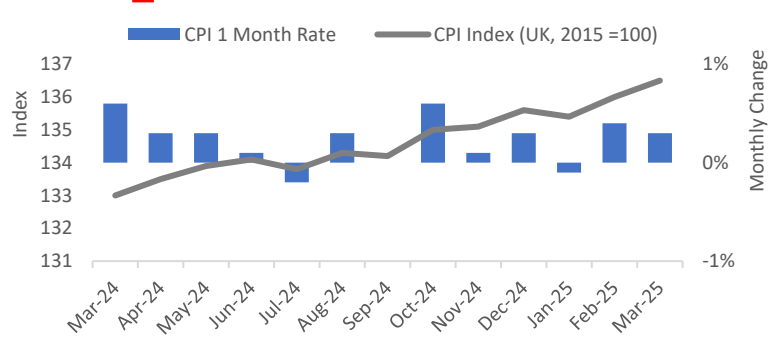


Sandwell Monthly Economic Insights, April 2025

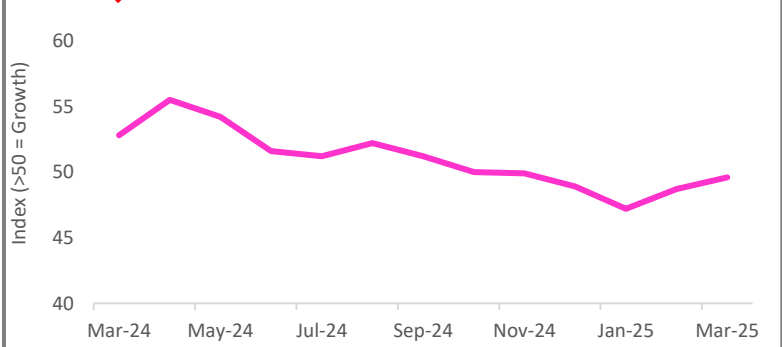
The UK economy defied expectations in February, bouncing back with its fastest growth in nearly a year. This burst of activity points to a stronger start to the year, but the road ahead looks far less certain. Inflation is poised to rise again, business confidence is falling and new US tariffs threaten to disrupt trade. As costs climb and pressure builds, with forward-looking indicators of sales and employment activity weakening, things may get worse before they get better. In Sandwell, GVA has increased over the past year at a rate almost matching the national average, and business births are up. However, business deaths have increased, employment rates have fallen, and the number of residents with no qualifications have increased. This comes as Sandwell scores low for youth opportunities in education and employment.

Monthly Monitoring Indicators

UK Consumer Price Index (CPI)

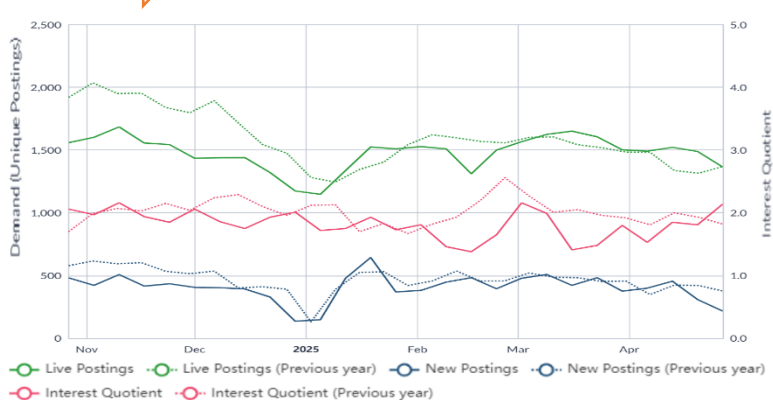


West Midlands Business Activity Index

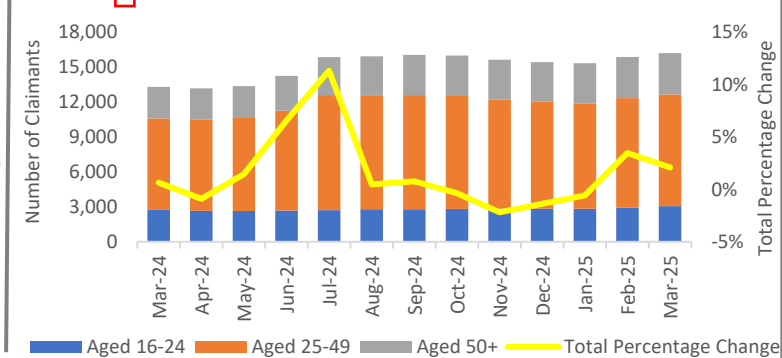


- Utilising a base year of 2015, UK CPI was **136.5** in March 2025 – an increase of **0.3%** from the previous month.
- The West Midlands **Business Activity Index** increased from 48.7 in February 2025 to **49.6** in March 2025.

Sandwell Job Demand and Interest Trend

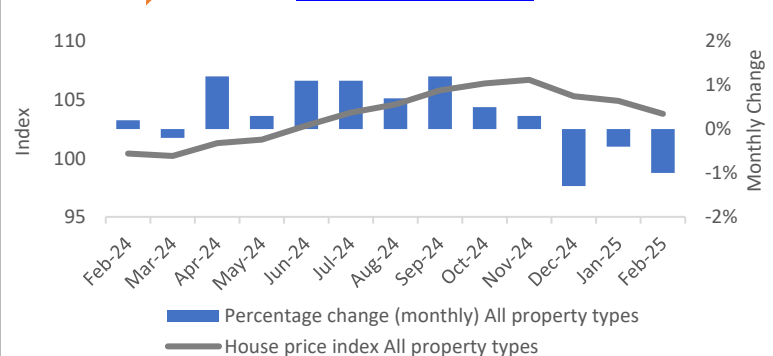


Sandwell Claimants

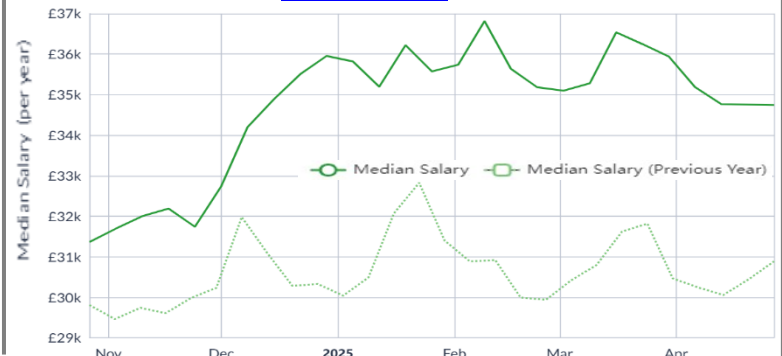


- In the past month: **3,502 job postings (-6.6% YoY)**, **1,773 new postings (-14.1% YoY)**, 1.8 (high) Interest Quotient.
- In total, **16,180 claimants in March 2025**; +330 since February 2025, (+2,895 since Mar '24).

Sandwell House Price Index



Sandwell Salary Trend



- Sandwell's **House Price Index** was **103.8** in February 2025. The monthly Index decreased by **1.0%**.
- In the past month, on Adzuna: **Median Salary of £35,459, +17.1% year on year.**

Other Recent Data Releases

- An update from the Office for National Statistics (ONS) on [Gross Value Added \(GVA\)](#) (current prices) for 2023:
 - Sandwell Total GVA: £7.3bn** (+8.7% or +£586m, UK +8.8% since 2022).
 - Sandwell GVA per Head: £21,021** (+7.8% or £1,519, UK +7.7% to £36,103 since 2022).
- The ONS have released [experimental data on quarterly business enterprise and deaths](#) at a local level, now up to Q1 2025. Analysis for Sandwell shows:
 - 450 business births in Q1 2025** (+30.4%, UK +36.5% since Q4 2024).
 - Q1 2024 – Q1 2025 Change: Sandwell +5.9%**, UK +2.8%.
 - 415 business deaths in Q1 2025** (+25.8%, UK +20.4% since Q4 2024).
 - Q1 2025 – Q1 2025 Change: Sandwell -14.4%**, UK -4.4%.
- The ONS [Annual Population Survey](#) (APS) has been updated to show the latest full year data (2024) for **employment activity**:
 - Sandwell Employment Rate: 67.3%** (-2.5 percentage points (pp), UK -0.2pp to 75.5% since 2023).
 - Sandwell Unemployment Rate: 5.2%** (-0.9pp, UK unchanged at 3.8% since 2023).
- The ONS [APS](#) was also updated for qualification levels in 2024:
 - Sandwell working age population with RQF4+:** 29.6% (-4.5% or -2,900, UK +1.3% to 47.4%).
 - Sandwell working age population with no qualifications:** 13.9% (+18.9% or +4,600, UK +2.7% to 6.8%).
- The latest data from Sports England’s [Active Lives Adult Survey](#) (covering the period of November 2023-24) shows:
 - Sandwell Physically Active Rate: 48.5%** (-2.9pp, England +0.3pp to 63.7% since Nov 2022/23).
 - Sandwell Physically Inactive Rate: 37.6%** (-0.5pp, England -0.5pp to 25.1% since Nov 2022/23).
- Updates on the Public Health England Fingertips [tool](#) include: [dementia – health trends – musculoskeletal health: local profiles – obesity - palliative & end of life care](#).
- [The Strategy Unit](#) have released a [new online tool](#) to **support people planning local health and care services**.
- The Learning and Work [Youth Opportunity Index for 2025](#) gives a **detailed portrait of the opportunities and challenges for young people in England**. The **overall index** (the average score across all indices. It gives an overall comparative measure of the education and employment opportunities for young people living in each local area, **the higher the score, the better the performance**) **score for Sandwell was 40** (out of 100).
- [New analysis by JRF](#) highlights **how cuts to sickness and disability benefits will fall most heavily on Labour’s heartlands**. Of the 100 constituencies with the highest proportion of working-age people in receipt of health-related social security, only 8 are not held by the Labour Party.
- Centre for Ageing Better released [State of Ageing 2025 report](#) which shows **living in the poorest parts of England can shorten lives by almost five years**.
- [New report](#) from Institute for Public Policy Research (IPPR) highlights **how housing issues vary by region**, for the West Midlands challenges include: **low proportion of energy-efficient dwellings, experienced the biggest raise in house-purchase unaffordability for lower-income earners and high levels of private rental**. Another [report](#) from the IPPR shows **how green transport can drive manufacturing growth in the UK – with the West Midlands notes as a key region**.
- [New report](#) from IFS explores **how much living standards vary across the country** (by measuring average household consumption spending before and after housing costs and mean weekly per-capita income).
- A [new tool](#) from IFS explores regional differences in public spending across England. **For the West Midlands region, total identifiable government spending in 2023/24 was £12,567 per person equating to 38.8% of regional GDP**.

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	<ul style="list-style-type: none"> As geopolitical tensions rise and the imposition of US tariffs threatens to dampen the economic outlook and hamper activity particularly for goods producers around the world, the UK finds itself in a challenging position. Elevated cost pressures and weak export orders are a concern for the UK economy as additional US trade barriers come into play. The announced tariffs raise the prospect of further weakness in demand from the US, while sustained cost pressures continue to impact margins, adding to the significant challenges already faced by UK businesses.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> Recent data from the Office for National Statistics (ONS) reveals monthly real gross domestic product (GDP) is estimated to have grown by 0.5% in February 2025, with growths in all main sectors, following January 2025 which showed no growth (revised up from a fall of 0.1% in the previous publication). Growth forecasts for the US and other advanced economies have been sharply downgraded by the International Monetary Fund (IMF) in the wake of dramatic swings in US president Donald Trump’s economic policy. The IMF says that global growth has already been hit by the decline in business and consumer confidence as “major policy shifts” by the US unfold. These are leading to less spending and less investment. The IMF say the chances of a global recession have risen sharply from 17% to 30%. And there is now a 40% chance of a recession in the US. For the UK, growth has been cut by 0.5%, to a very weak 1.1%, which is in line with forecasts from March. This is well below the 2% projected at the time of the last budget in the autumn. And despite the adjustments made in the UK’s spring statement, the downgrade is likely to mean more tax increases, spending cuts, or both. As part of the IMF forecasts, growth projections for the world’s richest countries in 2025 have been sharply reduced. In the US it is down 0.5% to just 1.8%, while growth in the euro area is projected to be just 0.8%. Japan will be growing by even less at 0.6%. Germany – the EU’s largest economy – is projected to have no growth at all. NIESR finds that, assuming a 10% universal tariff and 60% tariffs on China, global economic output could be 2% lower over five years. The effect on individual economies depends on their trade exposure to the United States, with Canada and Mexico particularly affected. NIESR estimates also show that the UK economy is vulnerable to the negative effects of US tariffs through both direct and indirect channels. NIESR find that tariffs raise prices and weaken economic activity in the United Kingdom, with the size of the effects depending on the scope of the tariffs. Even if the United Kingdom were exempt from these tariffs, economic activity could still suffer due to broader global disruptions. In a worst-case scenario where high tariffs are applied, UK GDP growth could fall to zero next year.
Trading Environment	<ul style="list-style-type: none"> The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 3.4% in the 12 months to March 2025, down from 3.7% in the 12 months to February. On a monthly basis, CPIH rose by 0.3% in March 2025, compared with a rise of 0.6% in March 2024. The Consumer Prices Index (CPI) rose by 2.6% in the 12 months to March 2025, down from 2.8% in the 12 months to February. On a monthly basis, CPI rose by 0.3% in March 2025, compared with a rise of 0.6% in March 2024. March’s inflation drop is only a temporary reprieve as a hefty increase is already nailed on for April, with rising household costs – including higher energy and water bills – and surging business expenses such as higher national insurance likely to lift inflation to around 3.5%, according to ICAEW. A small drop in the rate of inflation is always welcome. However, businesses fear it is the calm before the storm over the months ahead. British Chambers of Commerce surveys showed business concern about inflation is at 53%, up from the previous quarter. The rising global trade war will also heap further price pressure on businesses and consumers. Since early 2021, food prices in Britain have increased by 30%. Using monthly microdata, NIESR have found that frictions in the UK’s new trade relationship with the European Union (EU) play an important part in this inflation. 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’, recorded 1.5%. This figure remaining low is a positive indication, suggesting that headline inflation figure is being driven by large price increases in a few sectors, with inflation rates broadly falling for most items. The latest NatWest Purchasing Managers Index (PMI) reports the West Midlands Business Activity Index increased from 48.7 in February 2025 to 49.6 in March 2025, a four-month high. Some firms suggested that constrained client budgets affected output, while others reported growth amid the start of new projects and tentative signs of improving demand. The UK Business Activity Index increased from 50.5 in February 2025 to 51.5 in March 2025. The West Midlands Future Business Activity Index decreased from 74.3 in February 2025 to 68.5 in March 2025, the second highest region across the UK behind the East of England. Firms cited new product releases, efficiency gains and tech investment as supportive factors. ICAEW’s Business Confidence Monitor for Q1 2025 put confidence at -3.0 on the index, the weakest reading since Q4 2022 and down from 0.2 in the previous quarter. The notable fall in confidence was likely to be driven by record high tax worries, rising cost pressures and a slowdown in expected domestic sales growth. Historically, negative confidence readings have generally coincided with particularly difficult periods for the UK economy, including the major inflation shock in 2022 following Russia’s invasion of Ukraine. Manufacturing and engineering firms were hardest hit with sentiment dropping to -11.1 on the index, followed by property (-10.3) and retail and wholesale (-8.4). In contrast, confidence rose in three sectors: IT and communications

THEME	KEY INSIGHTS
	<p>(10), construction (7.8) and energy, water and mining (6.9). The buoyancy in construction is likely to be linked to the government's commitment to house-building targets and planning reform.</p> <ul style="list-style-type: none"> • UK output rose at its fastest pace in five months in March, as a strengthening services sector masked a steeper downturn in manufacturing production. 4 out of 14 UK sectors saw a rise in output in March. • The UK flash composite Purchasing Managers' Index (PMI) fell significantly in April to a 29-month low. EY ITEM Club doubt that activity is genuinely contracting, and this latest PMI is heavily driven by sentiment. • US President Donald Trump has imposed a baseline tariff of 10% on all imports from the UK. A higher rate of 25% applies to steel, aluminium and vehicles. Per the UK Government's own figures, 21.7% of the UK's total exports in the four quarters concluding with Q3 2024 were bound for the USA's market. This makes the USA the UK's largest trade partner in recent times. • UK Export Finance (UKEF) has been given the power to provide up to £20bn of additional financing to British businesses exporting their goods and services, as these firms scramble to navigate new tariffs imposed by the USA. • There are fears that domestic production will suffer from a surge in imports or dumping of goods from China. • A survey by the British Chambers of Commerce has found that 62% of UK firms with trade exposure to the US expect to be negatively impacted, and many of these will be in retail, hospitality and leisure. • New business starts-ups and insolvency-related activity both increased in the Midlands last month. New figures indicate that there were 6,449 businesses set up in the West Midlands in March. This is a significant rise of more than 15% compared to the previous month, and is the highest monthly number of start-ups the Midlands has seen since April of last year. The data also shows, however, an 8.42% rise in insolvency-related activity in the West Midlands. • New figures from the Office for National Statistics reveal that government spending on research and development increased by 1.9% in real terms between 2022 and 2023. This is a positive signal of the UK's long-term commitment to boosting public R&D expenditure, which is critical to driving long-term economic growth. This growth rate is stronger than the OECD average of 0.6%.
Labour Market	<ul style="list-style-type: none"> • Estimates for payrolled employees in the UK decreased by 8,000 (0.0%) between January and February 2025 but rose by 35,000 (0.1%) between February 2024 and February 2025. • The estimated number of vacancies in the UK fell by 26,000 on the quarter, to 781,000 in January to March 2025. Vacancies were 15,000 below their January to March 2020 level. This is the first time since March to May 2021 they were below the pre-coronavirus (COVID-19) pandemic figure. • The British Chamber of Commerce say the rising cost of employment is a major challenge for employers. While wage growth, including bonuses, has eased once again, it continues to significantly outpace inflation. Added to this, the employer national insurance hike this month has ramped up staffing costs. It will be some time before we will fully understand the true impact of these increases on jobs, investment, and the extent to which firms can absorb and adjust to the rising costs. • This comes as The British Chambers of Commerce reveals only a fifth (20%) of firms increased their workforce over the last three months, and 17% reported a cut in staff. • With SMEs in particular feeling the impact of increased employment costs, elements of the Employment Rights Bill could make hiring untenable, according to ICAEW. • Permanent placements in the Midlands decreased for the tenth straight month in March, according to the latest KPMG and REC UK Report on Jobs. The report also showed that the rate of contraction quickened from February and was sharp overall. Meanwhile, temp billings fell at a rate that, though modest, was the most pronounced in a year. A sustained fall in hiring activity contributed to further steep increases in candidate availability for both permanent and temporary roles. Demand for both permanent and short-term staff fell at notably softer rates than those recorded in February. At the same time, recruiters signalled slightly stronger increases in starting salaries and temp pay. • Growth in regular average weekly earnings remains strong at 5.9% in the three months to February 2025, and 5.6% including bonuses. • NIESR forecast regular pay growth to record 5.7% in Q1 2025, with the rise in national minimum/living wage in April keeping wages elevated. With inflation falling, annual growth in real regular pay remains strong at 2.1%, meaning workers will see a continued recovery in their standard of living. • The Women in Work Index assesses the progress made towards achieving gender equality at work across 33 OECD countries. The UK has slipped one place in the rankings to 18th, as research shows that increasing workplace participation rates of women has the potential to boost productivity in the UK economy.

THEME	KEY INSIGHTS
	<ul style="list-style-type: none"> 13% of all 16–24-year-olds in the UK are not in education, employment or training (NEET). This equates to nearly one million young people who are not currently learning or earning. The long-term scarring impact of being NEET for a sustained period of time on young people, society, and the economy, is well known. It is therefore of particular concern that 48% of young people in the UK are still not in education, employment or training a year after they first become NEET, equating to more than 360,000 young people likely to experience the long-term impacts of being out of work or education. A young person’s previous experience of employment matters; 58% of NEET young people in the UK have never had a paid job.

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	<ul style="list-style-type: none"> After the UK Government approved emergency legislation to keep Scunthorpe’s steelworks running despite British Steel’s plans to shut its blast furnaces, workers are celebrating and green economy leaders are pressing for a robust Industrial Strategy to prevent a repeat crisis. The downturn in the UK manufacturing economy has deepened. Hampered by the cancellation of orders, with the US cited as the primary source of international weakness, goods production declined in six of the seven manufacturing sub-sectors. That resulted in a fifth consecutive monthly contraction in activity across the sector. Automobiles & Auto Parts (37.3) was hit particularly hard, reflecting steep drops in domestic and foreign orders. Of the manufacturing sub-sectors, only Beverages & Food (50.1) avoided a contraction in output. There are currently 55,000 unfilled long-term vacancies in the UK manufacturing sector, costing the economy £6bn in lost output each year.
Construction	<ul style="list-style-type: none"> Construction output is estimated to have grown by 0.4% in volume terms in February 2025; this follows a downwardly revised decrease of 0.3% in January 2025.
Retail, Hospitality and Tourism	<ul style="list-style-type: none"> Retail sales volumes (quantity bought) are estimated to have risen by 1.0% in February 2025. This follows a rise of 1.4% in January 2025 (revised down from a rise of 1.7%). Non-food store sales volumes grew strongly in February 2025, with rises across all four sub-sectors (department, other non-food, clothing, and household goods stores), while supermarket sales volumes fell back following a strong rise in January 2025. The Capital on Tap nightlife report collated data from different sources to announce its top ten nightlife destinations and Wolverhampton came ninth. While it was also noted that between 2022-2025 Birmingham had lost almost 18% of its pubs and clubs.
Digital / Tech	<ul style="list-style-type: none"> When analysing the relationship between digitalisation and innovation at the Mayoral Combined Authority, data shows/indicates a strong correlation of 0.938. This finding suggests that regions exhibiting higher levels of digitalisation are also more likely to serve as hubs of innovation. The underlying implication is that factors such as infrastructure, investment in research and development (R&D), and supportive local policy environments create synergies that promote both digitalisation and innovation. In contrast, the absence of these elements may result in certain regions lagging behind in terms of progress and development. The UK AI Sector Spotlight 2025 Report reveals how AI is reshaping the UK’s tech landscape. The UK AI sector is worth \$230B, making it the largest AI market in Europe. AI startups raised \$1.03B in Q1 2025, the strongest first quarter in 3 years. 76% of UK tech leaders say AI is driving their business growth. \$5.4bn of investment is needed to scale the UK’s data storage operations to meet the demands of the rapidly expanding AI industry, in a way that manages environmental impacts. This includes investment in renewable energy, energy-efficient IT systems, infrastructure upgrades and sustainability tracking tools.
Transport Technologies and Logistics	<ul style="list-style-type: none"> The imposition of a 25% tariff on automotive imports by US President Donald Trump will create significant challenges for UK automotive employers. Analysis by City-REDI reveals the West Midlands is the region facing the worst impacts, estimated loss of £6.2bn GDP, which is 62% of the total UK impact. 66,000 West Midlands jobs are at risk.
Environmental Technologies	<ul style="list-style-type: none"> The UK’s solar and battery energy storage sectors could almost treble their annual contribution to the nation’s economy to £5.1bn by 2035, provided that supporting policies are put in place for the UK to host 90GW of solar generation capacity. A lack of available positions is hampering entry into UK’s green jobs market. While 27% of UK workers would take a pay cut and 39% would consider retraining to enter the green jobs market, barriers to entry remain, including a perceived lack of available positions. The UK Government will funnel £300m of funding to the development of domestic supply chains for offshore wind, reducing the nation’s reliance on imports and creating new manufacturing jobs.

NEW INVESTMENT, DEALS AND OPPORTUNITIES

COMPANY	LOCATION	SECTOR	DETAIL
Kee Safety	Cradley Heath	Manufacturing	Kee Safety, based in Sandwell , has secured a joint investment from Inflexion and 65 Equity Partners in a deal that implies a valuation for the company of approximately £1.3bn. Headquartered in Cradley Heath , the company specialises in the design, installation, and certification of safety systems, offering products for fall protection, safe access and ground safety.
Heathrow Airport	Black Country	Manufacturing	Black Country manufacturers are being encouraged to tap into the capacity of Heathrow Airport in a bid to boost global opportunities. An event, which is being held at Wolverhampton-based Zaun Ltd, will give up to 15 local firms the opportunity to provide intelligence on exporting, key international markets and barriers to entry.