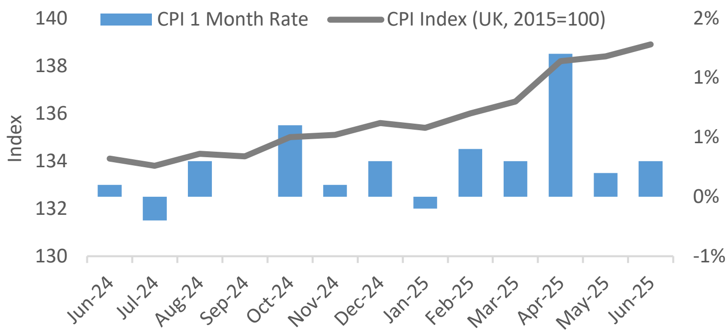
The Economic Intelligence Unit

Walsall Monthly Economic Insights, July 2025

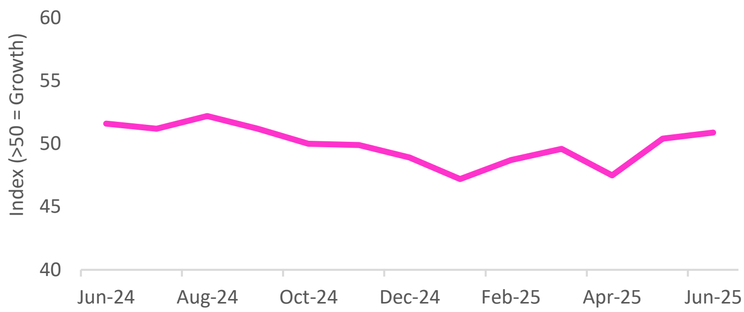
The UK economy faces fragile momentum following an early 2025 boost, with modest GDP growth and persistent inflationary pressures. Inflation is projected to stay above target into 2026, and labour market tightness continues, particularly in recruitment. Tackling long-term sickness absence and addressing enduring skills shortages are now key to sustaining workforce productivity and economic resilience. In the West Midlands, business confidence is mixed—growth in registrations is offset by declining investment and grant funding. Encouragingly, many firms in the region report export ambitions and operational growth plans. In Walsall, unemployment rates have dropped, and the number of NEETs are now below national levels. However, exclusions and suspension rates are up.

Monthly Monitoring Indicators

UK Consumer Price Index (CPI)

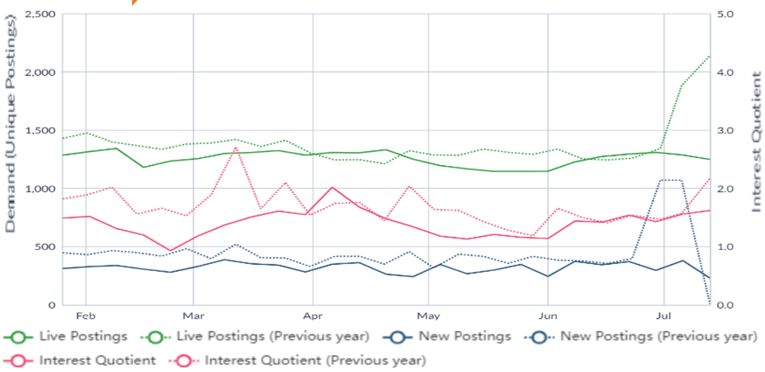


West Midlands Business Activity Index

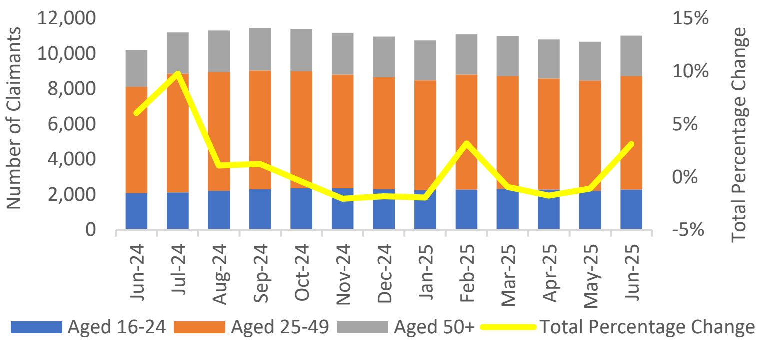


- Utilising a base year of 2015, UK **CPI was 138.9** in June 2025 – **an increase of 0.3% from the previous month.**
- The West Midlands **Business Activity Index increased** from 50.4 in May 2025 **to 50.9 in June 2025.**

Walsall Job Demand and Interest Trend

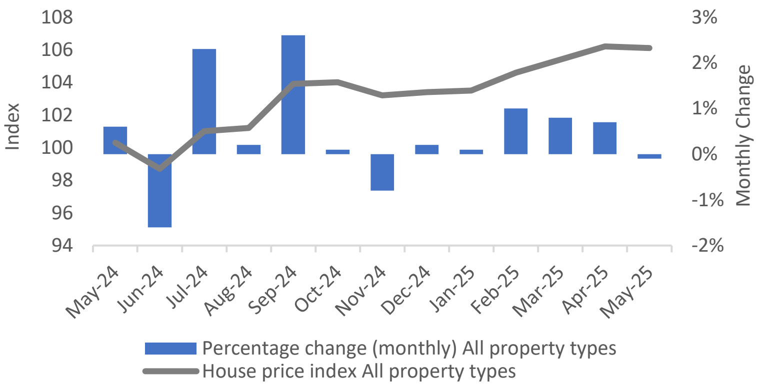


Walsall Claimants

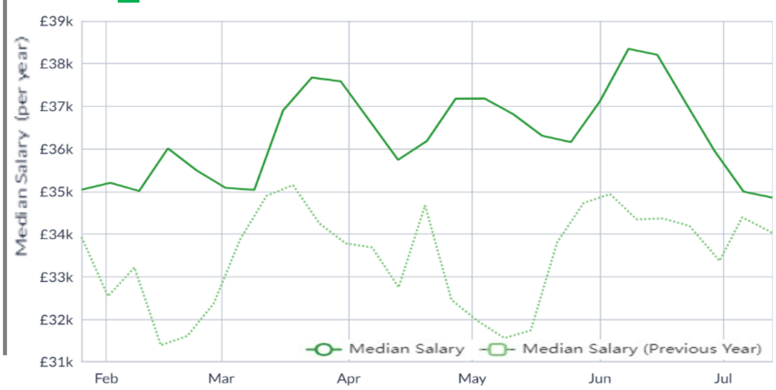


- In the past month: **2,016 job postings (-43.8% YoY), 615 new postings (-72.7% YoY).** 1.5 (high) Interest Quotient.
- In total, **11,000 claimants in June 2025**; **+330 since May 2025**, (+800 since Jun '24).

Walsall House Price Index



Walsall Salary Trend



- Walsall's **House Price Index** was **106.1 in May 2025**. The monthly Index **decreased by 0.1%.**
- In the past month, on Adzuna: **Median Salary of £35,067, +3.3%** year on year.

Other Recent Data Releases

- The Office for National Statistics (ONS) have released experimental data on quarterly business enterprise and deaths at a local level, now up to Q2 2025. Analysis for Walsall shows:
  - **310 business births in Q2 2025** (**-6.1%**, UK -12.9% since Q1 2025).
    - **Q2 2024 – Q2 2025 Change: Walsall** +5.1%, UK -4.2%.
  - **250 business deaths in Q2 2025** (**-21.9%**, UK -11.5% since Q1 2025).
    - **Q2 2024 – Q2 2025 Change: Walsall** +4.2%, UK -2.4%.
- The ONS Annual Population Survey (APS) has been updated to show data for the year ending March 2025 for **labour market activity**:
  - **Walsall Employment Rate: 72.9%** (-0.9 percentage points (pp), UK unchanged at 75.4% since the year ending March 2024).
  - **Walsall Unemployment Rate: 4.1%** (-1.9pp, UK unchanged at 3.9% since the year ending March 2024).
- Department for Education have released data relating to those aged 16-17 who are Not in Education, Employment or Training (NEET) for the 2024/25:
  - **Walsall NEET** (inc. not known): **5.2%** (-0.1pp, England +0.2pp to 5.6%).
- The ONS estimates of green jobs publication shows that in 2023, **there were 20,405 jobs in high-emitting industries and 27,700 jobs in low-emitting industries in Walsall**.
- Data from the Department for Energy Security & Net Zero and the Department for Business, Energy & Industrial Strategy shows for Walsall in 2023:
  - **Carbon dioxide emissions: 896 Kt CO_2e** (-4.8%, National: -5.7% since 2022).
- The latest government data reveals a 21.3% increase in school suspensions and 16.1% increase in permanent exclusions since academic year 2022/23. Data for Walsall shows:
  - **6,337 suspensions (rate of 11.9%)** +104.0%
  - **55 permanent exclusions** +17.0%.
- Ageing-better report **shows homes in England are more likely to have mould than a large screen TV**. In total, one in every four homes in England risk putting their inhabitants' physical health and mental wellbeing at risk with damp issues. **For the West Midlands region, 24% of those aged 55-64 years old reported a problem with condensation, damp or mould** in 2022/23.
- The FutureDotNow calculator **allows an organisation to estimate the economic benefits of upskilling their own workforce** in the 20 tasks set out in the Essential Digital Skills Framework by quantifying the return on investment of building workforce digital skills.
- A new publication from Nesta reports that **obesity and excess weight costs the UK economy around £31bn a year in lower productivity**. That's equivalent to 3p off the rate of income tax for everyone in the country.
- London Economics research shows that the **total economic impact of formal volunteering activity** in England in 2021/22, based on the replacement cost and wellbeing benefits of volunteering, was estimated at **£24.69bn**. This represents an average economic impact of **£2,012 per volunteer**.
- A new national report from Resolution Foundation finds that there is a wide and growing gap between rich and poor when it comes to the share of their spending going on essentials. **The poorest fifth of working-age households now spend 51% of their after-housing budgets on food, energy, transport, clothing and childcare, up from 46% in 2006; the richest fifth spend just 39%** (38% in 2006).

Economy and Business Intelligence

THEME	KEY INSIGHTS
Economic Outlook	• Following on from the Industrial Strategy, published last month, the Government has recently published both the Life Sciences Sector Plan and the Financial Services Growth and Competitiveness Strategy. We also saw the publication of the long-awaited Compute Roadmap by DSIT. • Recent data from the Office for National Statistics (ONS) reveals **monthly real gross domestic product (GDP) is estimated to have fallen by 0.1% in May 2025, following a fall of 0.3% in April 2025 and growth of 0.4% in March 2025**. **Real GDP is estimated to have grown by 0.5% in the three months to May 2025,** compared with the three months to February 2025, largely driven by growth in the services sector in this period. • NIESR **project GDP growth of 0.2% in the second quarter of 2025**. However, fragile demand conditions and persistently weak private investment are likely to limit the strength of growth this year. The Chancellor's fiscal headroom remains

THEME	KEY INSIGHTS
	limited by historically high levels of public borrowing and debt. Her spending plans now hinge heavily on reviving economic growth, underscoring the urgent need for credible reform to stimulate business investment. • **The UK economy made a strong start to the year but, sadly, the momentum didn't last**. The first quarter was boosted by some activity being brought forward to beat April's introduction of US tariffs, and the signs are that momentum has been lost into Q2. While EY don't expect a recession, the EY ITEM Club Summer Forecast expects weak growth over the remainder of this year and into the start of 2026. Nonetheless, the strong start to the year has contributed to the **revision of the 2025 GDP growth forecast to 1.0% from 0.8%**. EY still expect growth to be 0.9% next year, before settling at 1.5% from 2027.
Trading Environment	• The **Consumer Prices Index** including owner occupiers' housing costs (CPIH) **rose by 4.1% in the 12 months to June 2025,** up from 4.0% in the 12 months to May. **On a monthly basis, CPIH rose by 0.3% in June 2025,** compared with a rise of 0.2% in June 2024. **The Consumer Prices Index (CPI) rose by 3.6% in the 12 months to June 2025,** up from 3.4% in the 12 months to May. **On a monthly basis, CPI rose by 0.3% in June 2025,** compared with a rise of 0.1% in June 2024. • 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', **has slightly up ticked but remains modest at 1.9%,** indicating that headline inflation figure is driven by large price increases in a few sectors, with inflation rates broadly falling for most items. **Persistent wage growth and increased government spending will also be sources of inflationary pressure this year, although the fall in oil prices may have some downward impact.** • **NIESR forecast inflation to remain above 3% target throughout 2025 and only fall back to the 2% target on a lasting basis by late 2026.** • The latest **NatWest Purchasing Managers Index (PMI)** reports the **West Midlands Business Activity Index increased from 50.4 in May 2025 to 50.9 in June 2025**, signalling a quicker rate of expansion and one that was the fastest for nine months. Survey participants attributed output increases to better-than-usual weather, greater demand for some services and the approval of pending orders. **The UK Business Activity Index increased from 50.3 in May 2025 to 52.0 in June 2025.** • **The West Midlands Future Business Activity Index decreased from 75.2 in May 2025 to 70.7 in June 2025,** the highest of any region across the UK. Confidence in a rise in output came from new product releases, pending quotations and hopes of better demand conditions. • FSB's latest Small Business Index survey found that the **proportion of small firms expecting to contract, sell or close outnumbered the percentage hoping to grow.** • **Barclays Bank reveals four in five businesses in the Midlands have seen revenue growth despite global trade headwinds,** and more than five times more likely to feel optimistic (81%) than uncertain (15%) about their prospects over the next five years. However, global trade tensions have had an impact with **77% of Midlands firms, and 81% of companies in the West Midlands, expressing concern over US tariffs and broader trade uncertainty** - and nearly half (47%) of businesses surveyed have said they are planning changes to their operations or supply chains in the US in response to President Donald Trump's tariffs. • **BDO research reveals more than a third (35%) of regional companies are confident about their growth prospects over the next 12 months**. Expansion plans also include opening new premises, recruiting staff and investing in new technologies and R&D. Midlands businesses see exports as an important part of their growth strategy over the next year – with almost two in five (39%) citing strong or growing demand as their main motivation. More than half (51%) said favourable trade agreements or government support in receiving markets makes them more attractive. • New data from Business Growth West Midlands reveals **40% of businesses are actively pursuing financial support - including SME Grants - to scale operations, acquire assets, or support ongoing growth. About 25% are seeking to increase their workforce or invest in equipment to enhance operational capacity.** Roughly **10%** of businesses are planning acquisitions to expand service lines and gain competitive advantage. **35%** of respondents cited low cash reserves or restricted access to capital as a primary constraint. **15%** highlighted the need for process automation and technology integration to improve productivity. • New data from Barclays reveals the **number of UK businesses grew in Q1 2025, but equity investment and grant funding declined**. The UK saw a 16.3% increase in new business registrations in Q1 compared to Q4, totalling 213k. In the first three months of 2025, equity investment activity declined across the UK, with a 7.27% average drop in investment value between Q4 2024 and Q1 2025. Overall, grant funding dropped by 15.4% drop over the last quarter, representing £16.8m less funding than the UK saw in Q4. Barclays data reveals that in the **West Midlands there are 438,329 businesses, up 4.2% since last quarter, and incorporations are up 18.4%. however, investment is down 19.6% to £84.4m and grants are down 40.7% to £6.7m.**

THEME	KEY INSIGHTS
	• This comes as new data shows businesses in the **Midlands collectively accounted for 13% of UK administrations** in the first six months of 2025, according to analysis by law firm Shakespeare Martineau. Firms in the East Midlands accounted for 6% while West Midlands companies made up 7%. • **However there was an overall increase in new businesses set up in the Midlands in June, at 6,014**, which is a 4.17% jump compared to 5,773 in May. The June figure is also almost one fifth higher (18.29%) than the 5,084 start-ups established 12 months previously in June 2024. • **Birmingham hosts the second highest number of large corporate firms outside of London**, according to new research from HSBC UK. The HSBC UK Corporate Tracker shows that the second city hosts **182 large companies**, which together employ more than 260,000 people in the city and whose collective turnover is in excess of **£32bn**. This is beaten only by Leeds and closely followed by Manchester. In total, there are **1,019 large corporates in the wider West Midlands region, with the largest companies by headcount including Mitchell & Butlers, Aldi and National Express.** • **There is a growing consensus among researchers and policymakers that improving the poor UK productivity performance at the aggregate, regional and sectoral levels requires sustained political leadership, significant public and business investment, as well as close policy coordination.** NIESR have developed a collection of 14 essays to bring together pro-productivity policies.

Labour Market	• Estimates for **payrolled employees in the UK fell by 135,000 (0.4%) between May 2024 and May 2025, and by 25,000 (0.1%) between April and May 2025.**
	• The estimated number of **vacancies in the UK fell by 56,000 on the quarter, to 727,000, in April to June 2025. This is the 36th consecutive period where vacancy numbers have dropped compared with the previous three months, with vacancies decreasing in 14 of the 18 industry sectors.**
	• **Annual growth in employees' average earnings excluding bonuses in Great Britain was 5.0% in March to May 2025, and annual growth in total earnings including bonuses was 5.0%.** Annual average regular earnings growth was 5.5% for the public sector and 4.9% for the private sector
	• UK employment moderately rose on the quarter to 75.2%, while inactivity has been continuously falling, recording 21.0% in the three months to May 2025. **The unemployment rate reached its highest level in four years.**
	• **The Midlands recorded a marked reduction in permanent placements at the end of the second quarter, according to the latest KPMG and REC, UK Report on Jobs survey, with the rate of decline the strongest since January.** The date for June also shows that temp billings rose only fractionally.
	• The British Chambers of Commerce (BCC) latest Quarterly Recruitment Outlook (QRO) shows **hiring remained largely static in Q2 as firms dealt with the employer National Insurance (NI) hike.**
	  ○ **Recruitment remains static with 55% of firms attempting to hire staff in the last three months** (compared with 54% in Q1)
	  ○ **Hiring remains challenging despite some respite, with 73% of firms reporting difficulties in Q2** (76% in Q1)
	  ○ **Transport and logistics (80%) and construction (77%) sectors were most likely to be facing recruitment problems**
	  ○ **23% of businesses increased the size of their workforce in Q2,** compared with 20% in Q1
	  ○ **Only a quarter of firms (25%) expect to increase the size of their workforce over the next three months.**
	• If current trends in sickness absence continue, in the next five years, the UK economy can expect to **lose £66.3 billion annually in lost productivity** due solely to long-term sick leave. New research published by WPI Economics **analyses three policy actions to improve the UK's approach to workforce health that, if implemented, could generate benefits of up to £1.3bn a year.** To reduce health-related inactivity, there must be a focus on improving not just physical but also mental health.
	• New data from the 2024 Employer Skills Survey, published by the Department for Education, **shows a welcome decline in skills shortage vacancies as a proportion of all vacancies — down from 36% in 2022 to 27% in 2024.** However, the level of skills shortages remains broadly unchanged from 2017 (22%), highlighting a persistent and entrenched challenge for the UK economy.
	• **Fewer than half of young people (47 per cent) felt ready for work after education,** finds IPPR.
	London Economics were commissioned to assess the **economic impact of the University of Warwick,** focusing on the 2022-23 academic year. **The total economic impact of the University's activities on the UK economy in 2022-23 was estimated at approximately £3.8 billion.**

Economy and Business Intelligence – By Sector

SECTOR	KEY INSIGHTS
Manufacturing and Engineering	• **Manufacturers in the West Midlands have seen output recover to more than a tenth higher than that recorded in 2019**, according to new research from Make UK and BDO. The manufacturing sector accounts for almost a sixth (14%) of the region's total output, well above the national average. It contributes 270,000 highly skilled jobs, an **addition of 9,000 jobs since 2023 and almost 10% of the region's employment** overall. Three major sectors make up more than half of manufacturing production with the largest being the transport sector (largely automotive) worth more than a quarter (28.7%) of industrial output in the region. This is followed by the metals sector worth almost a fifth (19.9%) and then machinery at 10.8%.
Construction	• Construction output **is estimated to have fallen by 0.6% in May 2025; this follows three consecutive periods of growth,** including an increase of 0.8% in April 2025. • Despite another improvement, the S&P Global Construction Purchasing Managers' Index (PMI) still pointed to **falling activity in June as businesses continue to report limited opportunities for new work.** However, as seen in other parts of the economy, a deterioration in sentiment rather than output likely explains some of the reported weakness in the construction sector.
Retail, Hospitality and Tourism	• Retail sales volumes (quantity bought) are estimated to have **fallen by 2.7%** in May 2025, following a rise of 1.3% in April 2025. • **Retailers reported that annual sales volumes fell at a sharp pace in June**, according to the latest CBI Distributive Trades Survey. This marked the ninth month in a row of declining volumes. Retailers expect sales to fall again in July. • **Recent figures from the British Beer and Pub Association show that pubs will close at the rate of one a day in the UK during 2025**. This is just the latest chapter in a familiar story – more than a quarter of British pubs have closed since 2000. • **The West Midlands visitor economy is expected to swell by up to £20 million** according to research by the West Midlands Growth Company. They said as many as 300,000 fans will come to the region at the start of July to give a much-needed shot in the arm for the hospitality sector. Culture bosses say **July's 'super weekend'** of events including Black Sabbath's Birmingham farewell will boost the region's economy by millions. • This comes as the annual Mostly Jazz, Funk and Soul Festival brought 3,000 music lovers to Moseley Park in July, **generating £1m for the city's economy every year.** • **Birmingham Airport is preparing for its busiest summer holidays ever, with 2.1 million passengers expected to pass through the site over the six-week break.** This represents a 5% increase compared to the same period last year.
Digital / Tech	• **The West Midlands Health Tech Innovation Accelerator has attracted nearly £50 million in private investment, tripling its original public funding and driving health-tech innovation and economic growth across the region.**
Transport Technologies and Logistics	• **The government has pledged to invest in the Midlands Rail Hub, a transformational rail improvement project which is forecast to add 300 trains a day to the region's network and create almost 13,000 construction jobs.** Midlands Connect's flagship scheme aims to improve services between Birmingham and more than 50 locations across the Midlands and Wales. It includes two major new junctions on the approach to Birmingham city centre. • **The UK automotive industry is set to become a European leader in battery electric vehicle (BEV) production by 2035, presenting a significant opportunity for growth in the global EV export market,** according to new data from the Advanced Propulsion Centre UK (APC).
Environmental Technologies	• **Ofgem proposes £8.9bn in electricity grid investment plans,** while the UK's electricity transmission operators are willing to invest at least £12bn through 2031 on grid infrastructure. • Expensive electricity is biggest hurdle to Britain's net-zero transition. The UK risks delivering less than two-thirds of the emissions reductions it is legally required to by 2030, largely because **high electricity costs are discouraging heating electrification for homes, businesses and the public sector.** • **A forest area equivalent to the size of the Isle of Wight has not been planted because UK governments have failed to meet tree-planting goals since 2020**. The latest figures from Forest Research show that only 15,700 hectares of trees were planted across England, Scotland, Wales and Northern Ireland over the past year. • **As many as 21 sites have been put forward as suitable for nuclear development in the Midlands**. The majority of those sites have been identified as being suitable to host small modular reactors (SMRs), in a study commissioned by the government-funded Midlands Net Zero Hub. • A new study presents analysis of the UK-wide trends for three major pollutants – **nitrogen dioxide (NO_2), ozone (O_3)** and tiny particulate matter known as **$PM_{2.5}$** between 2015 and 2024 to calculate how often air quality targets were breached. Both nitrogen dioxide and $PM_{2.5}$ showed robust decreases over the period 2015-2024, declining on average by **35% and 30%** respectively. In 2015-2016, the average Defra monitoring site exceeded the **nitrogen dioxide target**

SECTOR	KEY INSIGHTS
	on 136 days per year. By 2023-2024, this had dropped to 40 days per year. For **$PM_{2.5}$, the number of days the average Defra site breached the target went from 40 to 22 days per year**. While this is an improvement, the World Health Organization advises that these targets should not be breached on more than **four days per year**. • New data from the Office for National Statistics showed the **number of green jobs rose** by over a third between 2015 and 2023, while direct employment in the renewable energy sector more than doubled over the same period. • This summer could see **more than 5,000 deaths due to excess heat** as temperatures look likely to exceed one of the deadliest heatwave years on record, Centre for Ageing Better is warning. • **Earth Overshoot Day creeps forward due to human exploitation of natural resources**. Humanity exhausted the Earth's annual ecological budget by 24 July this year, meaning that 1.8 planets would be needed to sustain our rate of resource consumption.

NEW INVESTMENT, DEALS AND OPPORTUNITIES			
COMPANY	**LOCATION**	**SECTOR**	**DETAIL**
PP Control & Automation	Walsall	Manufacturing	EBar, a company behind self-service draught drinks dispensers used in venues across the UK, is ramping up production after extending its manufacturing partnership with **Walsall**-based PP Control & Automation. The company has sealed a number of new contracts with sporting venues for its Beerwall product. To cope with this increase in volumes it has extended its deal with PP C&A, which took over the complete electronics and mechanical build and full assembly earlier this year.
Bond Wolfe	Walsall	Property	**Walsall**'s £1.5bn programme of transformation is driving a new wave of investor interest in the town centre, according to commercial property agent Bond Wolfe. Bond Wolfe has acted for the seller of a substantial double fronted unit in a prominent town centre location. GMK Holdings Ltd has acquired 9-11 Park Street, a substantial three storey, mid-parade property of 9,521 sq ft for £625,000.
RMP Products	Walsall	Manufacturing	RMP Products, a steel profiling company in the **West Midlands**, has become the first company in Europe to acquire and operate an advanced plasma cutting machine. The steel profiling specialist said its investment in the new Viper Twin Head XPR460 CorePlus marks a significant step forward in both its production capabilities and its support for regional employment.
BK Plus	Walsall	Accountancy	BK Plus, a **Walsall**-based accountancy group backed by private equity firm Palatine, has expanded with the acquisition of a prominent firm in the North East. Read Milburn, which is based in North Shields, supports a range of businesses and charitable organisations, providing tailored advice across accounting, taxation, payroll, and company secretarial services.