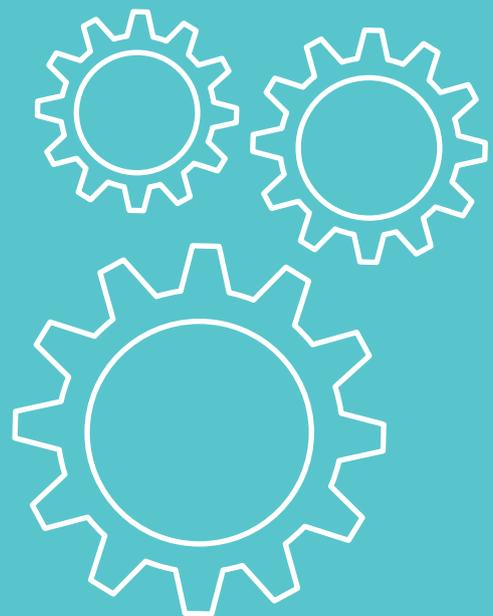

The West Midlands Combined Authority

Executive Summary of
Annual Economic Review

JUNE 2017



WEST MIDLANDS
COMBINED AUTHORITY

This report is produced by the Economic Intelligence Unit of Black Country Consortium Ltd

If you would like to contact the EIU please ring 01384 471115
or email intelligence@blackcountryconsortium.co.uk

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Black Country Consortium



Economic Intelligence Unit

Introduction



Andy Street CBE
Mayor of West Midlands



Bob Sleight OBE
Deputy Mayor of West Midlands



Martin Reeves
WMCA Chief Executive

The West Midlands Combined Authority (WMCA) Annual Review is produced annually by the Black Country Consortium's Economic Intelligence Unit (EIU) to provide an overview of the WMCA's economic performance during the year.

The report measures success as set out in our Performance Management Framework (PMF) and enables us to monitor real progress towards delivery of the WMCA Strategic Economic Plan (SEP).

2016 has seen many significant developments including the formation of the West Midlands Combined Authority (WMCA) and the production of a Strategic Economic Plan for the WMCA.

The Black Country Economic Intelligence Unit played a fundamental role in the development of the WMCA SEP and plan to utilise its diverse and experienced skill set to provide a flexible intelligence resource to the WMCA. The EIU have developed a Performance Management Framework (PMF) for the WMCA and will continue to measure the success of our collective activity as set out in the WMCA SEP.

Section 1:

How we measure success

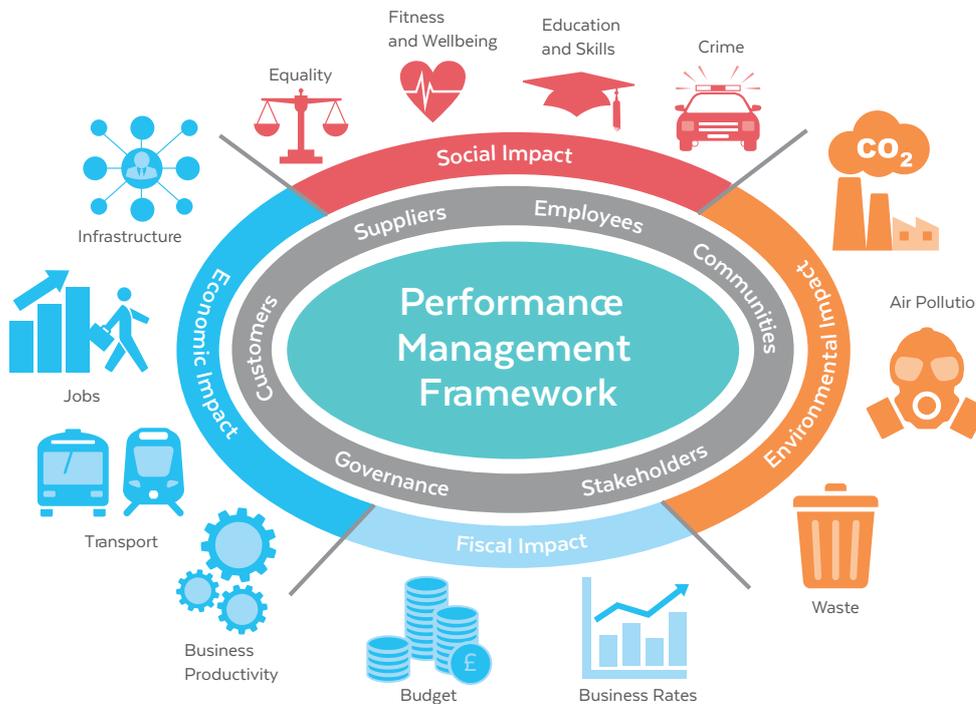
How we measure success

The WMCA Performance Management Framework

The WMCA Performance Management Framework (PMF) provides a clear framework against which success can be measured. The Vision for the area has a number of smart objectives with clear targets. The PMF is composed of a selection of strategic headline indicators, which measure the impact of the various programme areas of the WMCA Strategic Economic Plan (SEP). These indicators span a wide range of themes including productivity, employment and skills, infrastructure, competitiveness, sustainability and public service reform and measure the economic, social, fiscal and environmental impact. The PMF is maintained and updated by the Economic Intelligence Unit (EIU) of Black Country Consortium Ltd who provide in depth cross-thematic spatial analysis on behalf of the WMCA.

Understanding the economic impact of current and planned activity in the context of the WMCA SEP is fundamental to the work of the EIU. They continue to be at the forefront of new techniques including leading on the operation of the WMCA Dynamic Economic Impact Model which provides a clear mechanism to measure the economic impact of programmes in a spatial context.

The EIU will annually monitor WMCA’s progress in relation to the targets in the PMF so that we can be clear on the impact of our delivery plan in achieving our ambitions. The indicators in the PMF will also be the basis upon which we appraise and prioritise our programme of interventions to deliver the WMCA SEP. These carefully targeted set of interventions will ensure delivery of the greatest economic benefits to the area and allow us to create opportunities across the WMCA.



Section 2: **West Midlands successes 2016**

Theme

Direction of Travel

Scale of the Challenge

WMCA Actions to Address

Economic Impact



GVA continues to rise – currently £87.5bn +£7bn since 2013



WMCA has a growing business base with 145,410 businesses and 22,430 business births (nearly double UK growth rate)



WMCA is home to 2m jobs, an increase of 95,000 since 2013.



Wages are increasing at a faster rate than UK



Over 12,000 new homes were built last year – currently 1.7m houses in the WMCA



Number of people with no qualifications has declined at a faster rate compared to England



The number of NEETs has declined more than threefold compared to England²



24.8% of adults are physically inactive across the WMCA



Healthy Life Expectancy has improved for females greater than the national average whilst for males it has declined



Income receipts to WMCA is on the rise



CO₂ emissions reduced on last year by 167kt CO₂ (0.8%)



WMCA GVA per head still £4,000 lower than UK resulting in a £16.5bn GVA output gap



To be in line with UK the WMCA needs to create an additional 1,468 business births per annum to reach 59 births per 10,000 population.



An additional 400,000 jobs to achieve our WMCA SEP Ambitions



To reach UK average wage – £28,213



Home to over 1.9m homes by 2030



Higher proportion of people with no qualifications than across England – 13% vs 8%



11.4% more youth claimants (14,805) compared to last year increase of 1.6% across England. Need to reduce youth claimants by 5,000 by 2030 to reach England average, similar trend for overall claimant count.



Required 90,524 additional adults to become active to reach national average



Male healthy life expectancy 4.1 years lower than national average and 3.2 for females



Gap between income and expenditure has increased from £3.9bn to £4.5bn



CO₂ emissions need to reduce by 36% by 2030

Social Impact

Fiscal Impact

Environmental Impact

£8bn investment package from first devolution deal

HS2 and the Midlands Growth Strategy – a catalyst for economic growth

Maximising opportunities for inward investment by improving connectivity to HS2 and UK Central and attract foreign and direct investment via the WMCA new Growth Company

Enterprise Zones

Public Service Reform

Land Commission and Garden City Principles

Productivity and Skills Commission Launched

Employment Support Pilot

West Midlands on the Move Strategic Framework 2017-30

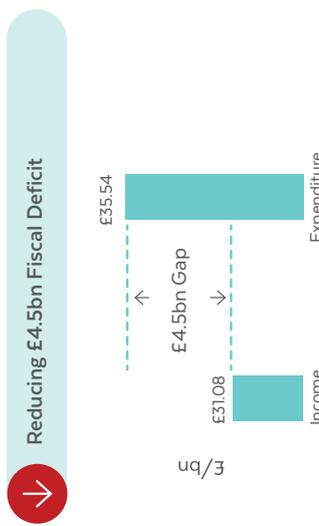
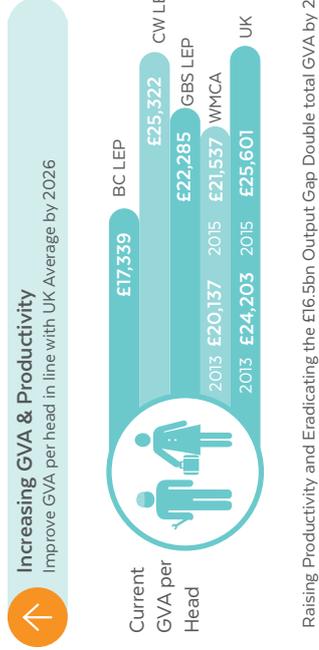
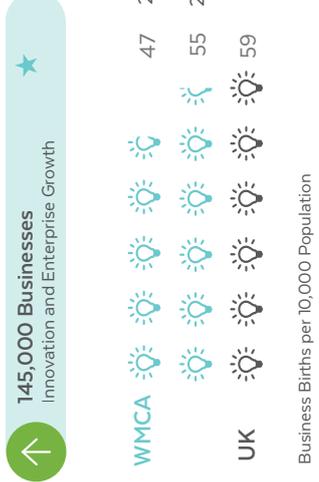
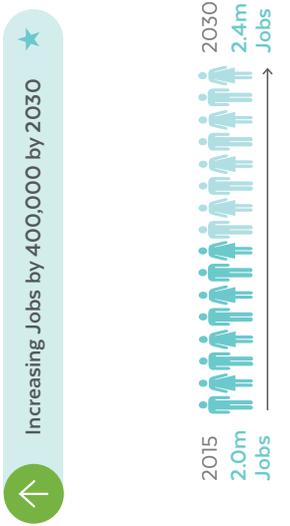
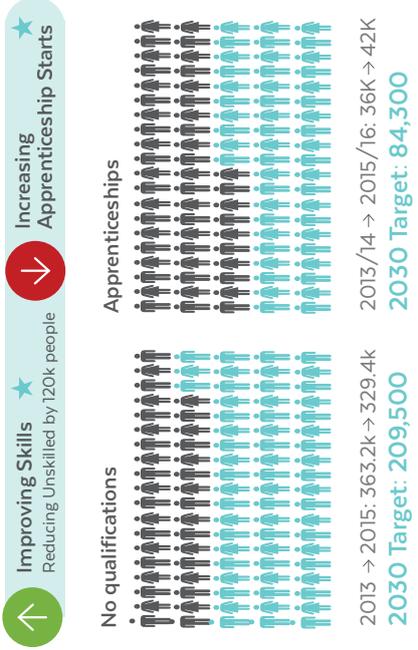
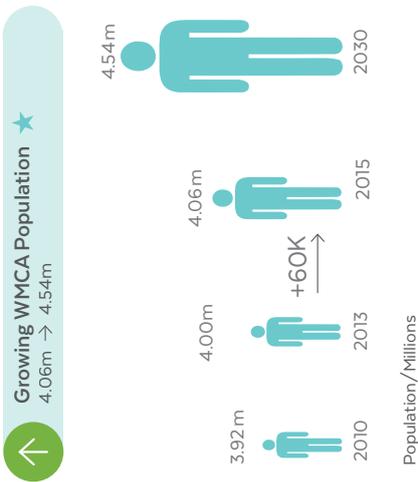
Mental Health Commission -> Thrive WM Action plan in place

Public Service Reform

Support development of low carbon and zero carbon homes

These colours are reflective of the theme areas in the report and don't indicate the direction of travel which is set out in the full PMF table from page 10.

WMCA Performance Management Framework



Key

- ★ Positive direction compared to UK average
- ★ Negative direction of travel
- ★ On track to achieve 2030 target

The WMCA Performance Management Framework¹

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge
ECONOMIC GROWTH - Improve GVA for the region in line with the UK average	O1. GVA per Head	£21,537	+£442	+£1,400 +7.0% WMCA ² +5.8% UK	+£4,064 GVA per head
BUSINESS - Improve the productivity of our businesses focusing on our growth sectors	B1. GVA per employee	£43,706	+£28	+£2,781 +6.8% WMCA +2.4% UK	+£19,832 GVA per employee
	B2. GVA in transformational sectors	£71.3bn	+£2.4bn	+£6.2bn +9.6% WMCA +7.4% UK	+£40.7bn GVA
	B3. No. of Business Births	22,430 business births	+3,485 business births	+3,625 business births	59 per 10,000 population
		55 per 10,000 population	+18.4% WMCA +9.3% UK	+19.3% WMCA +10.6% UK	+1,468 births per annum
	B4. Jobs in Transformational Sectors	1.27m	+55,000 jobs	+82,000 jobs +6.9% WMCA +5.9% UK	+194,400 jobs
	B5. Total Jobs	2m	+54,200 jobs	+95,000 Jobs +5.0% WMCA +4.9% UK	+400,000 Jobs
B6. Employment Rate	68.8%	+0.4pp	+1.5pp WMCA +2.7pp UK	73.9% +5.1pp	
FISCAL - Secure better for less from our public services	F1. Income & Exp. Balance	-£4.5bn	+£0.6bn	+£0.6bn ³ +15.4%	No fiscal gap +£4.5bn
PEOPLE - Improve Life Chances for all	P1 - Reduce % of people in top 10% most deprived areas	20%	+0.02pp	+0.09pp WMCA + 0.05pp Eng.	10% of people
	P2 - Better employment, health and wider outcomes for people with complex needs	To be developed			
	P3. (i) Annual average earnings	£27,151	+5.1%	+4.9% WMCA +4.5% UK	+£1,062
	(ii) % of employees earning above UK living wage	To be developed			

¹ The green shading illustrates indicators which have moved in a positive direction compared to the UK average or national (England) where UK averages are not available. The red shading indicates the reverse and orange indicates a growth rate in the right direction but less than the UK or national average.

² The 2013 baseline figure was revised by the ONS from £19,423 to £20,137

³ Baseline data is 2015.

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge
SKILLS - Improve skill levels at all ages so that people have the skills and qualifications to access jobs	P4. % of Working Age Population (WAP) with No Qualifications	13% 329,400 people	-1.5 pp -36,200 people	-33,800 people -1.6 pp WMCA -1.3pp UK	- 4.7 pp - 119,867 people
	P5. % of WAP with NVQ 1	12 % 302,600 people	+0.1 pp + 3,700 people	-9,200 people -0.5 pp WMCA -0.9pp UK	Ahead of UK + 1 pp + 24,905 people
	P6. % of WAP with NVQ 2	16.8% 423,300 people	+ 0.2 pp + 5,200 people	- 7,300 people - 0.5 pp WMCA +0.9pp UK	Ahead of UK + 0.9 pp +21,905 people
	P7. % of WAP with NVQ 3	16.3% 410,400 people	- 0.3pp - 8,700 people	- 25,600 people -1.2 pp WMCA +0.1pp UK	+ 0.8 pp +21,290 people
	P8. % of WAP with NVQ 4+	30.4% 774,300 people	+ 0.03pp + 7,700 people	+86,500 people +2.8 pp WMCA +3.1 pp UK	+7.6 pp +185,010 people
	P9. No. of Apprenticeships starts	42,040	- 1,190 - 2.8%	+ 6,030 +16.7% WMCA +15.9% Eng.	+42,219 per annum
	P10. % of schools with an above national average GCSE pass rate A* - C including Maths and English	46%	48.5% -2.5pp WM Met	52.6% -6.6pp WM Met -4.1pp Eng. ⁴	+ 7.5% schools
	P11. NEETs aged 16 - 18	4,420 4.4%	-1,450 -24.7%	-1,950 -30.5% WMCA -19.9% Eng.	4.2% -228 NEETs
HEALTH - Better quality of life for all: improve health (inc. Mental health) and well being	P12. Healthy Life Expectancy (HLE) at Births - Males & Females	Males (M) = 59.3 years	-0.03 years	-0.6 WM Met +0.2 Eng.	63.4 years
		Females (F) = 60.9 years	+0.5 years	-0.3 years WM Met +0.2 years Eng.	64.1 years
	P13. Reduced Inequality in HLE for Males & Females	To be developed			
	P14. Health inequality gap by years between best and worse areas in LEP and SEP areas	M = 7.4 years F = 9 years (WM Met)	M = + 1.2 F = - 0.9	M = + 1.3 F = - 1.3	No gap Reduce gap by 7.4 years for males and 9 years for females
	P15. Gap in employment rate for those in contact with secondary mental health services and the overall employment rate	58.9 %	-0.6pp	+1.5pp WMCA +5pp Eng.	Ahead of England + 8.3pp (67.2%)
	P16 - Rates of suicide (per 100,000)	10.1	+0.4	+1.8 WMCA +0.3 Eng.	No suicides - 410 suicides
	P17 - % of physically inactive adults	24.8%			22% + 90,524 participants ⁵
P18 - Offending rates	32,008 7.9 offenders per 1,000 population (2014)	-1,364 - 4.1%	-7,170 - 7.6% ⁶	Below the national average	

⁴ Relative to Schools with GCSE pass rates above the national average (England).

⁵ No previous data available as first Active Lives Survey was issued in 2017.

⁶ Baseline is 2011.

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge
CRIME - Reduce offending and re-offending	P19 - Re-offending rates (per 100,000)	24.9% (2014)	+0.3pp	-0.1pp WMCA -1.2pp Eng. ⁷	Ahead of England + 0.5pp
	P20 - No. of first time entrants to Youth Justice System aged 10 - 17	454	+3.3%	-8.2% WM Met -17.6% Eng.	-85 first-time entrants
	P21. Youth claimants aged 18 - 24	14,805	+1,515 +11.4%	-11,240 -43.2% WMCA -46.4% UK	-32% -4,781 youth claimants
	P22. Claimant Count aged 18 - 64	67,705	+5,085 +8.1%	-35,755 -34.6% WMCA -37.5% UK	- 27% - 16,957 claimants
PLACE ACCESSIBILITY- Improve the connectivity of people to businesses to jobs and markets	PL1. Broadband Connectivity	93.7% 1.13m premises	+2.3pp	+2.4pp WM Met +14pp UK ⁸	100% +75,793 premises
	PL2. % of residents able to access 3 or more strategic centres including Birmingham City Centre, accessible by public transport within 45 mins travel time in the am peak	41% (WM Met)	-1.3pp	-3.2pp	75% +34pp
	PL3. Journey time reliability	To be developed ⁹			
	PL4. Mode Share of all Journeys: i). Mode Share of all journeys by car, public transport, cycling & walking ii). Percentage of car journeys non-single occupancy	i) Car (64%) Public Transport (11%) Walk (22%) Cycle (1%) Taxi (2%) ii) 82%		i) Car +1% Public Transport -2% Walk No change Cycle No change Taxi +1% j) No change	45% car mode share Car (- 19%)
INFRASTRUCTURE - Improve the quantity of high quality readily available development sites	PL5. No./ha available for housing developments	To be developed			
	PL6. No./ha available for employment development sites	To be developed			
	PL7. Land Uplift value	To be developed			
SUSTAINABILITY - Resource efficient economy to stimulate new technology and business	E1. CO ₂ emitted within SEP area by transport, businesses and homes	21,564ktCO ₂ (2014)	- 167 ktCO ₂ - 0.8%	+ 1.6% WMCA ¹⁰ -6.3% UK	- 7,681 ktCO ₂
	E2. No. of days poor air quality per year (rated 4 or higher on the Daily Air Quality Index)	40 days	+ 12 days	- 16 days WMCA -11 days UK	-40 days

⁷ Baseline is 2011.

⁸ Baseline is 2011.

⁹ Transport for West Midlands is in the process of developing an effective monitoring approach for journey time reliability.

¹⁰ Baseline is 2011.

