaranteed hours for zero-hours workers and statutory sick pay from the first day of employment.

State of the State

Deloitte's annual [State of the State report](#) brings together insights from a survey of 5,000 UK citizens alongside interviews with over 80 public sector leaders to create a vision over the next 10 years of government.

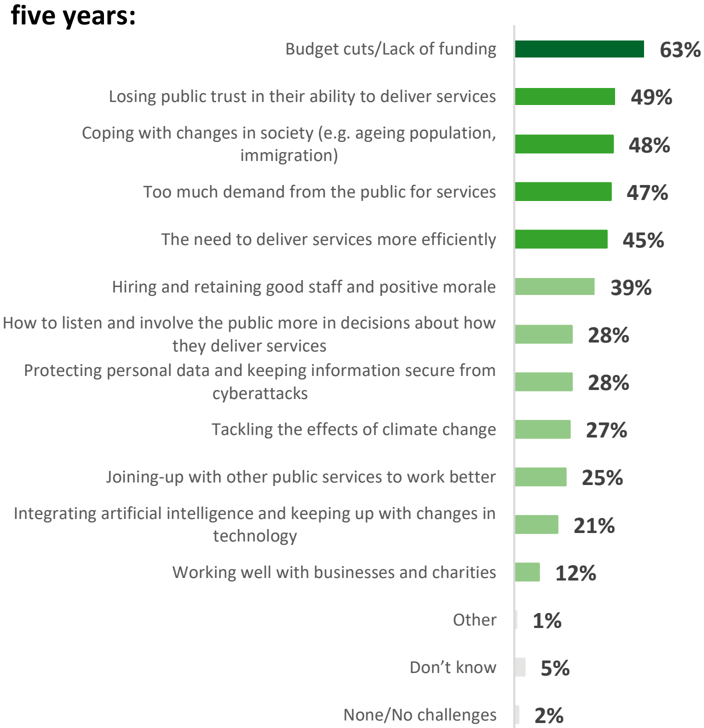
The Public's View of the Public Sector

This year finds the public concerned about the **UK economy**, not least through its direct impact on the cost of living. It also finds rising worries about immigration and national security. The survey also suggests more positive sentiment towards government and public services.

Key takeaways:

- Public priorities for action have shifted, with **immigration and defence rising up** the list.
- Climate complacency could be creeping in as public attitudes have shifted with **climate change significantly dropping down the public's list of priorities.**
- The public's **top answers for economic growth were health and wellbeing followed by education and skills.**
- Deloitte's annual optimism tracker, in an otherwise pessimistic public, suggests that **trust in government's ability to deliver has improved since last year.**
- **The public foresee tax rises on the horizon.**

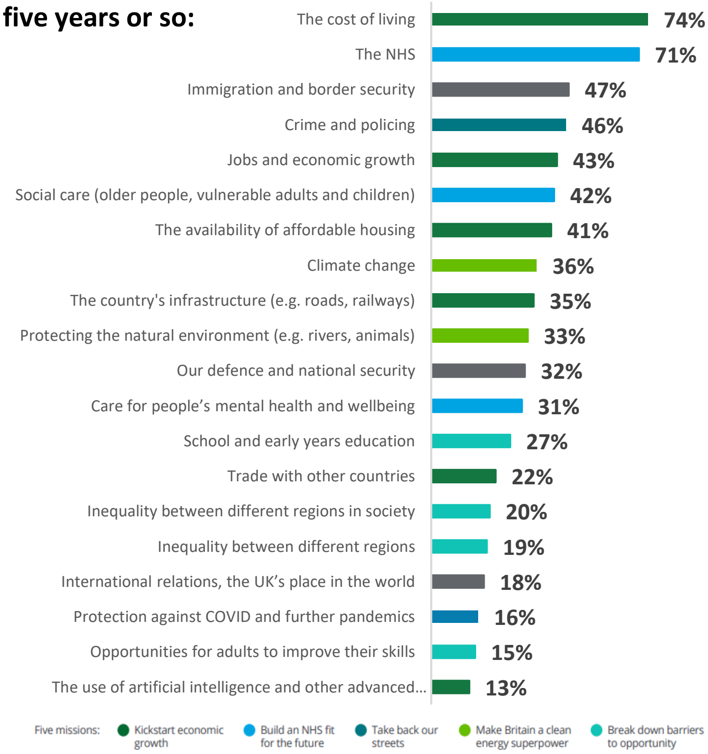
Biggest challenge(s) for public services over the next five years:



Looking at the perception of public sector challenges; the public's most common answer by some margin was the **lack of funding** suggesting government's messages about tough choices ahead have landed with the public.

The next four most responses came close together with trust seen as very important along with coping with societal changes and managing demand. Trust clearly matters to citizens when it comes to their public services.

Top priorities for improvement in the UK over the next five years or so:



For the third year running, the public see the **cost of living and the NHS as their biggest priorities for improvement**. However, this year's survey suggest some significant changes in the public's priorities. Concerns about immigration and border security have risen for several years, putting it in third place, with defence and national security also rising as an issue by the same amount.

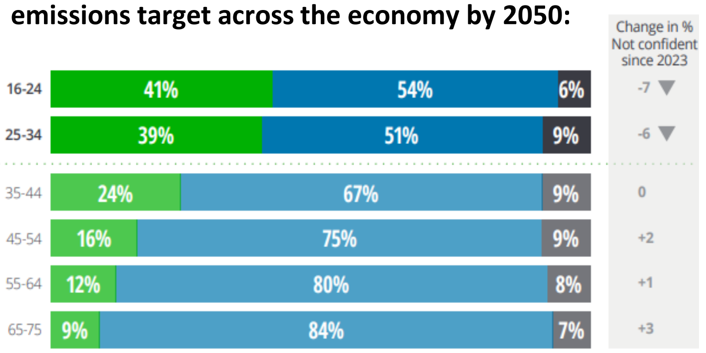
When mapped against the government's five missions, it shows a strong correlation, and perhaps a sense of ranking that would prioritise economic growth and building an NHS for the future as the two shared priorities.

Deloitte's optimism tracker once again finds the UK public characteristically more pessimistic than optimistic. However, views are more positive than last year around the outlook for **housing, crime, climate change, infrastructure and inequalities.** Another noticeable shift is around **defence and national security** where the public appear increasingly concerned.

Moreover, **trust in the UK government remains limited** – but with a marked upturn across most factors since last year (taking environmentally responsible decisions, generally doing the right thing for society, and being focused on the needs of customers, service users and citizens which are all up 6 percentage points).

Alongside this, **trust in policing is improving** (especially around doing 'the right thing for society'), **whilst trust in councils remains mixed** (but this year had had an upturn in perceptions around their ability to be customer-focused), and the **NHS remains the most trusted institution in the UK's public sector** (although experiencing a dip over the last year in trust around its ability to use technology).

Confidence in the UK government reaching its net zero emissions target across the economy by 2050:



7 in 10 members of the public are not confident that the UK will reach its net zero targets by 2050, although confidence amongst younger people has grown since last year.

Finally, at a regional level the East Midlands was **more concerned about immigration and protecting the natural environment** than the UK average, whilst the West Midlands **less concerned about housing.**

Insight from Public Sector Leaders

This year Deloitte interviewed more than 80 public sector leaders including politicians, senior civil servants, police chief constables, council chief executives and NHS officials.

Key takeaways include:

- In a time where public services remain fragile, **there is optimism for new reform plans which will make a difference.**
- Public sector leaders have welcomed the government's five missions. While it's still early days for the delivery of their long-term aspirations, **some officials argued that civil servants will need increased cross-departmental work to succeed**. Beyond Whitehall, leaders stated that mission delivery relies on skills in short supply in the economy – like construction.
- The English Devolution White Paper has far-reaching ramifications for the way democracy, government and public services are organised in England. However, **leaders largely welcomed the boldness in its measures, and many argued that combined or strategic authorities are the best way to join up public services so that place-based thinking can finally be realised.**
- **Many leaders argued that government needs to stay bold**, where regressing to strategies of old is unlikely to be successful, and make sure that the entirety of the UK's economy is engaged. Leaders also warned that investment expertise is in short supply.
- Public sector leaders stated that they are concerned about reaching the UK's 2050 net zero milestone. **Central government officials warned that the pace of delivery is not fast enough as climate change does not feel like an urgent political imperative.**

The Public Sector's Vision of the Future

Within their interview Deloitte also explored how government and public service leaders want their organisations and services to look in ten years' time. Their collective responses provide a glimpse of what these services could look like in 2035:

1. **Interactions with government are frictionless** for the citizen, and technology including AI is used to provide frontline workers with the information they need at the point of decision.
2. **Local public services work collectively**, especially on preventative measures, and ensure seamless citizen pathways between them. The voluntary sector would be engaged as a delivery partner and would co-produce services with the public.
3. **Places-shaping has finally been realised**, underpinned by combined and strategic authorities. It will allow for a renaissance in our communities that includes integrated transport, new ways to access health services, and joined up growth plans.
4. **Government decision-making** is rooted in the long-term interest, with measurement and evaluation baked-in and commercial issues considered as the norm. Central government is smaller with greater clarity on roles and purpose.
5. **Defence is underpinned by strategic alliances** in which our military capabilities are interoperable and complementary. Spending is consistently higher than two per cent NATO baseline, whilst innovation, procurement and deployment are agile.

Report Recommendations:

1. **Translate the coming series of reviews into credible delivery plans.**
2. **Set out a long-term vision** for the public sector and how it will improve life in the UK.
3. **Grow the public sector's 'halo effect' technology successes.** This means **sticking to strengths and growing its best examples, rather than re-inventing new solutions at every turn.**
4. **Invest in further education and adult skills** to deliver the missions.
5. **Provide regular figures on the 'public sector gap'.**

Regional Business Confidence

The [latest national Business Confidence Monitor (BCM) from ICAEW]for Q4 2024 (*14 October - 13 December*) shows a significant **decline** in sentiment from the previous quarter, with confidence only just remaining positive, as businesses digest the implications of the proposed tax increases in the Autumn Budget and domestic sales growth eased.

West Midlands Key Findings

- **Business confidence in the West Midlands fell into negative territory**, below both the region's historical norm and the UK average.
- Companies in the region recorded relatively **weak sales growth** both domestically and abroad, but they expect significant improvements over the coming year.
- Businesses reported the **lowest input price inflation in the UK** and further moderation is anticipated. However, the region has above-average salary growth expectations for the year ahead.
- Stronger sales growth and lower cost pressures are expected to support higher profits growth.
- The **tax burden** was the most widespread rising challenge, closely followed by customer demand. Competition in the marketplace, regulatory requirements and availability of non-management skills all remain prevalent concerns.
- **Capital investment growth increased** for the second consecutive quarter, but companies plan to reduce the rate of expansion and forecast only modest R&D budget growth next year.

East Midlands Key Findings

- **Sentiment fell sharply into negative territory** in Q4 2024, and the **East Midlands remains one of the least confident regions in the UK.**
- **Domestic sales growth slowed** but future expectations are stronger than in most other parts of the UK, while the outlook for exports growth is relatively modest.
- **Input price and selling price inflation continued to ease** and businesses expect further improvements next year.
- **Employment growth slowed significantly** and, while businesses plan stronger growth in the coming year, staff turnover remains a challenge and businesses anticipate that wage inflation will persist in the coming 12 months.
- Despite the rise in concerns about the tax burden and customer demand, **regulatory requirements were the most pressing challenge for businesses.**
- **Investment improved** in the latest quarter and businesses plan to maintain capital investment growth above the historical average but expect to moderate R&D budget growth next year.

2. Aerospace

Aerospace in the Midlands

As part of the Midlands Engine's efforts to support its established clusters, the partnership hosted an extensive roundtable of more than 50 leaders from industry, academia, and government involved in aerospace. The result of this will be a soon-to-be published White Paper, with this document serving as an early summary.

The Midlands

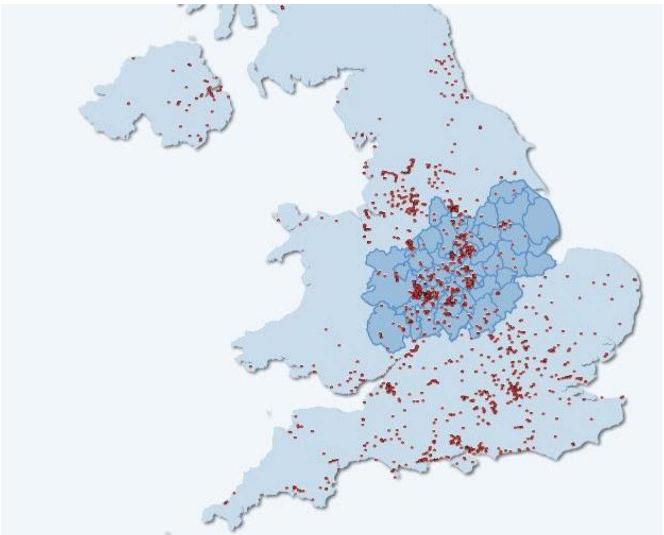
For over 100 years the Midlands has been home to one of Europe's largest aerospace clusters, with an established prime to component supply chain around propulsion, coatings and materials, and internationally significant research & development capabilities developing future power systems. The Midlands is home to a genuine aerospace super cluster – both through geographic concentration and breadth of activity – from research to major manufacturers.

Business and Investment

Since the first Rolls Royce Eagle engine was produced in Derby in 1914 and Armstrong Siddeley's aero engines at Ansty in 1920, the Midlands has had a thriving aerospace industry, one that has historically focused on propulsion.

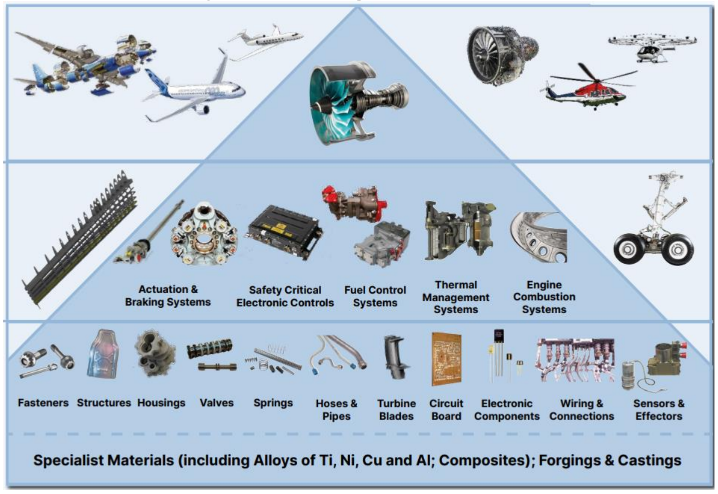
Today, **there are 524 identified aerospace businesses across the Midlands, generating around £5.3bn in Gross Value Added, accounting for 2.0 - 2.3% of the Midlands' economy.** These businesses include **8 prime manufacturer OEMs and tier 1 manufacturers, 246 accredited AS9100 'flying parts' makers (across 326 sites), and 290 further technical and specialist suppliers**. This supply chain includes significant 'make to print' as well as 'design and make' capabilities – respectively offering reliable scale and creative solutions to manufacture. By some measurements, as much as **1/3 of the UK aerospace industry has a base in the Midlands**, a region that makes up **15%** of the overall UK economy.

Midlands accredited company sites:



This cluster produces some of the most complex parts of aircraft – engines, control systems and advanced materials such as composites. The Midlands aerospace cluster already holds a significant share of the Airbus widebody supply chain. Major upcoming market opportunities include both new generations of single aisle Airbus and Boeing aircraft, and growing defence demand, where sovereignty requirements reduce competition.

Midlands aerospace building blocks:



The above diagram displays the key capabilities underpinned by technology blocks within the Midlands cluster. Top-down, covering Prime (OEM) airframes and engines, Tier 1, Systems and Products, and Tier 2,3 and Products, Components and Materials.

Innovation

The Midlands is at the centre of UK aerospace research and development, with a thriving network of industry and academic partnerships, often with academic groups with hundreds of researchers. In fact, Midlands businesses and researchers secured **41% (£640m)** of Aerospace Technology Institute funding from 2013-2022, and **39% (£763m)** of all Innovate UK aerospace awards from 2013-2022, despite only accounting for **21%** of core UK aerospace sites.

Talent

Across 524 identified aerospace firms in the Midlands there are **36,540** employees among a workforce totalling **105,300** people across wider suppliers. Core skills cover general engineering, machining, technologists, design and professional service support. With much of the manufacturing supply chain focused on make to print delivery, retraining and new skills will be required with expected increases in additive manufacturing for new components. Complementing the established workforce, there are several training centres along with aerospace university programmes at all levels. Key sites include the Newark Air and Space Institute (which offers travel bursaries for students up to 90 minutes away) along with programmes at 4 other further education providers.

Aerospace in the Midlands

Key Strengths

- **Established supply chain**: the Midlands hosts 8 Original Equipment Manufacturers (OEMs) and tier 1s, 246 AS9100-accredited flying parts makers, and 290 technical suppliers, forming a robust supply chain with ultimate customers such as Airbus and Boeing.
- **Powering flight**: the cluster specialises in aircraft propulsion – from existing gas turbines and future flagships like the UltraFan, to new technologies in hydrogen and sustainable fuel. Feeding into these capabilities is a vast regional supply chain covering control systems, composites, electronics and more.
- **Innovation ecosystem**: the region is home to Europe's only university airport, thousands of researchers, and major technology demonstrators, all in an established industry-academia ecosystem of research and development collaboration. The region attracted 41% of Aerospace Technology Institute funding and 39% of Innovate UK aerospace awards in the past decade, with leading research centres at universities such as Cranfield, Nottingham, Loughborough, and Birmingham.

Growth Opportunities

- **Next-Generation narrow body aircraft**: the Midlands is well positioned to secure a key role in the supply chain for the next generation of single-aisle Airbus and Boeing aircraft, expected to be 80% of the market over the next two decades with more than 30,000 aircraft to be produced, presenting an export opportunity worth billions of pounds.
- **Tier 2 market gap**: to strengthen the Midlands' supply chain and address a growing gap, new or existing businesses have the opportunity to expand into key production roles. The Freeports and Investment Zones in the region present an attractive entry route.
- **University commercial partnerships**: with established industry collaboration mechanisms and the Invest in UK University R&D Midlands campaign providing extra support, there are ample opportunities for businesses to commission and collaborate with Midlands universities and catapults to develop new technologies and products.
- **Commercialisation and industrialisation**: investing in these new technologies and indeed existing business capabilities to produce, at scale, new components.
- **Defence and Dual-Use Technologies**: growing global defence spending and dual-use applications present new opportunities for civilian aerospace suppliers to diversify into defence and space markets.
- **New market expansion**: growth in Embraer and Commercial Aircraft Corporation of China could present new supply opportunities for Midlands manufacturers.

Challenges

- **Talent Pipeline**: while the Midlands has a strong pipeline of degree graduates, there is a growing need for PhD-level talent, as well as industry-relevant and viable apprenticeships, particularly for SMEs.
- **Funding Gaps**: smaller businesses in the supply chain often struggle to access funding for innovation and scaling, risking the loss of economic growth opportunities to overseas investors.
- **Competitive Pressures**: the region faces increasing competition from European competitors as well as emerging aerospace players like China. Domestically, high energy costs and business rates impact local manufacturing competitiveness.
- **Decarbonisation pressure**: while the Midlands' specialisation in propulsion sees it at the forefront of ultra efficient engines, hydrogen, electric and SAF, supply chains must be able to respond to these new technological requirements.

Strategic Asks

- **Back the industry strategically through funding and regulatory commitments** that support the entire supply chain and ensure international competitiveness, noting regional capability to direct support to where it will be most impactful.
- **Address local talent pipeline risks** through PhD programmes and appropriate apprenticeships with a renewed focus on industry experience for graduates of aerospace (and related) programmes, focusing on career opportunities with SMEs.
- **Promote the significance of the Midlands aerospace cluster globally and to OEM owners**.
- **Address competition** through improved local business conditions for manufacturers.

Conclusion

The Midlands aerospace cluster stands as a **cornerstone of the UK's aerospace industry**, boasting a rich history, a robust supply chain, and world-leading research and development capabilities. The Midlands' thriving ecosystem with a concentration of major OEMs, accredited suppliers and unique innovation assets demonstrating strong industry-academic collaborations, positions it as a prime location for investment for the next generation of aircraft production. However, to fully capitalise on its potential and drive the investment opportunities, **the Midlands aerospace sector requires commitment from government and industry stakeholders**. UK plc should promote the Midlands aerospace cluster as the heart of the UK industry, focusing on securing contracts in the next generation of aircraft supply chains, with comprehensive support across the existing UK and Midlands supply chain.

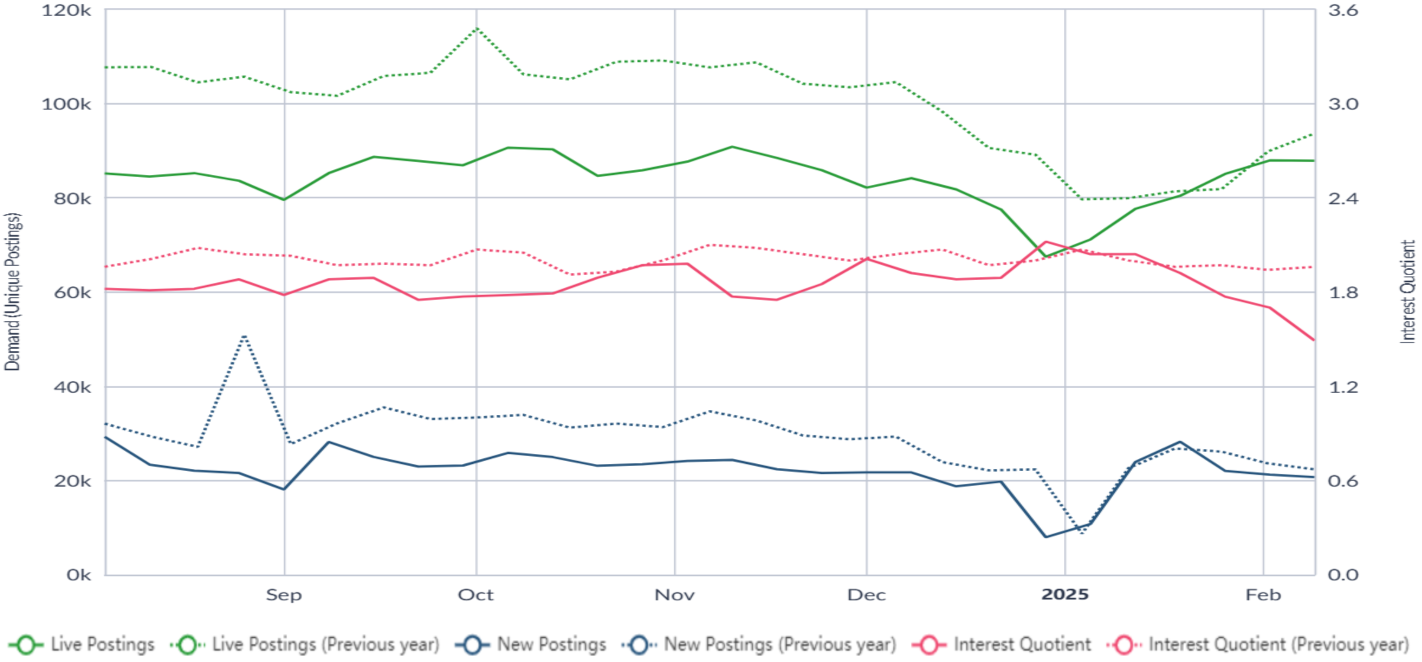
3. Labour Market Impacts

Labour Market and Job Postings

The latest national labour market figures show **payroll employees falling slightly** in the three months to December, and annual growth continuing to slow. **Earnings growth increased slightly** driven by stronger growth in private and public sector pay. The **number of vacancies has continued to fall**. Employment levels increased by around 480,000 over the last year, but also unemployment levels increased by around 210,000 over the last year. **Both inactivity levels and the inactivity rate fell in the last year.**

The latest total unique job postings data shows that the **number of postings across the Midlands dropped 21.1% over the last six months to 684,157,** however, the number of postings is high compared to the average for all regions. The number of new job postings also fell by 21.1% to 593,477, again the number of new job postings was high compared to other regions. Despite employer demand narrowing, **those seeking work - wanting a job, currently remains heightened (1.8 Interest Quotient).**

Overall demand and interest for the Midlands: *Source: Adzuna Intelligence*



The **advertised median salary across the Midlands has increased by 10.7%** year-on-year to £33,888 per year.

Salary trends for the Midlands: *Source: Adzuna Intelligence*

Sectors Hiring in the Midlands

Job posting demand was greatest for roles in engineering (91,250), teaching (88,110) and hospitality & catering (46,819).

Source: Adzuna Limited Job Posting Intelligence, Accessed Feb 2025. The Interest Quotient uses jobseeker data to quantify the level of interest in particular roles.

Labour Market and Job Postings

Minimum Requested Education

In terms of requested education, 37.8% of all postings across the Midlands Engine are level 1, 2, and 3, generally lower-level positions. Just over one in five or 22.2% are level 4 and 5 and the rest (40%) are degree level and above.

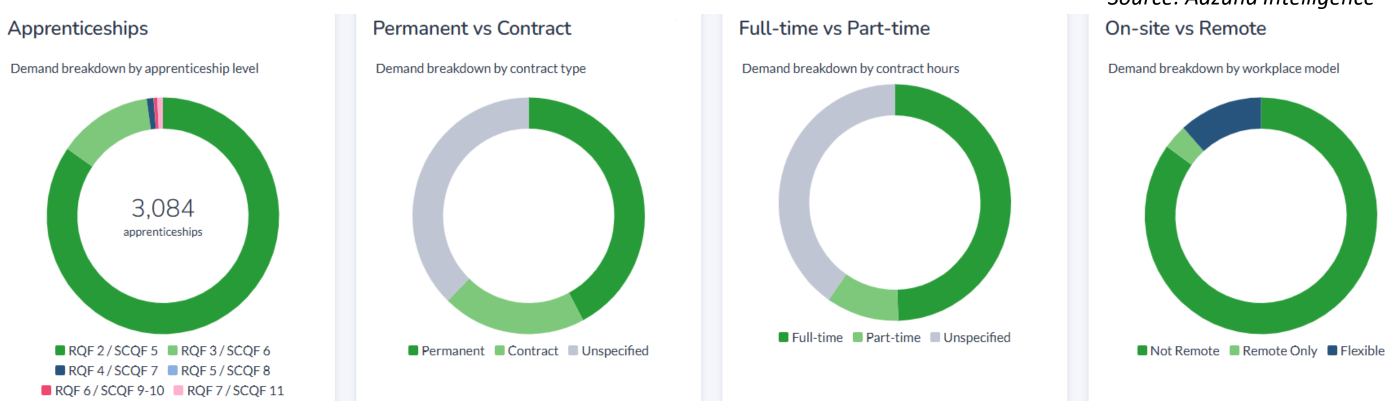
Source: Adzuna Intelligence

RQF Level 1 / SCQF Level 4 · RQF Level 2 / SCQF Level 5 · RQF Level 3 / SCQF Level 6 · RQF Level 4-5 / SCQF Level 7-8 · RQF Level 6 / SCQF Level 9-10 · RQF Level 7 / SCQF Level 11 · RQF Level 8 / SCQF Level 12

Types of Roles

Latest data shows 3,084 live apprenticeship postings in the last six months, with the vast majority (97.8%) at level 2 and 3 providing a pathway for young people. Where contract type is specified, the vast majority of roles are permanent and full-time. Of these roles 85.0% are advertised as 'not remote', 3.4% 'remote only' and 11.7% 'flexible'.

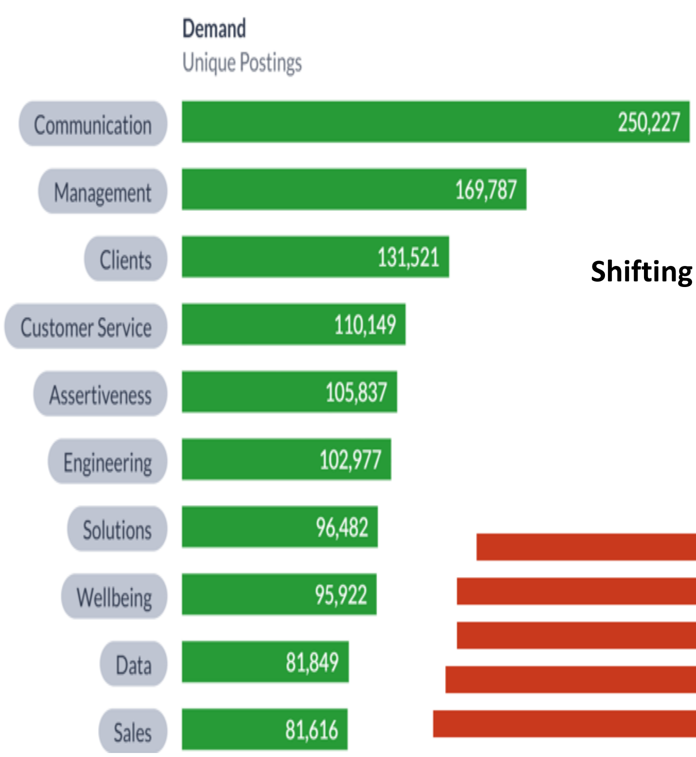
Source: Adzuna Intelligence



Skills

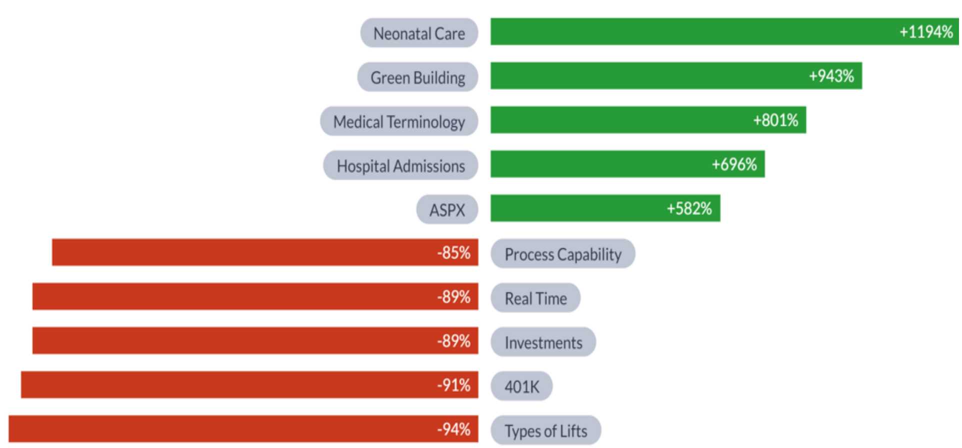
In the last six months, communication is the most requested skills in job postings.

In-demand skills:



The skills showing the highest shifts in demand at either end of the scale were neonatal care at +1194% to types of lifts at -94%.

Shifting skills:



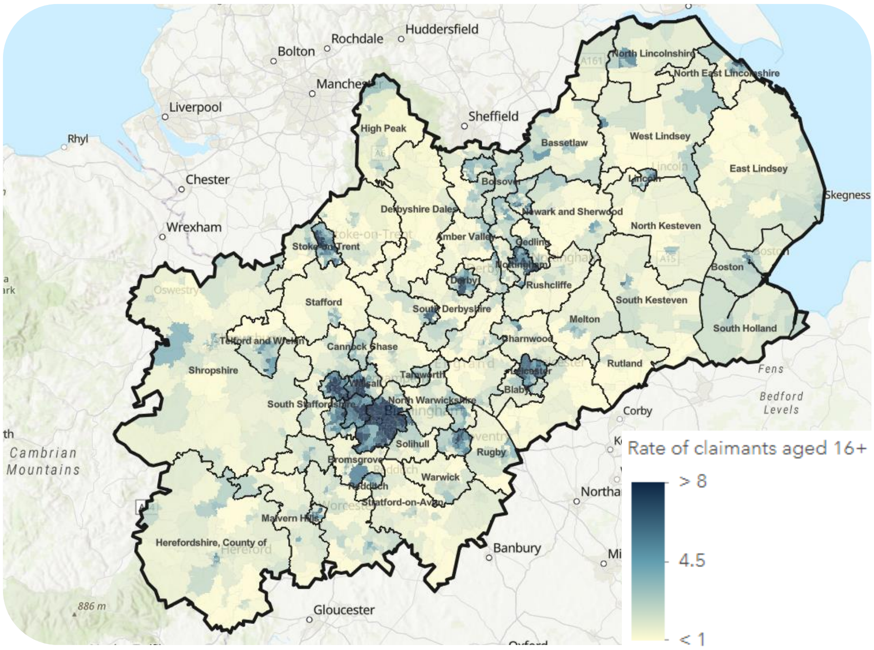
Source: Adzuna Limited Job Posting Intelligence, Accessed Feb 2025.

Labour Market Impacts: Claimants

There were 309,170 claimants aged 16 years and over in the Midlands Engine area in January 2025, an increase of 4,595 claimants (+1.5%, UK +1.7%) since the previous month. There are 37,670 more claimants (+13.9%, UK +11.5%) when compared to January 2024.

Overall, for the Midlands Engine area the number of claimants as percentage of residents aged 16 years and over was 3.7% compared to 3.2% for the UK in January 2025.

Claimants as a percentage of residents aged 16 years and over:



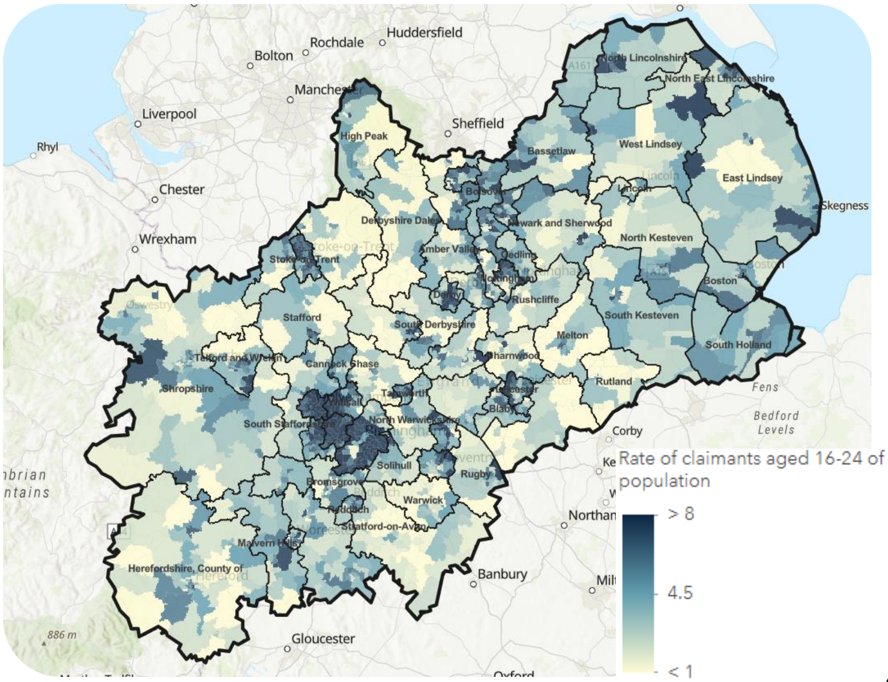
Out of the 1,511 wards within the Midlands Engine, 412 were at or above the UK average of 3.2% for the number of claimants as a percentage of the population aged 16 years and over in January 2025.

The wards with the highest number of claimants as a percentage of the population were based in Birmingham, with Lozells at 20.7%, Handsworth at 19.2% and Aston at 19.1%. In contrast, the lowest proportions were Keele (Newcastle-Under-Lyme) and Ashby Castle (North West Leicestershire) both at 0.1%.

There were 58,205 claimants aged 16-24 years old in the Midlands Engine area in January 2025, a monthly increase of 700 youth claimants (+1.2, UK +1.4%). Since January 2024, the number of youth claimants has increased by 5,315 (+10.0%, UK +8.1%).

The number of claimants as a percentage of residents aged between 16-24 years old was 5.1% in the Midlands Engine and 4.3% for the UK in January 2025.

Claimants as a percentage of residents aged 16-24 years:



Out of the 1,511 wards within the Midlands Engine, 648 were at or above the UK average of 4.3% for the number of claimants as a percentage of the population aged 16–24 years and over in January 2025.

The ward with the highest number of youth claimants as a percentage of the population was Handsworth (Birmingham) at 18.4%, followed by Birchfield (Birmingham) at 16.4% and Joiner’s Square (Stoke-on-Trent) at 15.5%. In contrast, **within the Midlands Engine there were 87 wards with no youth claimant.**

An interactive version can be found here.

Source: ONS/ Department for Work and Pensions, released February 2025

4. Business Environment

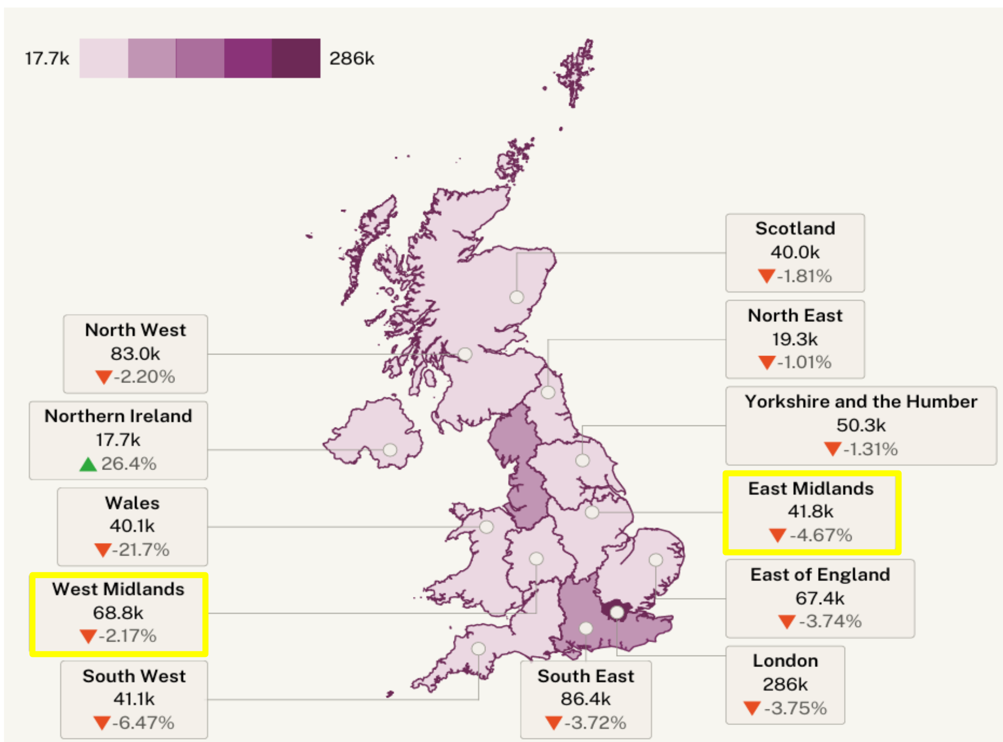
New Startup Index 2024

A new report from NatWest and Beauhurst highlights that in 2024, **the UK witnessed a slight decline in the rate of new business incorporations, totalling 846k—a decrease of 3.75% from the previous year's high of 879k**. Despite this downturn, the total volume of **incorporations remained significantly higher than the three years preceding 2023**. By the end of 2024, the number of **active companies in the UK rose to a record 5.63m**, marking a growth of 3.11% compared to the end of 2023. The number of active companies has grown between 2023 and 2024, with **incorporation rates outpacing dissolution rates**. **The first quarter of 2024 saw the highest number of company formations for any quarter in the past five years, peaking at 248k.** This initial surge set the rolling quarterly average to a record 229k incorporations per quarter. Despite a robust start, **the end-of-year rolling average decreased to 200k due to a significant drop in Q4 incorporations, decreasing to levels last seen in 2021**. Sector-wise, **real estate-related activities showed the largest increase in new incorporations**, with sectors like "other letting and operating of own or leased real estate" and "buying and selling of own real estate" leading in growth rates. The **technology and professional services sectors also exhibited notable increases**, reflecting the rising demand for digital and professional expertise.

Regional Distribution of 2024 Figures, Annual Change from 2023:

Regional Analysis

Regionally, London continued to lead in business formations with 286k new incorporations, though this was a slight decline from 2023. In contrast, Northern Ireland demonstrated remarkable growth with a 26.4% increase in new businesses. **With the West Midlands decreasing on the year by 2.17% to 68.8k new incorporations and the East Midlands decreasing by 4.67% to 41.8k new incorporations in 2024.**



Local Analysis

In 2024, local authorities within London claimed seven of the top ten spots for new business incorporations across the UK. However, **Birmingham came in at sixth highest.**

In Northern Ireland, Ards and North Down showed the most impressive increase across the UK, with new business registrations jumping by 84.2%. **County of Herefordshire came in 2nd highest for growth at 82.8%.**

Top Local Authorities by Number of Company Incorporations (2024):

Camden	43,653
Hackney	27,734
Islington	27,448
Westminster	25,918
Cardiff	23,428
Birmingham	19,646
Manchester	13,661
Newham	11,526
Barnet	10,472
Tower Hamlets	9,872

Fastest Growing Local Authorities in 2024, Annual Change from 2023:

Ards and North Down	84.2%
Herefordshire, County of	82.8%
Derry City and Strabane	45.5%
Belfast	38.4%
Calderdale	35.0%
East Hampshire	28.0%
Na h-Eileanan Siar	21.1%
Lisburn and Castlereagh	16.6%
Orkney Islands	16.2%
Mid Ulster	15.5%

Business Births and Deaths in the Midlands

[The ONS experimental low-level geographic analysis on business births and deaths]() highlights, that **business deaths were at 42,890 for 2024**. An **annual decrease of 15.7%** (-7,970) which reflected national trends (-10.7%). However, when comparing back annually to 2017, **the latest figures are still slightly elevated**.

In Q4 2024, there were 10,160 business deaths in the Midlands Engine geographic area, **a decrease of 14.2% from the previous quarter** (Q3 2024), compared to a 6.2% decrease nationally. Also, **Q4 2024 deaths figures were lower (-13.2%) than the same quarter a year ago (Q4 2023**) and this reflects the national picture where deaths decreased by 7.3%.

National data for main industrial groupings shows when compared to Q4 2023, there were decreases in 10 of 16 main groups for business deaths. The most significant decrease came in the transport and storage industry (down 31%). Within transport and storage, freight transport by road showed the most significant fall.

Across the Midlands Engine local authorities, when compared to the previous quarter (Q3 2024), **business deaths in 13 local authorities decreased, 5 remained unchanged and 47 increased.**

Regarding **business births, there were 41,870 in the Midlands Engine in 2024, an all time low since data available back to 2017.** There was an annual decrease of 1.1% for the Midlands Engine which did reflect the national trend (-0.1%).

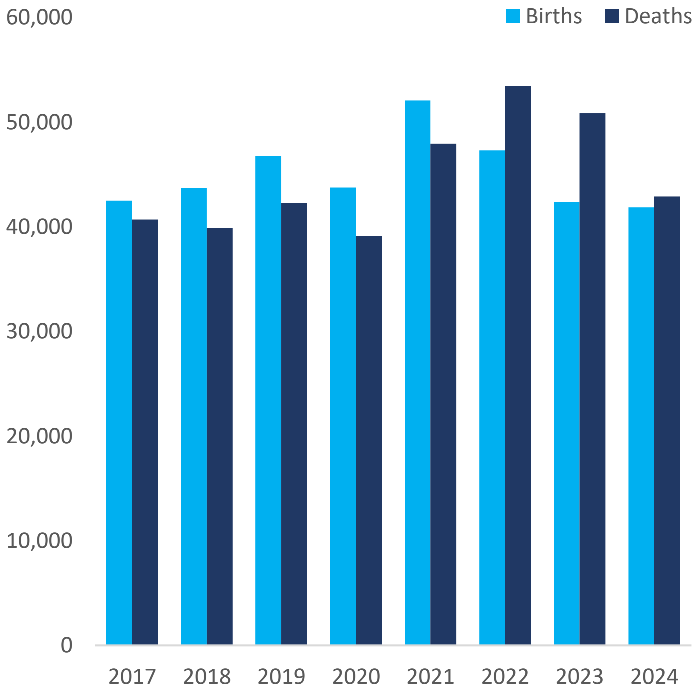
In Q4, 2024 there were 8,915 business births in the Midlands Engine geography. This was **a decrease of 13.9% from the previous quarter** (Q3 2024), compared to a 13.2% decrease nationally. **When compared to Q4 2023, business births were 11.6% lower in the Midlands Engine area**, reflecting national trends (-8.5%). The latest quarterly figures when compared across all quarters since Q1 2017 shows this was the lowest recorded figure for the Midlands Engine and UK-wide.

Across the Midlands Engine local authorities, when compared to the previous quarter (Q3 2024), **business births in 50 local authorities decreased, 4 remained unchanged and 11 increased.**

National data for main industrial groupings shows when compared to Q4 2023, there were decreases in 13 of 16 main groups for business births. The most significant falls came in transport and storage (down 22%) and business administration and support services (down 17%).

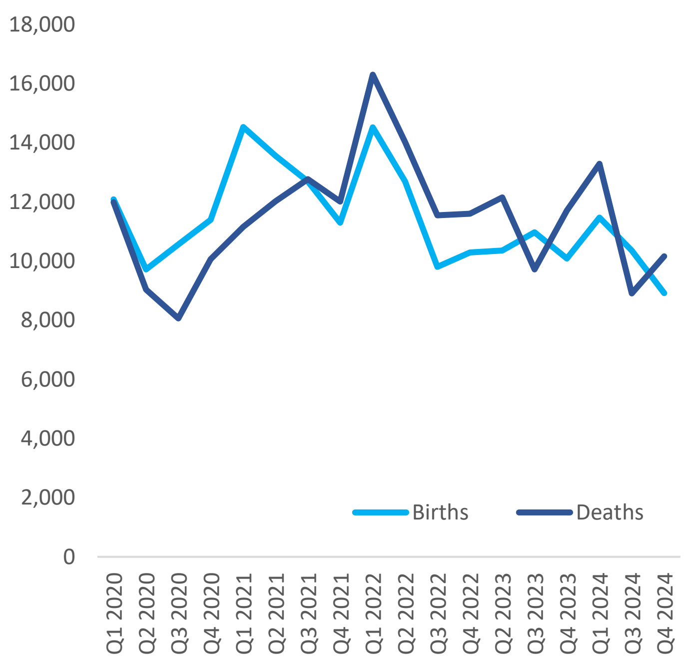
For three consecutive years, there has been **more business deaths than business births for the Midlands Engine area**. While for the UK, after two years of more business deaths than business births, in the latest year there has been more births.

Annual trends in Midlands Engine business births and deaths:



As seen in the following chart, business deaths are back above business births in the latest quarter.

Quarterly trends in Midlands Engine business births and deaths:



The Digitalisation and Prevalence of Innovative Practices in Firms

[New indicators](#) produced by the TPI Productivity Lab examine disparities in the concentration of digital-intensive firms and the adoption of innovation practices within Mayoral Combined Authorities (MCA) in the UK.

Digitalisation Quotient

Areas in southern England are more successful in attracting digital companies than those in northern areas. The Digitalisation Quotient for the Greater London Authority is at 147% of the UK's average, West of England at 122%, and Cambridge and Peterborough at 109%. Whereas Tees Valley has the lower share (66%) of digital companies, followed by York and North Yorkshire (74%).

The West Midlands came in third lowest at 77% with the East Midlands roughly in the middle (88%) – meaning both regions were lower than 95% of the UK average.

Innovation Quotient

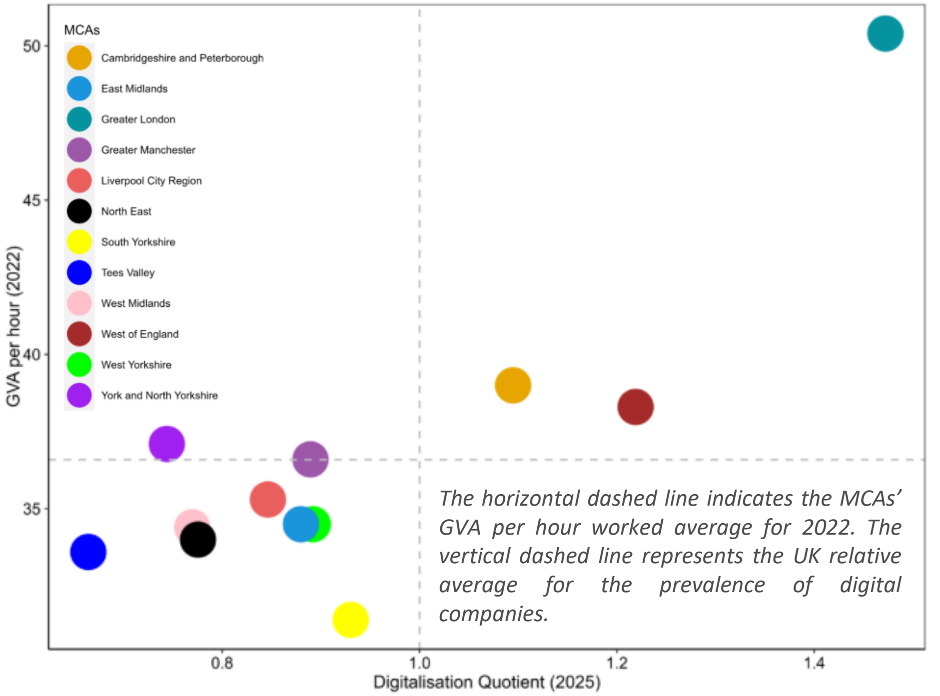
Greater London Authority has the higher TPI Innovation Quotient (135% of the UK average), followed by Cambridge and Peterborough (113%) and West of England (103%) CAs. This geography of innovation represents the existence of critical research and innovation clusters in Cambridge-Peterborough and London and provides a relative view of the prevalence of these practices. In contrast, Tees Valley, York, and North Yorkshire combined authorities present the lowest values, with 64% and 67% of the UK's average, respectively.

The East Midlands came in fourth lowest at 77% with the West Midlands roughly in the middle (81%) – meaning both regions were lower than 95% of the UK average.

Relationship with Productivity

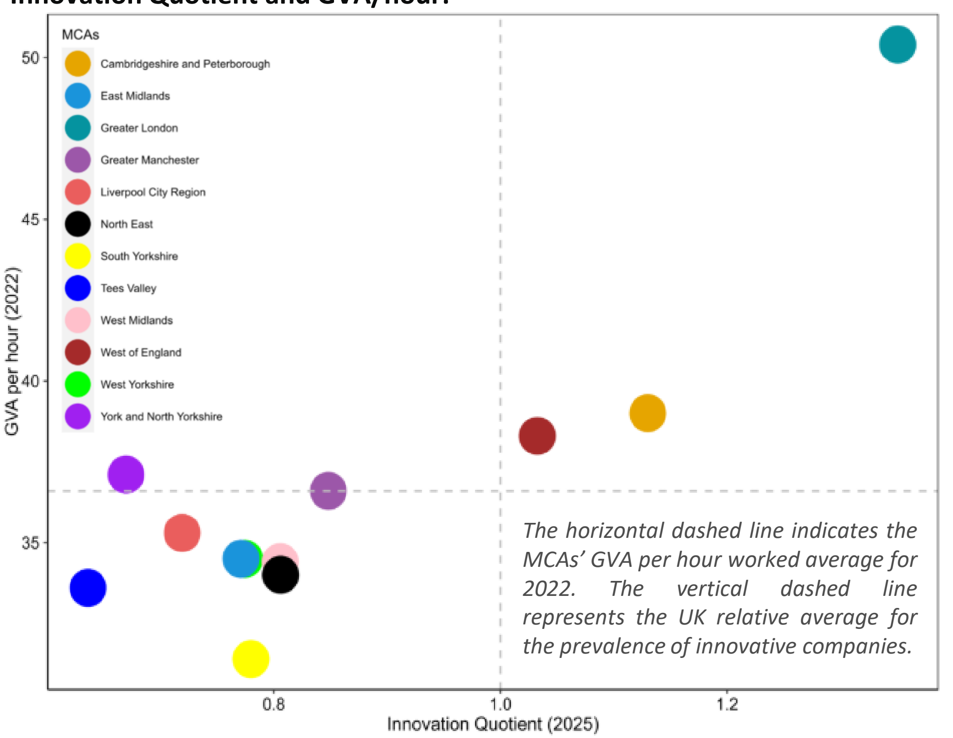
The following scatter plots show a similar performance of MCAs when looking at **innovation and digitalisation in 2025** against productivity performance (GVA per hour worked in 2022). For example, **the North East and West Midlands have similar GVA values and digitalisation and innovation quotients, suggesting regional similarities and calling for further analysis**.

Digitalisation Quotient and GVA/hour:



Source: TPI The Productivity Lab using The Data City data

Innovation Quotient and GVA/hour:



Source: TPI The Productivity Lab using The Data City data

Local Business and Policy Intelligence By Sector

SECTOR	KEY INSIGHTS
Tech / Digital	• **AI could contribute significantly to GDP, with estimates of a 7% increase globally over a decade. Generative AI adoption could boost worker efficiency by up to 40%,** and it is driving advancements in pharmaceuticals, finance, and other sectors. However, **AI relies on extensive computational power,** primarily provided by data centres. The UK is currently Europe's leader in data centres and generative AI start-ups but faces increasing competition. This report details an energy strategy for data centres.
Construction	• Construction output **is estimated to have increased by 0.5% in Quarter 4 (Oct to Dec) 2024 compared with Quarter 3 (July to Sept) 2024;** this came solely from an increase in new work (1.2%), as repair and maintenance fell by 0.4%.

Retail, Hospitality and Tourism	• **Retail sales volumes (quantity bought) are estimated to have risen by 1.7% in January 2025. This follows a fall of 0.6% in December 2024** (revised down from a fall of 0.3%). **Food store sales volumes grew strongly in January 2025, following falls in recent months.**
	• **Research from City-Redi and Culture Central has mapped regional trends in public investment in culture, and provides a stark view of diminishing funding levels and associated risks for the region's position as a cultural powerhouse.** Findings reveal:
	  o **Public investment in the West Midlands culture sector has fallen drastically since 2016**, with a projected funding gap of £102 to £126 million by 2030, representing a 40-49% shortfall.
	  o **This sharp decline is expected to lead up to 2,650 fewer Full-Time Equivalent (FTE) jobs by 2030**, with wider implications for part-time and freelance workers.

Manufacturing	• S&P Global UK Manufacturing PMI data continues to underscore the challenges facing the UK manufacturing sector, with the **PMI registering at 48.3**. Despite a slight improvement from December's 11-month low, the **sector remains in contraction for the fourth consecutive month**, driven by a complex interplay of domestic and international pressures. • Back British Metals (BBM) is reinforcing its commitment to **positioning the UK metals industry as a key driver of economic growth**, **innovation**, **and national resilience** by driving forward a bold strategy to secure recognition, investment, and policy support for the metals sector. • **Energy-intensive industries fear they will be "held back" by upcoming reforms to the connections process,** which they believe will **prioritise large renewables projects** over their onsite decarbonisation. • This comes as a group of major British businesses has warned that without further investment, the UK's electricity network will become significantly constrained from 2030 as the economy electrifies. Industrial electrification will increase electricity use by 78% between 2024 and 2050. **The growth in demand from both industry and other sectors will put significant pressure on the UK's distribution network, which is already struggling to meet current energy needs. If the grid is not upgraded, many industrial sites across the country will be unable to access the power required to decarbonise their operations. According to the report, almost 42% of large industrial sites could face power shortages by 2030, rising to 77% by 2050.**
Environmental Technologies	• A recent study has shown that **water scarcity is set to cost the UK economy £25bn over the next five years in undelivered housing due to 61,600 homes not being built.** • A Farmer Opinion Tracker survey found that, as of October 2024, 66% of farmers felt that they had to make changes due to climate change, up from 55% in October 2023. **This trend was tracked across farms of all sizes and regions, but most acutely in the West Midlands. The most affected farm types were cereals, other crops and dairy.** • The UK Government is to incentivise the use of local supply chains by offshore wind developers. **Offshore wind developers will secure subsidies from the UK Government - a bonus payments of £27m per gigawatt - if they source from local suppliers that create jobs in 'areas that need it most', called the 'Clean Industry Bonus'**. They can do so by investing in relationships with local suppliers, or by creating their own factories to provide a domestic supply of components such as blades and cables. • A new report from the Resolution Foundation reveals that **rooftop solar can cut household bills by an estimated £440 a year on average, equivalent to almost a quarter of energy spending for the poorest fifth of households. Poorer households have the most to gain from lower bills but are least able to access solar panels without policy support, due to prohibitive up-front costs.** Changes to policy support in the past decade has shifted the distribution of solar panels towards richer areas.
Transport Technologies	• Research from NIESR reveals the extent to which there is a **regional transport connectivity gap, as a significantly smaller proportion of the population in Britain's second-tier cities can reach the city centre within 30 minutes compared to the European average for similar locations**. This underperformance has been attributed to transport issues. • Midlands Connect is revising its strategic outline business case (SOBC) for reinstating a **direct rail service between Coventry and Leicester**. Currently, passengers must transfer at Nuneaton, adding time and complexity to the journey.

5. Net Zero Economy

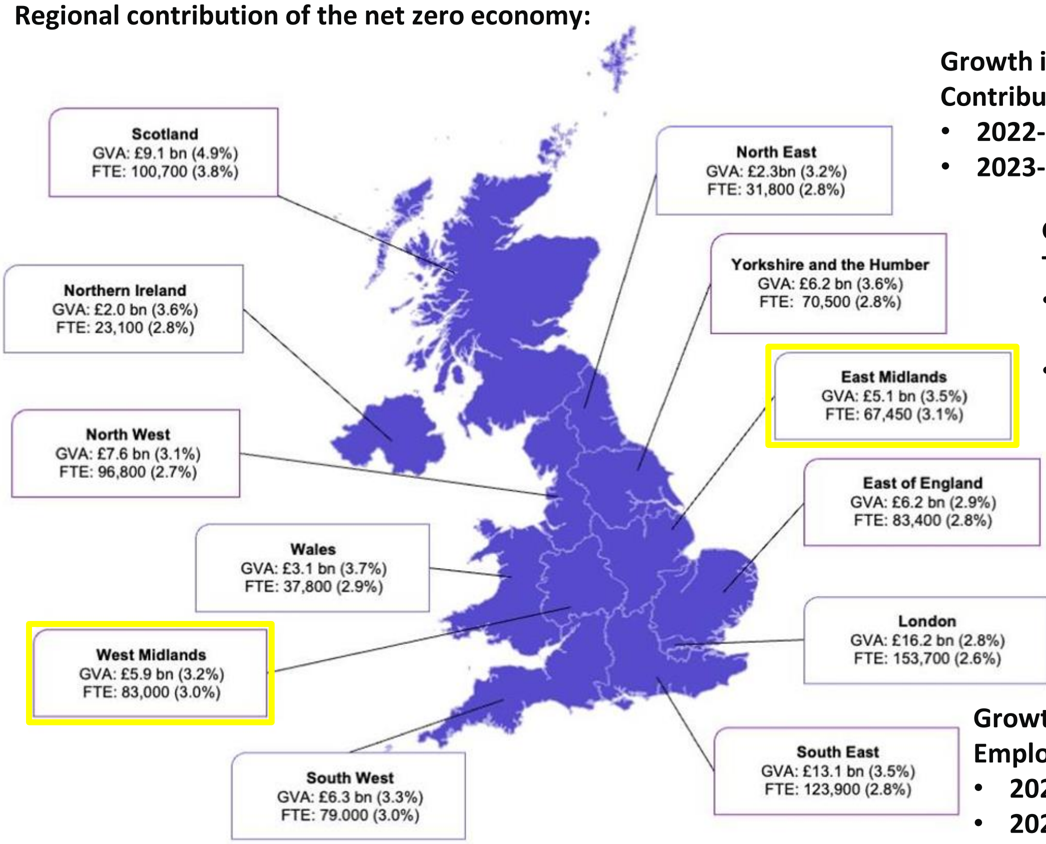
The Economic Opportunities Brought by the UK's Net Zero Economy

CBI Economics have released a new report which builds upon previous research, providing an updated and expanded analysis of the sector's economic impact at national, regional, and local levels. **The net zero economy has become a significant driver of growth and innovation in the UK. Between 2023 and 2024, the sector grew 10.1% and now generates £83.1bn GVA, with £28.8bn directly from net zero businesses and £54.3bn from supply chain activities and broader economic contributions.** This robust performance underscores the sector's multiplier effect, with every £1 of value generated by the net zero economy creating an additional £1.89 in the wider economy.

National headlines:

Gross Value Added	Year on Year GVA Growth	FTE Employment	Year on Year Growth (FTE Employment)	Investment funding & FDI (2024)	Productivity
£83.1 billion	**10.1%**	**951,400 Jobs**	**10.2%**	**£23 billion**	**£105,542**

Regional contribution of the net zero economy:



Source: CBI Economics (2025)

Growth in Initial Net Zero GVA Contributions

- **2022-24:** WM +11.2%, EM +10.0%
- **2023-24:** WM +11.1%, EM +14.3%

Growth in Initial Net Zero Total Contributions

- **2022-24:** WM +10.3%, EM +9.8%
- **2023-24:** WM +14.7%, EM +16.1%

Growth in Initial Net Zero Employment Contributions

- **2022-24:** WM +10.4%, EM +13.8%
- **2023-24:** WM +10.9%, EM +9.3%

Growth in Total Net Zero Employment Contributions

- **2022-24:** WM +14.3%, EM +15.6%
- **2023-24:** WM +10.2%, EM +9.7%

The **West Midlands** net zero economy sector totals £5.9bn in GVA, **with the electricity, gas, steam and air conditioning supply sector accounting for nearly £1.4bn**. The **East Midlands** net zero economy sector totals £5.1bn in GVA, with the **electricity, gas, steam and air conditioning supply sector accounting for nearly £1.3bn**.

Top sectors within each Midlands regional net zero economy:

West Midlands	GVA (£m)	% Regional economy	% Regional NZ Economy
Electricity, gas, steam and air conditioning supply	£ 1,381	0.8%	25%
Manufacturing	£ 828	0.5%	15%
Water supply	£ 626	0.3%	11%

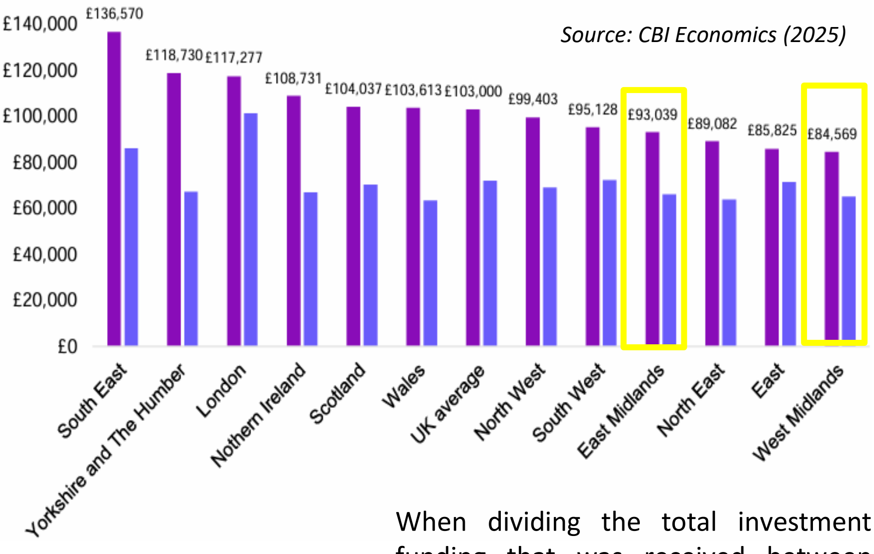
East Midlands	GVA (£m)	% Regional economy	% Regional NZ Economy
Electricity, gas, steam and air conditioning supply	£ 1,303	0.7%	27%
Manufacturing	£ 719	0.4%	15%
Wholesale and retail trade	£ 452	0.2%	9%

Source: CBI Economics (2025)

Initial GVA = economic value created directly by the activity of net zero businesses

The Economic Opportunities Brought by the UK's Net Zero Economy

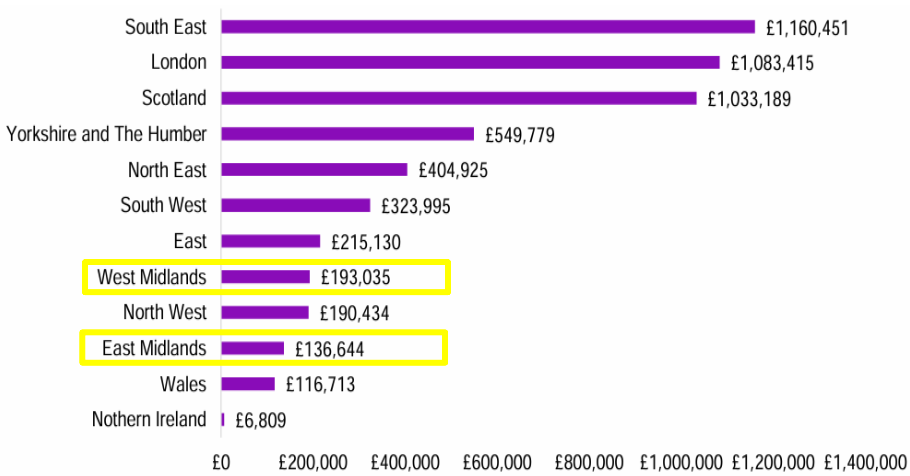
Regional productivity of net zero businesses vs. the regional average (GVA per FTE):



Source: CBI Economics (2025)

CBI analysis shows the **high-productivity nature of the UK net zero economy, which is 1.4 times higher than the UK average.** High-productivity for this sector can be seen across all regions, but with varying extent (as seen in the graph on the right). **With the South East the highest at £136,570 of GVA per FTE down to the West Midlands at £84.569 and the East Midlands the third lowest at £92,039.**

Average investment funding per net zero business received from 2022 to 2024:

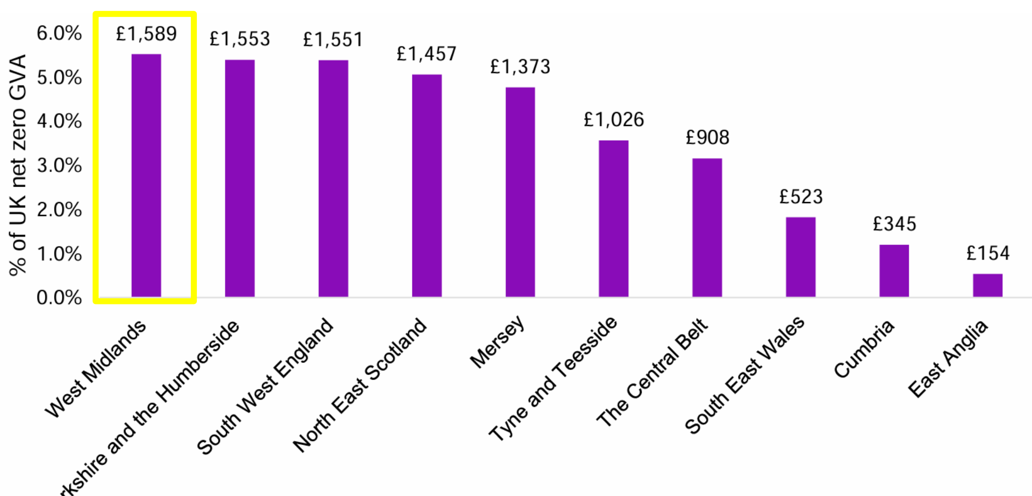


Source: CBI Economics (2025)

When dividing the total investment funding that was received between 2022 to 2024 by the number of net zero businesses with a registered address within a region, we get a sense of the average amount of private investment funding into a net zero business within a region. Between 2022 and 2024, on average, an average net zero business with operations in the South East saw just below £1.2 million in private investment funding. **The West Midlands was 5th lowest at £193,035. East Midlands was 3rd lowest at £136,644** down to Northern Ireland at £6,809.

Local Footprint of the Net Zero Economy

The transition to a net zero economy presents a transformative opportunity for local regions across the UK. By leveraging their unique natural resources and industrial strengths**, many areas are poised to become hubs of sustainable economic activity**. For instance, **regions with strong industrial bases, such as the Midlands** and the North West, are capitalising on their manufacturing expertise to develop and deploy green technologies.



The West Midlands, Yorkshire & the Humberside, and South West England are **the largest contributors to the UK's net zero economy,** each accounting for **5.5%,** 5.4%, and 5.4% of the **national total**, respectively.

Source: CBI Economics (2025)

6. Regional Inequalities

UK Poverty

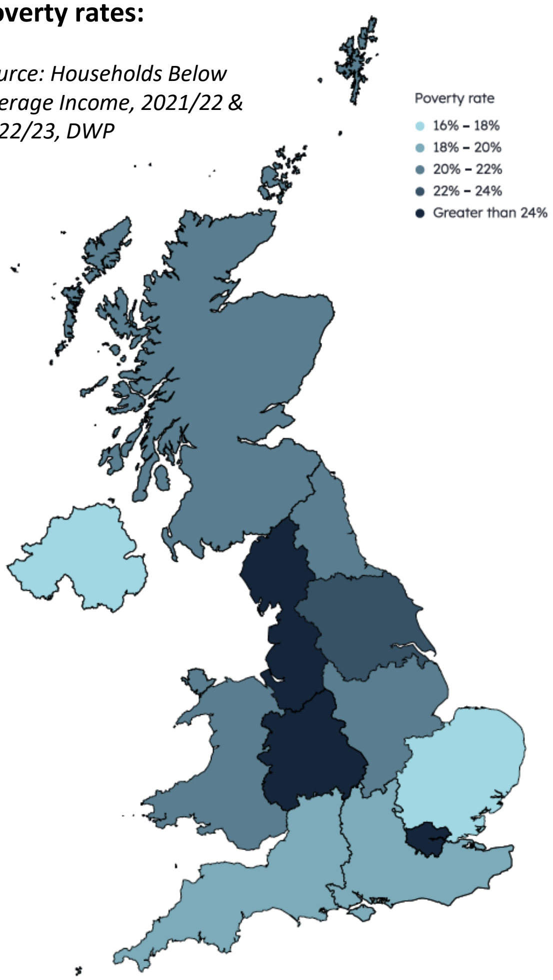
The Joseph Rowntree Foundation recently published UK Poverty 2025. This year, findings include; in England, the poverty rate was 22%. However, the regional breakdowns show a **clear divide between the South of England on the one hand and the Midlands and North of England on the other**, with London standing out in the south of England as having a high poverty rate. In the latest data, the **West Midlands (27%) had the highest poverty rate**, followed by the North West (25%), London (24%), and Yorkshire and the Humber (23%).

In the **West Midlands**, North West, Yorkshire and the Humber, and North East, **between 25% - 30% of working-age adults are not in employment**, compared to around 20% in regions with the lowest levels of poverty (the East, South East and South West of England). Across England, the North East, West Midlands, Yorkshire and the Humber, and the North West had **the highest share of working-age adults in households where nobody was in work at between 14-18%**, compared to around 10% in the southern English regions with lower poverty rates. Moreover, households where someone was in work in these regions in the North and Midlands took **home substantially lower levels of earnings** on average than in regions in the south of England, with workers in the North and Midlands more likely to be in 'routine occupations', which tend to be lower-paid roles. They also tend to have a **higher share of households living in rented accommodation and receiving UC** or equivalent legacy benefits than the regions with lower poverty rates. **Child poverty rates are highest in constituencies in these regions**; in some constituencies in the West Midlands and the North West over 1 in 2 children are in poverty. For the West Midlands, these include many in Birmingham: Ladywood (55%), Hall Green and Moseley (55%), Yardley (53%), Perry Barr (53%), and Hodge Hill and Solihull North (51%).

Poverty rates were lowest in the East (18%), South West (19%), South East (19%) and **East Midlands (20%).** Generally, this reflects the **stronger labour markets** in these areas, with **higher rates of employment, greater proportions of workers working in higher-paid jobs and sectors,** and a lower proportion of children and working-age adults in households where nobody is in work. These regions also have **higher rates of homeownership** and related to this, the population skews older, with a greater share of the population being pensioners (lower risk of poverty).

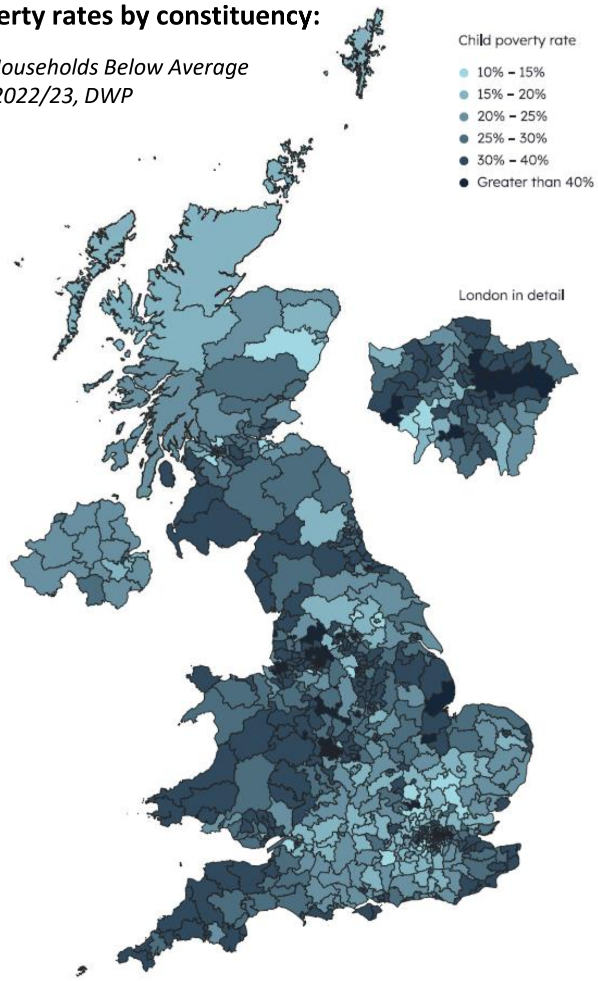
Poverty rates:

Source: Households Below Average Income, 2021/22 & 2022/23, DWP



Child poverty rates by constituency:

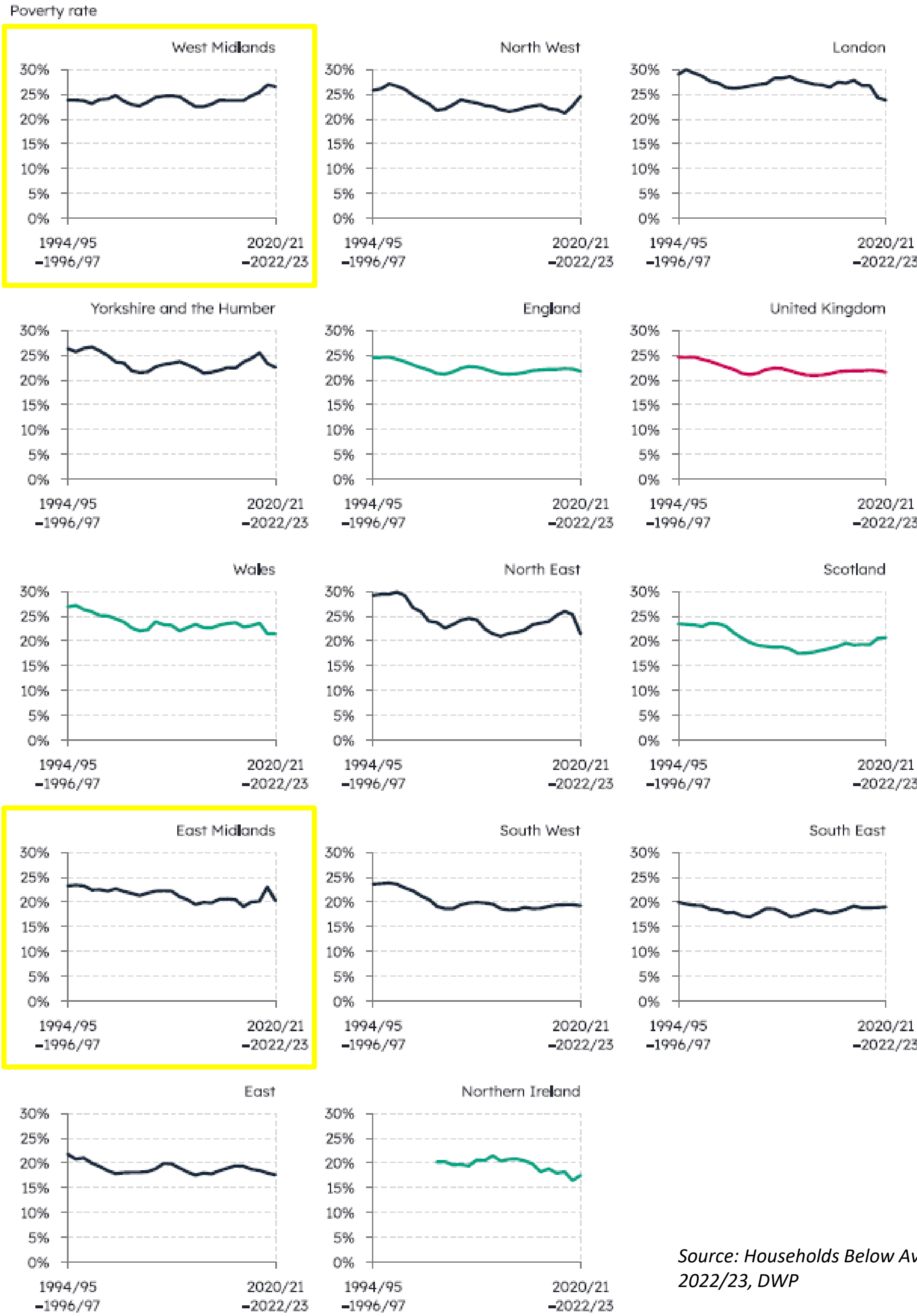
Source: Households Below Average Income, 2022/23, DWP



Change over Time

Poverty rates across most nations and regions of the UK were lower in 2020/21–2022/23 than they had been 25 years earlier, with the exception of the West Midlands, where they increased by almost 3 percentage points. However, over the past 2 decades, poverty rates across most of the UK have been stubbornly stagnant rather than falling. Where poverty rates have fallen, this is predominantly due to falling levels of pensioner poverty (although rates of poverty among pensioners have climbed in recent years), alongside increased rates of employment among working-age adults, with rates of unemployment now at record lows. However, levels of economic inactivity have been climbing – stifling further reductions in poverty rates, as have rates of in-work poverty.

UK Poverty rates by nation and region:



Source: Households Below Average Income, 2022/23, DWP

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For any queries please contact: Professor Delma Dwight (Delma.Dwight@theeiu.org)

MIDLANDS ENGINE
OBSERVATORY