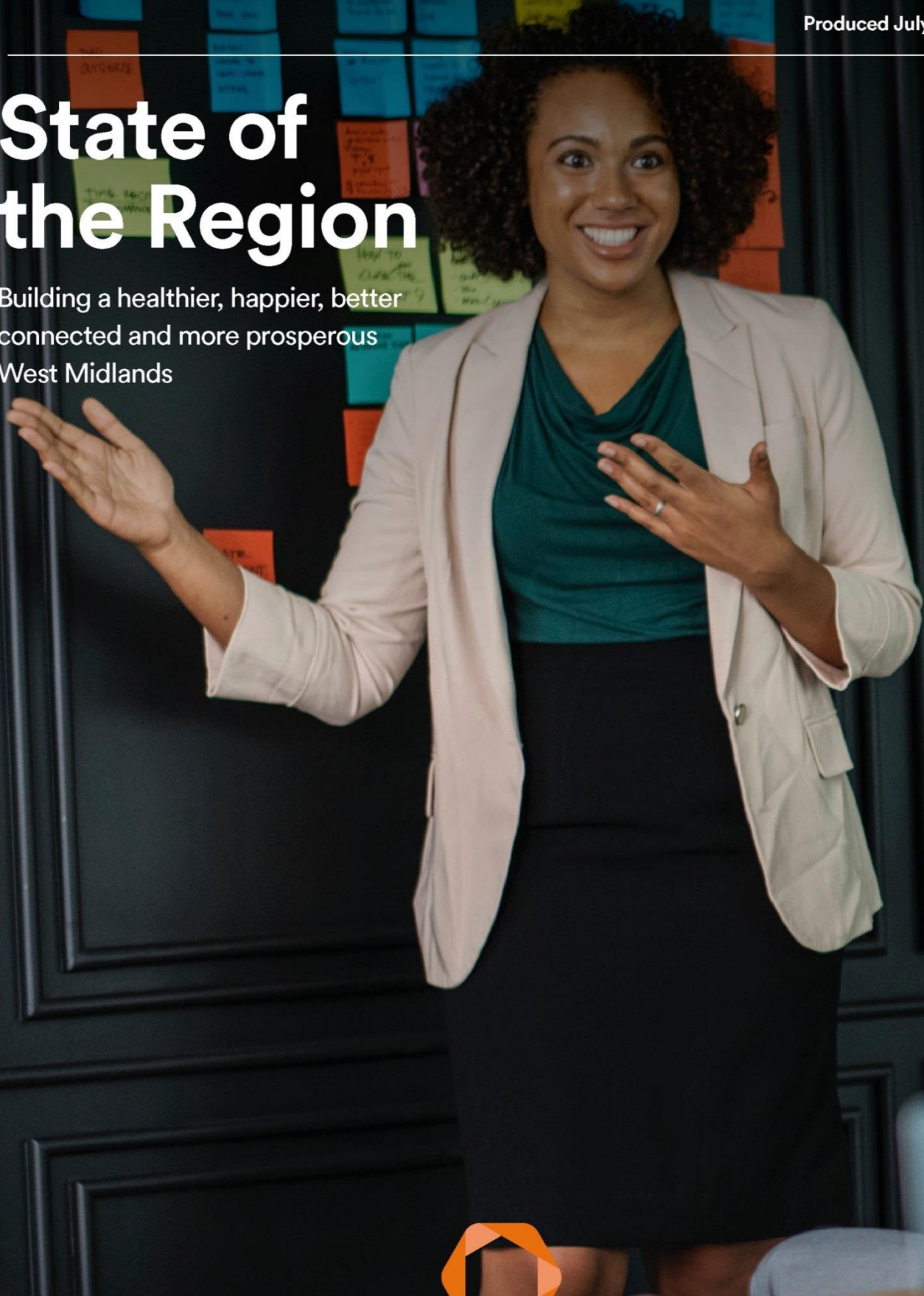


# State of the Region

Building a healthier, happier, better  
connected and more prosperous  
West Midlands



**West Midlands  
Combined Authority**

# Introduction

Welcome to the State of the Region 2018 – the second annual review of economic performance across the West Midlands. This is an important moment for the West Midlands Combined Authority (WMCA) and its partners in the region to take stock: to celebrate evidence of sustained economic success and cast a spotlight where the region’s performance still falls short of fulfilling its potential as a driving force in the UK economy.

The headline metrics show welcome evidence of economic renaissance for the West Midlands. GVA per head is growing, record numbers of jobs are being created, exports are on the rise and skills are improving. Looking ahead, many economic fundamentals are expected to stay strong – with growth in other sectors expected beyond manufacturing, including real estate and business sectors. HS2 will improve productivity, connectivity, skills and job opportunities. Coventry City of Culture in 2021 and the Commonwealth Games in 2022 will bring investment in venues, transport, housing, jobs, and tourism, as the region’s profile on the global stage is boosted.

Yet our optimism for the future must be tempered by headwinds that we know are ahead. Manufacturing looks most vulnerable to the impacts of Brexit, and the West Midlands is particularly exposed. Although headline productivity is moving in the right direction, it still lags behind the rest of the UK, as does the proportion of WMCA residents with qualifications and their healthy life expectancy. Without effective investment in productivity and skills, the region risks losing the ability to attract future investment. On many key metrics there is still a long way to go to meet our ambitions. Too many people remain left behind, unable to access or feel the full benefits of sustained economic growth.

This report provides a consistent reference point back to the headline goals set out in the WMCA Strategic Economic Plan (SEP), using the performance indicators it developed to ensure we are pursuing economic success in balanced economic and social terms that feel real to the people living and working in the region. But it is also a place to highlight new areas of emerging thinking, where new data is available and where we are developing new methodologies to enrich our understanding and inform new policy approaches to help us deliver our goals. Combined it forms a set of metrics that will build over time, laying new building blocks on the foundations of the SEP, and creating a robust evidence base that will continue to evolve to inform the approach of the WMCA and its partners across the region.

WMCA Board

Consistent with the WMCA Strategic Economic Plan the data related to the ‘WMCA’ in this report, unless otherwise stated, relates to the 3 LEP geography (Black Country LEP, GBSLEP and CWLEP).

# Balance Outcomes

The WMCA is committed to pursuing and defining success in social and economic terms that feel real to citizens and bring benefits to all who live and work here. These principles are set out in the SEP and developed further in the performance management framework (as set out on page 50). For the purposes of this report we have separated key metrics into the following five pillars, that recognise the importance not only of growth and productivity improvements, but also the contribution of vibrant communities and resilient citizens in creating economic success and places that people want to live and work in.

The report is based on five sections, with each section exploring the following:

<p><b>Economic growth - Developing the regional economy underpins our ambitions. As the export centre of the UK, our economic success is vital to Britain's future.</b></p>	<ul style="list-style-type: none"> <li>✓ Improved GVA in line with the UK Average</li> </ul>
<p><b>Business Competitiveness &amp; Productivity - Britain's businesses are facing considerable uncertainties because of Brexit, but in the West Midlands we are steadily rebooting our reputation.</b></p>	<ul style="list-style-type: none"> <li>✓ Improved the productivity of our businesses focusing on our growth sectors;</li> <li>✓ Improved competitiveness through energy and resource efficiency and stimulate new technology and business</li> </ul>
<p><b>Employment, Education and Skills - Building the right skills is key to delivering improved productivity and prosperity - enabling all groups to access jobs.</b></p>	<ul style="list-style-type: none"> <li>✓ Improved skills levels so that people have the skills and qualification to access jobs</li> </ul>
<p><b>Health and Wellbeing - We want improved life chances for all residents, including those facing particular disadvantages or difficulties.</b></p>	<ul style="list-style-type: none"> <li>✓ Improved life chances for all;</li> <li>✓ To reduce our health inequalities and improve the health and wellbeing of our population including physical activity and mental health;</li> <li>✓ To reduce offending and re-offending</li> </ul>
<p><b>Place - We will improve the connectivity of people and businesses to jobs, markets and housing - developing local places and communities.</b></p>	<ul style="list-style-type: none"> <li>✓ Improved the connectivity of people and businesses to jobs and markets;</li> <li>✓ improved the quantity of high quality, readily available development sites; turning brownfield sites to high quality locations that meet our housing and business needs</li> </ul>



# Key Trends

## Growth Areas



The proportion of Working Age Population with No Qualifications (2016-2017) is falling faster than UK average but 86,036 people need to be upskilled to close the gap

▲ -1.7pp WMCA  
▼ -0.3pp UK



**11,500**

11,500 net new homes in the WMCA area between 2016-2017



**2m**  
Jobs across the WMCA in 2016

▲ 1.8% WMCA  
▼ 1.7% UK

Since last year (2015-2016)



**15**

15 day reduction in poor air quality days across the West Midlands (2016-2017)



West Midlands is the fastest growing region in the UK for goods exports

▲ 27% WM (2015-17)



**9,424**

9,424 new jobs created from 171 FDI projects in the West Midlands region - highest created outside London in 2017/18



**£4,178**  
GVA per Head is £4,178 lower than the UK but increasing at a faster rate

▲ 11.5% WMCA  
▼ 9.1% UK  
Between 2013-2016



West Midlands Region has had the highest increase in workforce jobs outside London

▲ +84,000 WM  
(March 2017 - March 2018)



**67**  
67 business births per 10,000 population (=14,000 new business starts) compared to UK average of 63 per 10,000 population in 2016



**£3,137**

Gross Disposal Household Income per Person is £3,137 lower than the UK but increasing at the same rate (2015-2016)

▲ +0.7% WMCA  
▼ +0.7% UK

# Challenges



Shorter Healthy Life Expectancy (2014-2016) than UK

- ▶ **Males: 59.6**  
-3.7 years
- ▶ **Females: 60.3**  
-3.6 years



**41%**

Congestion is increasing meaning only 41% of the population can access 3 centres within 45mins by public transport.



**43.8%**

The five-year Business Survival Rate is 43.8% across the WMCA vs 44.1% UK (2011-2016)



**16,265**

Youth Claimants in the WMCA is remaining high at 16,265 (May 2018)



**42,470**

2016/17 the number of Apprenticeships increased (+1%). However, latest trends predict decline in 2017/18



**£16.9bn**

The Output Gap is increasing, £16.9bn Unmet economic potential in 2016

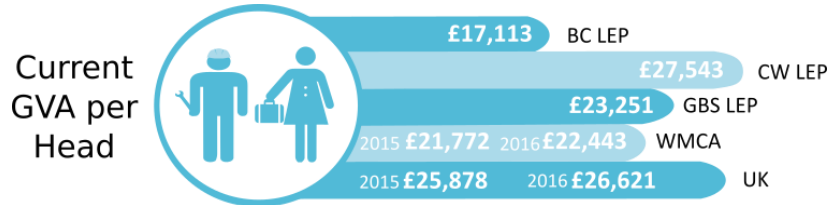
# Section 3:

## Economic growth

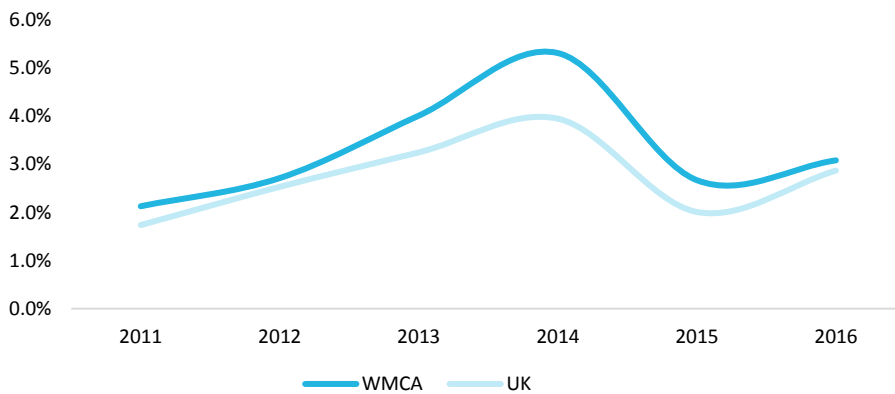
OUTCOME – Improved GVA for the region in line with the UK average

Productivity

- The WMCA total Gross Value Added (GVA) in 2016 was **£92bn**, contributing **5%** to the total UK GVA.<sup>1</sup>
- WMCA’s total GVA has increased by **14.2%** since 2013 exceeding the UK’s growth rate by **2.4%**.
- GVA per head in the WMCA is currently **£22,443** and has grown by **11.5%** between 2013 and 2016 equating to an additional **£2,300 GVA per head**.
- Across the UK, GVA per head has increased by **9.1%** since 2013 and is currently **£26,621**.
- The WMCA GVA per head needs to increase by **£4,178** to be in line with the UK.



GVA per head Annual Growth Rates 2010 - 2016



- GVA per hour has increased by more than double the rate of the UK over the past year and is currently **£28.90** per hour worked.
- The WMCA GVA per hour needs to increase by **£3.70** to reach the UK level.

GVA per Hour Worked



Source: ONS Subregional Productivity, 2018

<sup>1</sup>Office for National Statistics (ONS) (2017) Balanced Gross Value Added (GVA) for Local Enterprise Partnerships (LEPs)

- The following map shows the change in GVA across the WMCA over the last year (2015 – 2016). The majority of areas experienced an increase in GVA with the highest quantum in Birmingham and the highest growth rate in Bromsgrove (15%).

**Total GVA per Local Authority (2016 - millions)**

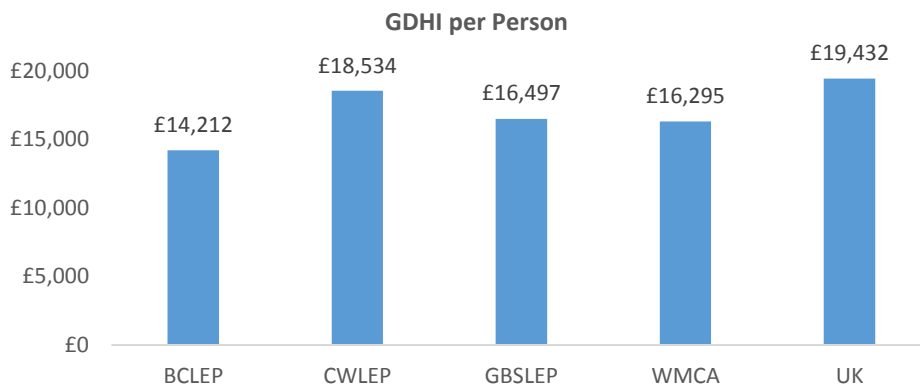
- £25,720
- £6,988 to £25,720
- £4,281 to £6,988
- £2,191 to £4,281
- £1,358 to £2,191

Figures on the map show the change in GVA from 2015 to 2016



## Gross Disposal Household Income (GDHI) per Person

- GDHI is the amount of money available for an individual within the household sector for saving or spending after direct and indirect taxes have been deducted and any direct benefits has been received. In the WMCA, GDHI per person in 2016 was £16,295 and has grown by 8.6% since 2013. The UK GDHI per person is £19,430 and has increased by 8.5% over the same period. GDHI per person needs to increase by £3,137 in the WMCA to be in line with the UK.

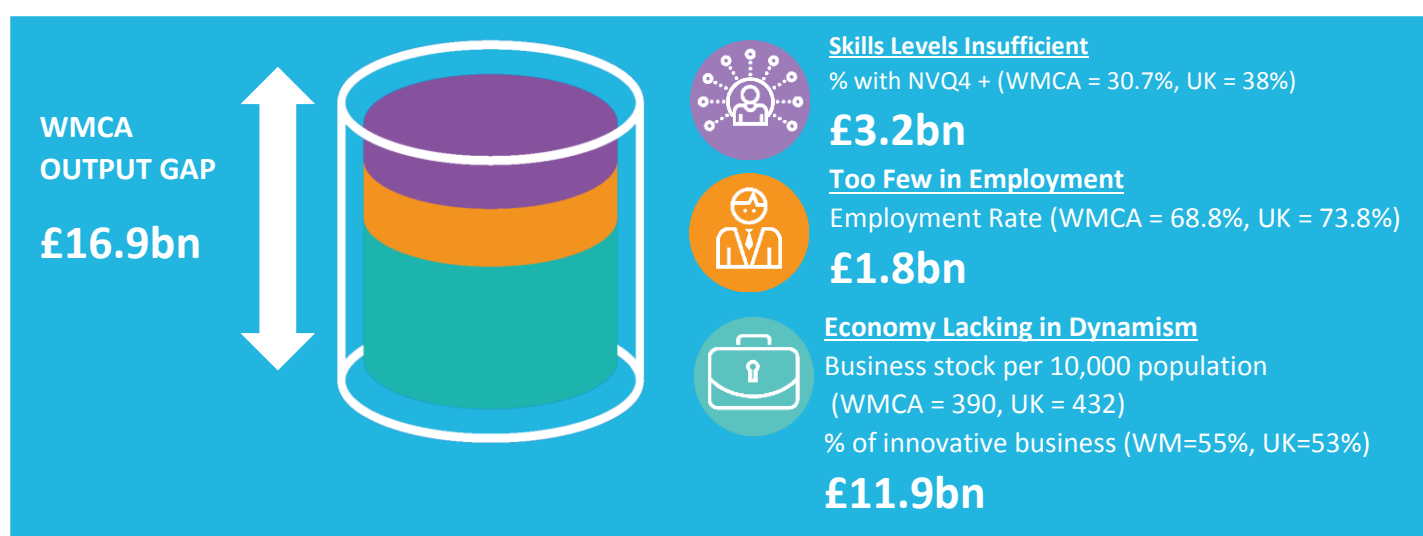


Source: ONS (2017), Regional Gross Disposable Income



## Productivity Challenge

- Since 2013, total WMCA GVA has increased year on year, £11.4bn overall. In the context of the UK average, despite the WMCA total GVA growing at a faster rate, there is still an output gap of **£16.9bn**.
- The figure below demonstrates the components of the output gap and outlines the impact on productivity.
- Insufficient skills levels and too few residents in employment account for **30%** of the overall £16.9bn output gap. The remaining £11.9bn can be attributed to an economy lacking dynamism which represents low performance in competition, and a lack of investment, enterprise and innovation despite WMCA business births exceeding UK rate. It's therefore important for the WMCA to support existing and new businesses in competitive industries to grow and diversify in their expertise in order to lead in innovation.



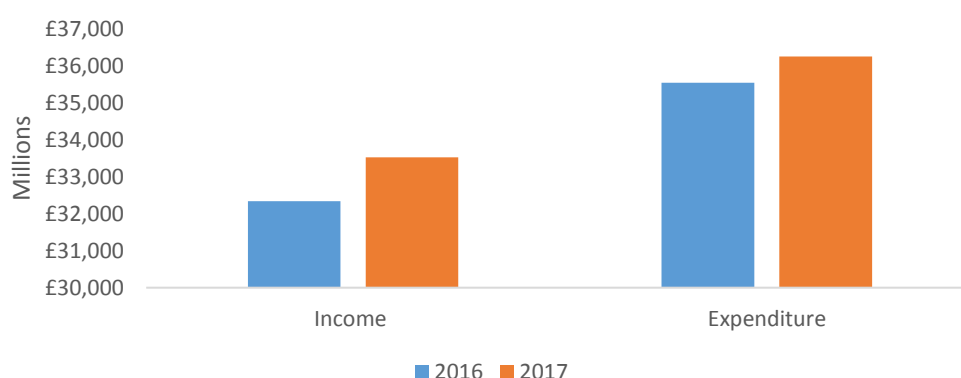
## Addressing the Productivity Challenge

- The WMCA Productivity & Skills Commission has made significant progress since its initial call for evidence in April 2017. An array of sector “deep dives” have begun, aiming to understand the differing productivity and skills issues occurring within sectors and local geographies.
- Through this analysis we are revealing in more detail the specific contributors to particular issues within sectors. Work by the Commission is carried out with the five ‘foundations of productivity’ in mind: ideas, people, business environment, infrastructure and places. The Commission recently published a report recommending solutions for key sectors against these foundations which will help shape local policy.

## Fiscal Gap

- Working closely with ONS, new methodologies were utilised when identifying the fiscal position of the WMCA. ONS already have a methodology in place and publish data on total public-sector receipts and public-sector net fiscal balance, at both a regional and national level which has been further analysed down to the WMCA level<sup>2</sup>.
- The WMCA ambition is to become a net contributor to the national purse. The WMCA is currently a cost centre with a net deficit of approximately **£2.7bn**. Currently tax income is estimated at **£33.5bn** and public expenditure at **£36.2bn**. ONS include all expenditure including non-identifiable which if included would raise total expenditure to £42.8bn which would lead to a fiscal deficit of £9.3bn.
- The old methodology calculated the fiscal balance for last year at £4.4bn and, revisiting this figure with the new methodology now provides an estimated figure of a **£3.2bn** deficit.

WMCA Income and Expenditure 2016 - 2017



Source: Economic Intelligence Unit

- There are ten streams of Identifiable Expenditure with the largest share at **45.3%** arising from social protection (16.4bn). This is followed by health at **24.9%** (£9bn) and education with **14.5%** (£5.3bn). In contrast, defence accounts for **0.01%** (£2.8m).
- Income Tax is the highest income stream for the WMCA at **22.5%** (£7.5bn), this is followed by VAT with **17.7%** (£5.9bn) and National Insurance Contributions, **17.3%** (£5.8bn).

## Deepening our Evidence Base

- Qualitative measures can also provide important insight on economic success, especially in pursuing inclusive economic growth. We will work with partners to understand business perceptions and confidence. The quality and accessibility of jobs is central to delivering inclusive growth, therefore we will investigate developing metrics that identify better work in terms of pay, progression and security.
- We continue to work closely with the Office of National Statistics (ONS) on a range of data enhancement projects including refinement of the income and expenditure methodology to develop robust measures for sub-regional measures which currently are not in place.

<sup>2</sup> The main methodological changes include using income Tax data from the Survey of Personal Incomes which is proportioned out to calculate National Insurance Contributions, previously Annual Survey for Hours and Earnings was used. VAT was calculated by proportioning out four sectors (households, government, housing and organisations selling exempt goods and services) from the UK VAT refund value, previously household expenditure on vatiable items was used. There has also been a shift from certain income streams (tobacco, alcohol, betting and gaming and insurance premium tax) being based on employment to now be on purchases. A full detailed report is available.

# **Section 4:**

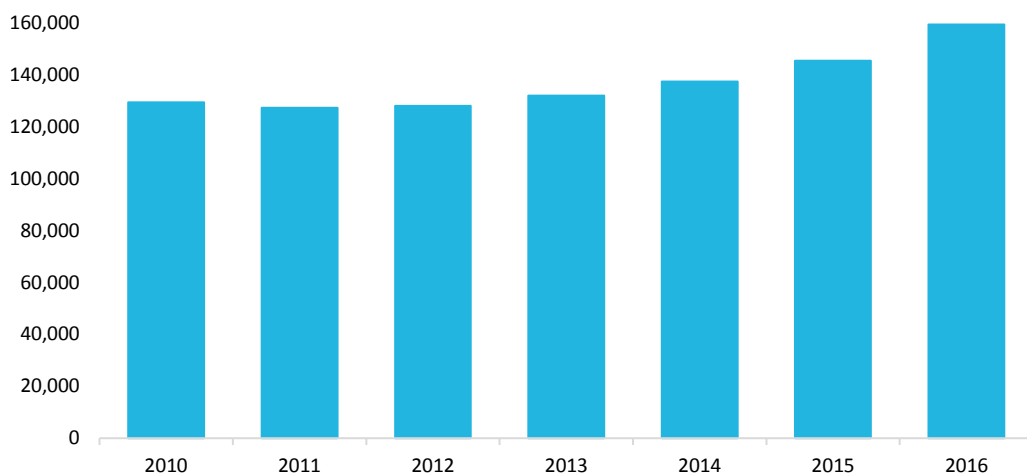
## **Business Competitiveness & Productivity**

OUTCOME - Improved the productivity of our businesses focussing on our growth sectors

## Business Base

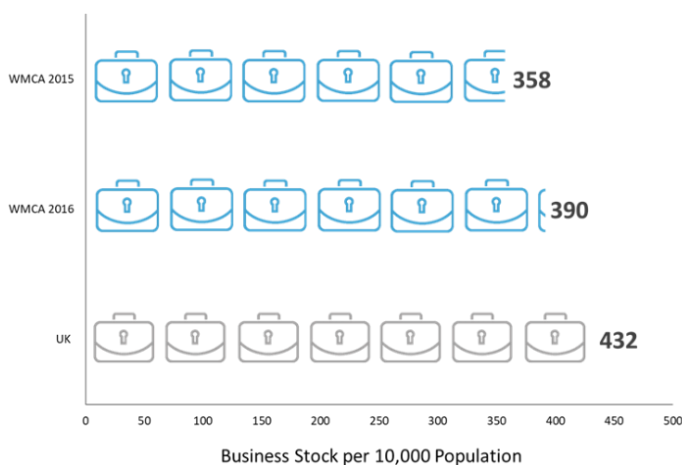
- There are currently **159,355** active companies in the WMCA. This is an increase of **13,945** businesses on the previous year. From 2013-2016, the business base has increased by **20.8%** compared to **15.7%** across the UK.<sup>3</sup>
- The Logistics and Transport Technologies sector saw the largest increase in number of enterprises with 3,160 additional enterprises (+33.7%), followed by Public Sector including Education (**+13.6%, +655** companies) and then Business, Professional and Financial Services (**+12%, +4,060** businesses).

WMCA Business Base 2010 - 2016



Source: ONS (2017) UK Business Demography, 2016

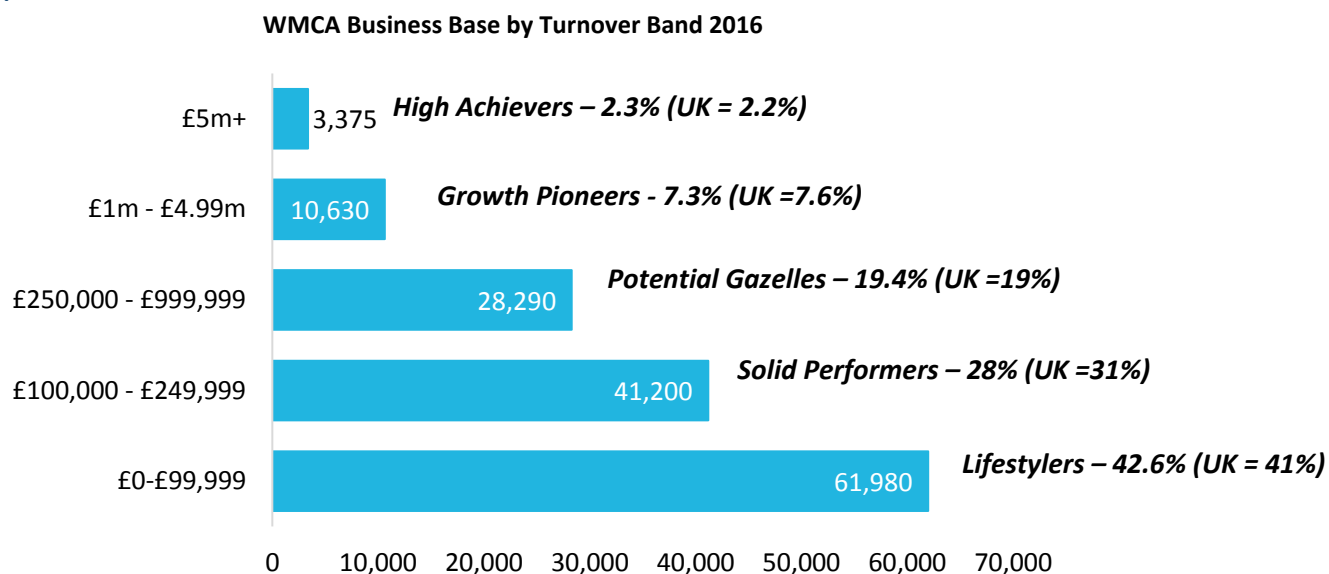
- There were **390** businesses per **10,000** population compared to **432** across the UK.



Source: ONS (2017) UK Business Demography, 2016

<sup>3</sup> ONS Business Demography, UK: 2017

- The following graph illustrates the composition of the WMCA Business base by turnover band.<sup>4</sup>



Source: ONS (2017) UK Business – Activity Size and Location 2017

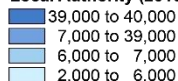
- The Black Country was second only to London in the proportion of UK businesses born in 2013 that went on to generate at least £1m in revenue after three years. The proportion of existing firms (businesses born before 2013) with a turnover of £1-2m per annum in 2013 growing to at least £3m turnover in 2016 was higher in the Coventry and Warwickshire LEP (7.1%) than the rest of the UK (6.7%).<sup>5</sup>

<sup>4</sup> UK Business Counts – Enterprises by Employment Size Band and Industry. Currently the business demography dataset does not provide a breakdown by turnover of the 159,355 registered enterprises. However, this breakdown can be obtained via the UK Business Count dataset which is a snapshot (March 2017) of the Business Demography dataset. At the time of the snapshot there were 145,480 enterprises in the WMCA for breakdown analysis by industry, employment size band and turnover.

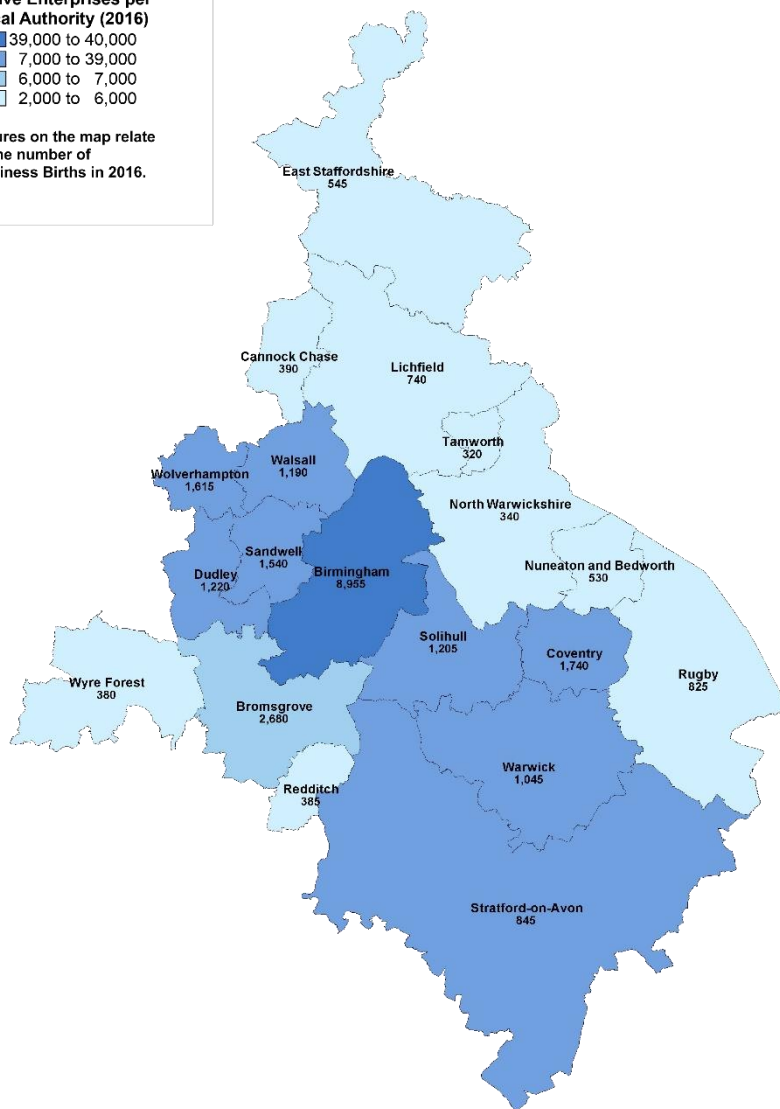
<sup>5</sup> Enterprise Research Centre: Business Environment in the WMCA, 2018 report.



**Active Enterprises per Local Authority (2016)**



Figures on the map relate to the number of Business Births in 2016.



- The map to the right shows the density of businesses across the 19 local authorities. Although Birmingham has the highest number of businesses (**42,640**), Bromsgrove has the highest number of businesses per 10,000 population (**751** per **10,000** population) and saw the largest growth over the last year (**+46%**) compared to a **14.6%** growth in businesses across Birmingham.

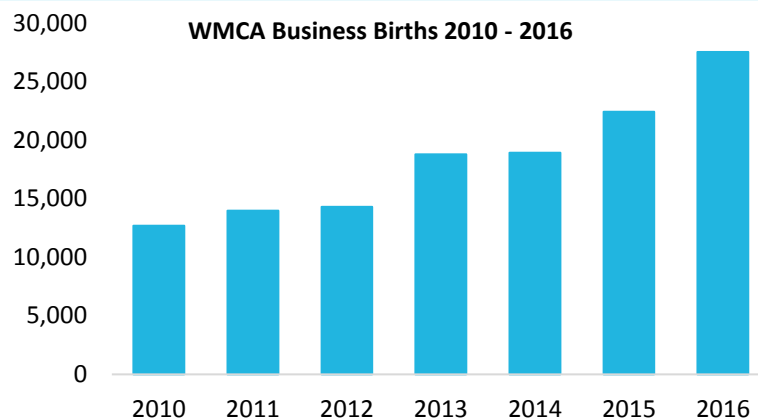
- Over **99%** of businesses are Small or Medium sized businesses – employing **0 – 249** people, **129,305 (88%)** were micro businesses with **0 – 9** employees.
- There are **2** companies in the WMCA that are in the FTSE100 index, GKN PLC based in Birmingham and Severn Trent PLC based in Coventry. In the FTSE250 Index there are **11** companies across the WMCA.
- The following table shows the make-up of WMCA’s business base, turnover and employment by WMCA sector:

WMCA Sector	Business Base	Employment	Turnover
Business, Professional and Financial Services	26%	18%	18%
Retail	16%	17%	28%
Advanced Manufacturing & Engineering	12%	13%	15%
Construction (Building Technologies)	11%	6%	11%
Digital & Creative	10%	5%	5%
Logistics & Transport Technologies	9%	9%	8%
Cultural Economy inc. Sports	7%	9%	4%
Life Sciences & Healthcare	6%	12%	5%
Public Sector including Education	4%	10%	5%

- Low Carbon and Environmental Technologies is cross cutting across the sectors and has therefore not been included as an individual sector.

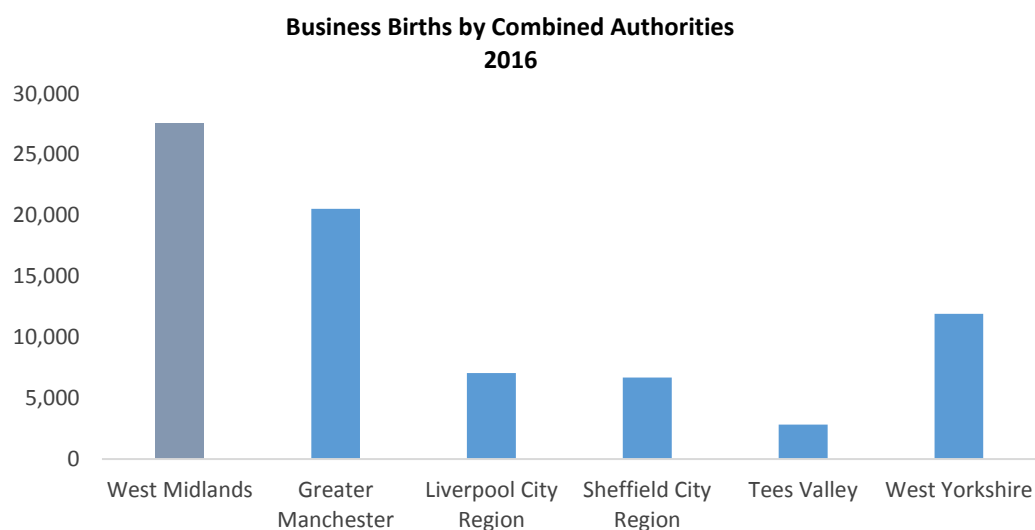
## Business Births and Survival

- **27,550** new businesses were started across the West Midlands Combined Authority in 2016. This is **46.5%** more business births than in 2013 compared to just **19.6%** across the UK.
- The number of business births equates to **67** businesses per **10,000 population** compared to **63 per 10,000** population for the UK.



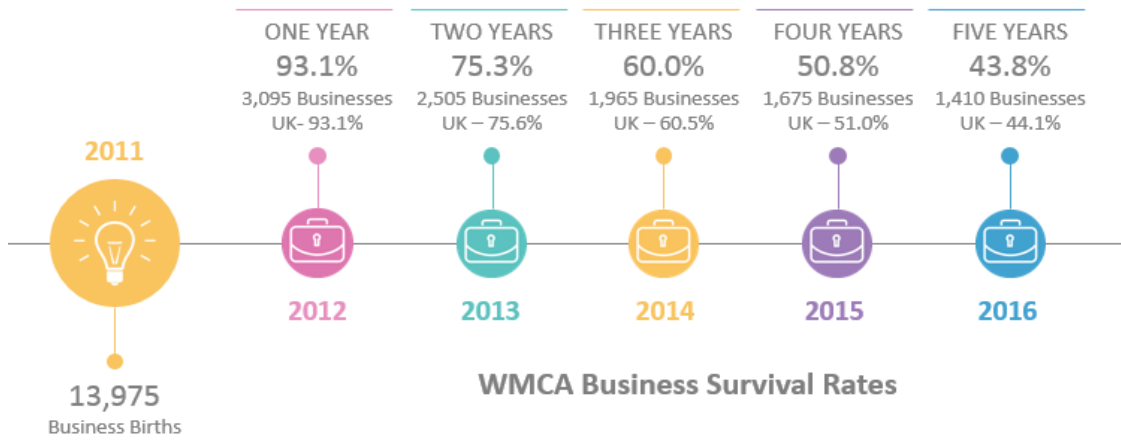
Source: ONS Business Demography, UK: 2017

- The WMCA had the highest business births in 2016 compared to other Combined Authorities



Source: ONS (2017) UK Business Demography, 2016

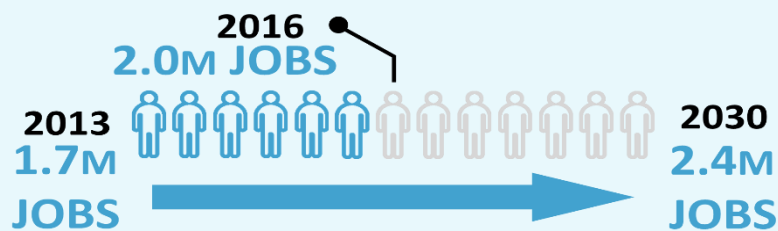
- Out of 13,975 business births in 2011, **93.1%** survived their first year, the same as the UK. The five-year survival rate (2011-2016) across WMCA was **43.8%** compared to 44.1% across the UK.



Source: ONS Business Demography, UK 2017

## Business Sectors

- There are currently **2 million** people working the West Midlands Combined Authority area.<sup>6</sup>



- We have identified seven transformational sectors and three enabling sectors that will be the drivers of growth across the West Midlands.
- Our Economic Model sectoral analysis sets out the composition of jobs by sector. According to our Economic Model analysis there were **1.2m** people employed in our transformational sectors in 2016 and our ambition is to grow to **1,693,890** jobs by 2030. GVA growth is forecasted to increase from **£66bn** to **£113.3bn** in the same period.<sup>7</sup>
- There were **808,365** jobs in the enabling sectors. Our ambition is to grow jobs in these sectors by **221,009** net new jobs by 2030. GVA in the enabling sectors is expected to increase from **£26bn** to **£41bn**.



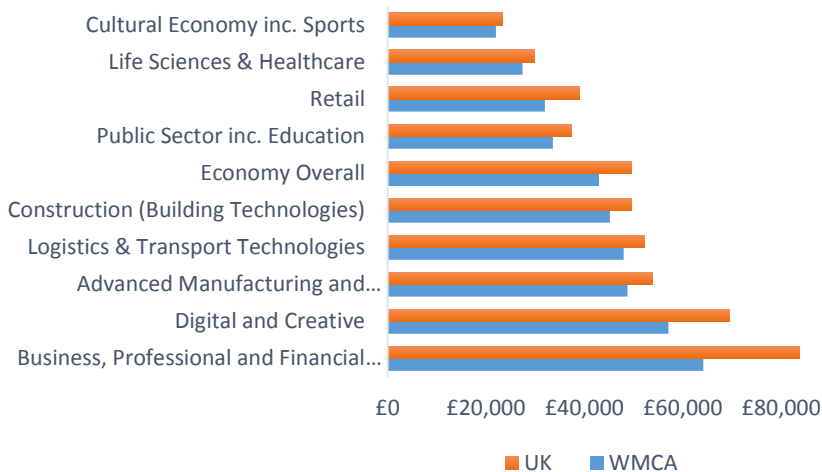
Figure: WMCA transformational and enabling sectors

<sup>6</sup> Oxford Economic Model commissioned by the Black Country Economic Intelligence Unit

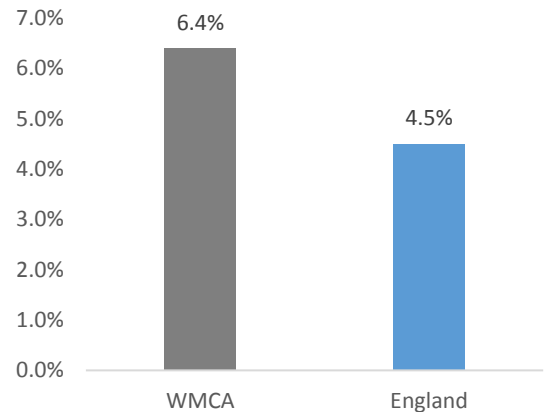
<sup>7</sup> The level of detail required at industry level for GVA is not available from ONS therefore the EIU have applied the proportion of GVA by sector from the Oxford Economic Model and applied to the ONS GVA figures to provide an estimate.

- GVA per employee varies significantly across sectors in the WMCA. Our high productivity sectors are Business, Professional and Financial Services (£64,194), Advanced Manufacturing and Engineering (£48,728), and Digital and Creative (£57,112). In contrast, the enabling sectors have lower productivity - this includes Retail (£31,952) and Cultural Economy (£21,997).
- GVA per employee has increased by 6.4% in the WMCA since 2013, a higher increase than nationally at 4.5%.

**GVA per Employee across Sectors in WMCA & UK**



**GVA per Employee % growth (2013-2016)**



## LOCAL INDUSTRIAL STRATEGY – SECTOR ACTION PLANS

- The second devolution deal confirmed the West Midlands as one of the first regions to develop a Local Industrial Strategy, following the Government publishing its Industrial Strategy in November 2017. The Local Industrial Strategy will build on the SEP by demonstrating how the region’s global strengths and competitive sectors will continue to contribute to the West Midlands’ success in a post-Brexit economy, and create opportunities for residents and businesses through genuinely inclusive growth. The West Midlands Industrial Strategy will be developed collaboratively between LEPs, businesses, universities and local authorities, led by the WMCA and the Mayor. The Strategy will be evidence based and focussed on the actions needed to boost productivity, earning power and competitiveness. Nationally it will make the case for ongoing investment and funding in the West Midlands as post-European Union funding systems are developed. The WMCA is working to develop initial proposals with Government by July 2018, and a more detailed Local Industrial Strategy and evidence base is currently being produced.
- Using a variety of sources and insight, we are now in a better position to understand and put across what gives us strength across the LIS sectors, whether it be excellent university assets in that area or a strong cluster of businesses within a certain industry. Evidence has been collated in the form of an extensive slide deck, representing each sector individually. Below is an example of our summary slides for the aerospace sector.
- These slides reflect our approach to look beyond the headline data and into the specificities that ensure the WMCA has a distinct aerospace cluster. Exploring deeper into the sector provided the detailed insight which informs our assessment of the WMCA’s aerospace ‘super-strengths’. Through research and discussions with local sector experts, these were agreed as electro-mechanical systems, highly-technical component manufacturing and a civil aircraft focus.

# Aerospace Sector

Over 70 Midlands businesses supplied the Airbus A380, including many from the WMCA area...



Source: Midlands Aerospace Alliance

- Estimated **£305m aerospace GVA & 4,500 jobs** in the WMCA – though this significantly understates the size of the sector locally, as evidenced by Midlands Aerospace (MAA) insight and research.



## Super Strengths



### Electro-mechanical systems

- Aerospace in the WMCA is mainly focused on the production of electro-mechanical systems.
- Control systems for engines (e.g. Rolls Royce & Meggitt), and aircraft wing controls (clustered in Wolverhampton with Moog & UTC Aerospace).

### Highly-Technical Component Manufacturing

- 70 WM companies supply widely varying quality parts to latest passenger planes, from tyres and wing components to engine and flight control systems.
- Sector encompasses the supply chain down to the lowest level (metals/materials supply) through to OEM (Rolls Royce), ensuring a well-integrated supply chain.

### Civil Aircraft Focus

- Aerospace in the Midlands is roughly 80% focused on civil aircraft (compared to 50/50 with military in UK).
- Civil sector is growing at a much faster rate which bodes well for future aerospace growth locally.

Source: Midlands Aerospace Alliance

# Aerospace: Industry Profile



## Our Competitive Advantage

- 25% of UK aerospace sector is based in the Midlands (7% of Europe's & 3% of the world's).
- Midlands Aerospace Alliance (over 300 members) represents the largest aerospace cluster in Europe. 160 of the MAA's members are based in the WMCA.
- High quality, sector focused science & research facilities and institutes.
- Unrivalled lead in component design and manufacture of composite materials.
- Base of aerospace companies throughout a well-integrated supply chain.
- Close proximity to Rolls Royce global HQ & production centre in Derby.
- Good connectivity with well developed road and train network and international airport
- The WM region has export expertise in machinery & transport goods (71% of all goods exports compared to 41% nationally)



## Products, Services & Brands



- UTC Aerospace Systems** – Specialise in wing and engine actuation and heat exchangers
- Meggitt** – focus on wheel and brake, fluid conveyance and heat exchangers.
- Rolls Royce** – Engine control systems and mechanical parts, defence engines repair and overhaul.
- Moog** – wing actuation, helicopter rotor actuation.
- Timet** – Titanium for aircraft engines.
- Alcoa** – aluminium for aircraft engines.
- Local manufacturers are focused on the development of high technology systems, engines and motors, components and control systems.
- Between 2014-17 there was 5 major aerospace FDI projects, creating 191 jobs & safeguarding 97.
- Coventry & Warwickshire Aerospace Forum** – a grouping of advanced engineering businesses collaborating with leading UK universities and associations



## Centres of Excellence/Assets



### Innovation:

- The National Transport Design Centre, Coventry
- MIRA Technology Park (inc. Southern Extension with CWLEP investment)
- Advanced Propulsion Centre
- Wton Science, Technology & Prototyping Centre
- Rolls-Royce University Technology Centre, Birmingham
- National Battery Prototype Centre, Warwick
- Engineering and Computer Science Research Centre
- Centre for Manufacturing and Materials Engineering, High Temperature Research Centre, [UoB/Ansty](#)
- The Proving Factory, Coventry

### Production:

- Institute For Advanced Manufacturing and Engineering
- Warwick Manufacturing Group
- Manufacturing Technology Centre

### Training:

- EEF Technology Training Centre
- WGM Academy for Young Engineers
- Black Country Skills Factory
- The Aerospace Academy, Solihull College

## Super Strengths

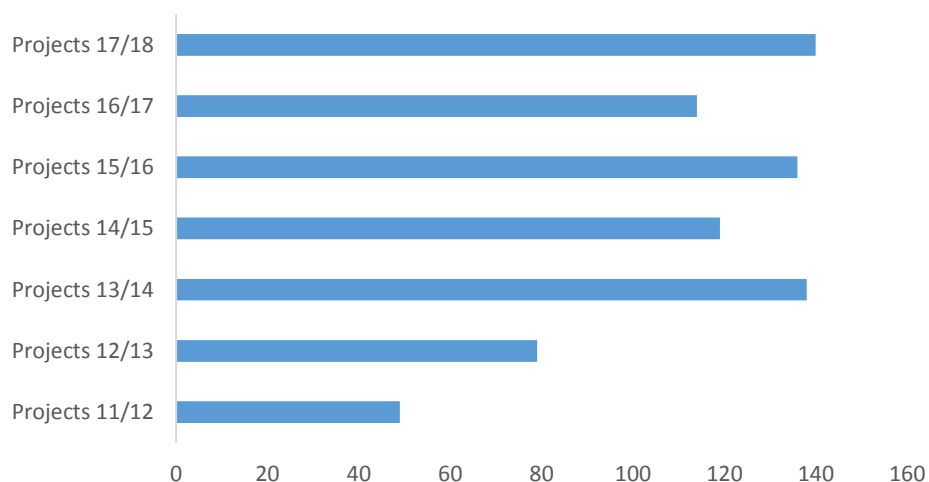
Electro-Mechanical Systems, Highly-Technical Component Manufacturing, Civil Aircraft Focus



## Foreign Direct Investment

- The WMCA has received **775** Foreign Direct Investment (FDI) projects since 2011/12. This has led to the creation of nearly 46,000 new jobs since 2011/12.<sup>8</sup>
- The number of FDI projects in the WMCA area has more than doubled from **49** in 2011/12 to **140** in 2017/18. This far exceeds the average growth rate for the whole of the UK which grew by **47.4%** in the same period.

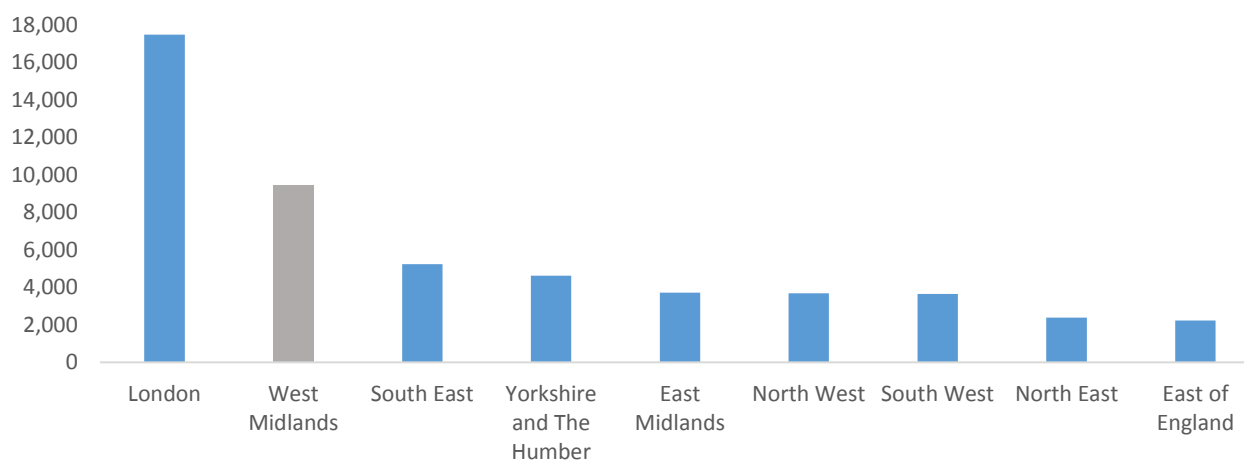
Total Number of FDI Projects



Source: Department of International Trade (2018) Inward Investment

- In 2017/2018 the West Midlands Region created over **9,424** new jobs from FDI projects – the highest level for any region outside of London.

FDI Projects by UK Region - New Jobs (2017/2018)



Source: Department of International Trade (2018)

<sup>8</sup> Department of International Trade (2018) Inward Investment

- There have been many significant investments into the WMCA in 2016/17:

US automotive aftermarket supplier **Tenneco** has invested in its facility in Tyseley, Birmingham with an additional **75,000 sq. ft** expansion supplying products such as shock absorbers and emission control components.

United Arab Emirates-owned **Travelodge Group** opened a new hotel in West Bromwich creating up to **50** jobs.

Danish **Flying Tiger Group** opened a new store in Wolverhampton creating **15** jobs.

O&M **Movianto Europe**, part of US-based Owens & Minor Inc, has expanded into a new facility in Kidderminster distributing pharmaceutical products.

**Advanced**, the US-owned computer software company based in the Mailbox, Birmingham has expanded further since its opening in 2015 as it looks to recruit an additional **100** jobs.

Irish food processing machinery specialist **Marel GB** has opening a new UK HQ in Birmingham Business Park.



**Holland and Barrett** are expanding their UKHQ in Nuneaton adding **48,000 sq ft** creating up to **350** new jobs.

**750** new jobs from India owned **Jaguar Land Rover** for its new engine development facility in Whitley, Coventry. Jaguar Land Rover has also expanded its plant in Castle Bromwich employing **263** new staff.

US retail giant **Amazon** is expanding further and opening a distribution facility in Coventry that will create **1,650** new jobs.

US call centre operator **Sitel** is looking to recruit **800** new employees at its existing and new sites in Coventry.

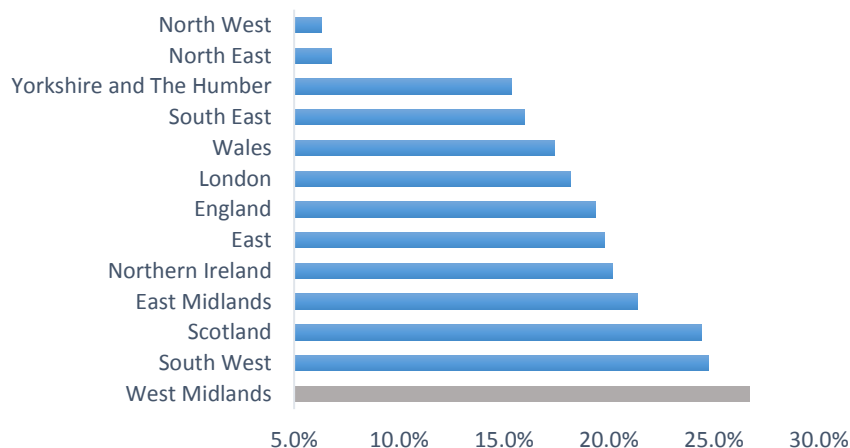
Chinese Automotive R&D company **Changan** has expanded into Birmingham Business Park transferring **100** staff from the East Midlands and recruiting **90** additional employees.

Spanish-owned **AC Hotels** has opened a new hotel at the Mailbox, Birmingham.

## Exports

- West Midlands is the fastest growing UK region for goods exports (**27%** growth between 2015 and 2017) and is the export capital of the UK: outside of London & the South East it exports the most by value (over **£33bn** in 2017). Recent Centre for Cities research suggests that to raise regional productivity there needs to be a sharper focus on improving the performance of already highly-productive businesses. With 94% of UK businesses in the bottom third for productivity only serving local markets, the research identifies exporting firms as vital for productivity enhancement.

**% Export Growth by Region (2015-2017)**



Source: HMRC UK Regional Trade in Goods Statistics

## **Deepening our Evidence Base**

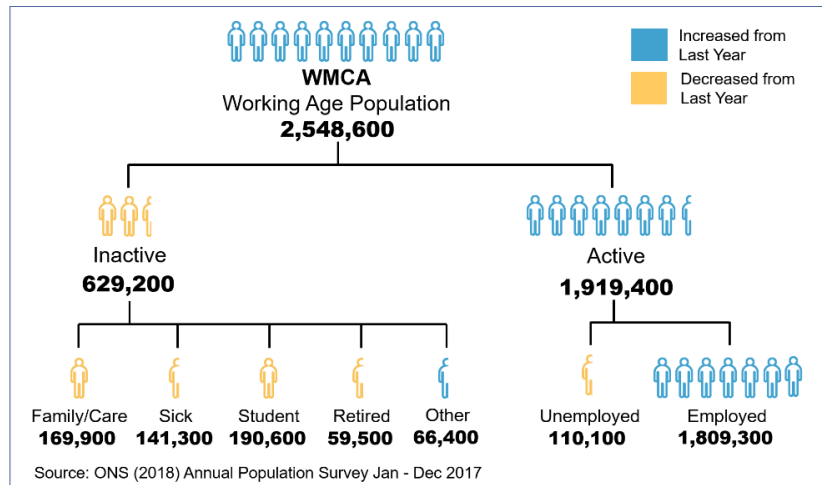
- The West Midlands is one of three trailblazer areas starting to develop a local industrial strategy, co-designed with government and underpinned by a strong evidence base. A partnership approach to evidence gathering has resulted in a large in-depth intelligence base across our LIS sectors, which will inform a suite of WMCA sector action plans. Beyond the headline data, we wanted to truly understand the nature of these sectors in the WMCA and their productivity challenges. Identifying our competitive advantages and genuine strength is key to unlocking the activities required that will catalyse growth productivity in the region

# **Section 5:**

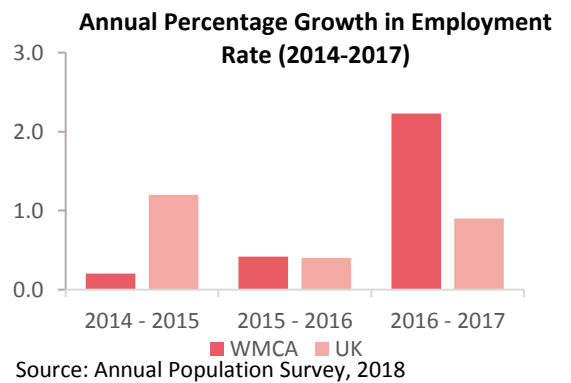
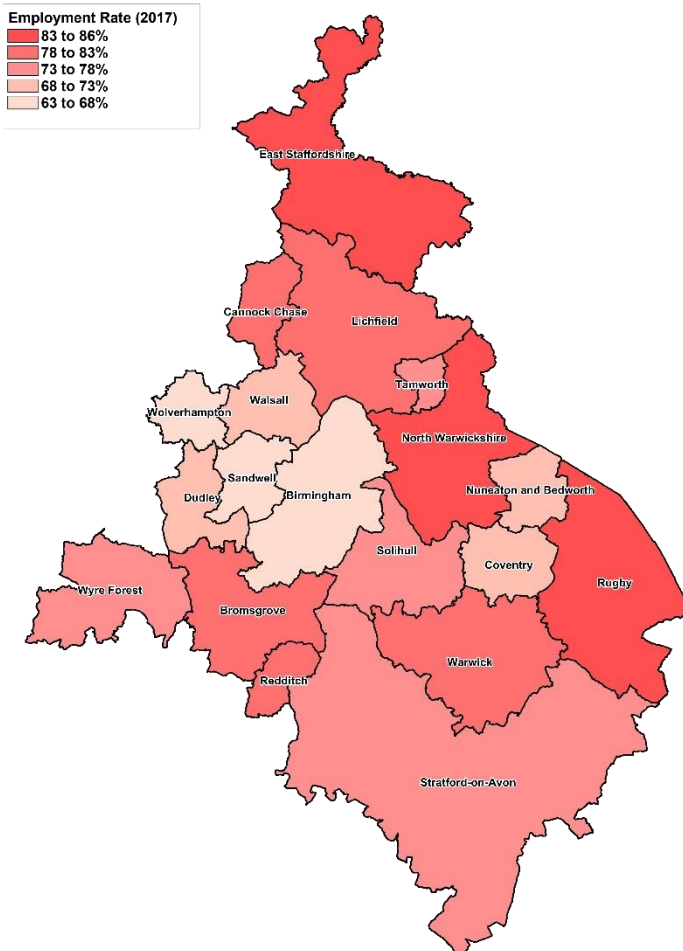
## **Employment, Education and Skills**

Outcome - Improved skills levels so that people have the skills and qualifications to access jobs.

## Employment



- The employment rate across the WMCA has risen year on year, increasing at a faster rate than the UK between 2016 and 2017. However, the WMCA ambition is to reach the national government target of **80%** by 2030 which requires an additional **285,160** people in employment.
- The below map also shows the employment rate across the 19 local authorities. North Warwickshire has the highest employment rate (**85.4%**), although overall 12 local authorities have a higher employment rate than the UK which is **74.7%**.





- In 2017, the employment rate across the WMCA was **71%**, **65.7%** for females (**+4.1pp** since 2016) and **76.3%** for males (**+0.3pp** since 2016).
- The following table shows the employment rate by ethnicity and gender across the WMCA. Overall there has been a **2.2%** (46,000 people) increase from 2016 to 2017.

	WMCA 2016		WMCA 2017	
	Employment Count	% of WAP in Employment	Employment Count	% of WAP in Employment
White	1,363,000	72.9%	1,444,100	75.1%
White males	738,300	78.9%	763,500	79.0%
White females	624,700	66.9%	680,700	71.2%
Mixed ethnic group	22,200	55.5%	23,700	59.7%
Mixed ethnic group males	8,100	51.6%	#	#
Mixed ethnic group females	14,000	57.9%	14,200	63.4%
Indian	116,500	69.6%	114,100	69.9%
Indian males	65,000	78.5%	61,900	80.3%
Indian females	51,500	60.9%	52,200	60.6%
Pakistanis/Bangladeshis	110,700	49.2%	101,700	50.9%
Pakistani/Bangladeshi males	77,700	65.1%	67,400	65.7%
Pakistani/Bangladeshi	33,100	31.3%	34,400	35.4%
Black or black British	78,000	59.5%	79,200	62.7%
Black or Black British males	37,400	63.5%	39,700	69.8%
Black or Black British	40,600	56.2%	39,300	56.5%
Other ethnic group	53,800	51.7%	45,000	48.6%
Other ethnic group males	34,700	65.7%	27,300	56.2%
Other ethnic group females	19,000	37.0%	17,800	40.5%
WMCA Total	1,744,200	68.8%	1,807,800	71.1%

Source: Annual Population Survey, 2017. Please note: # means the sample size is too small for a reliable estimate

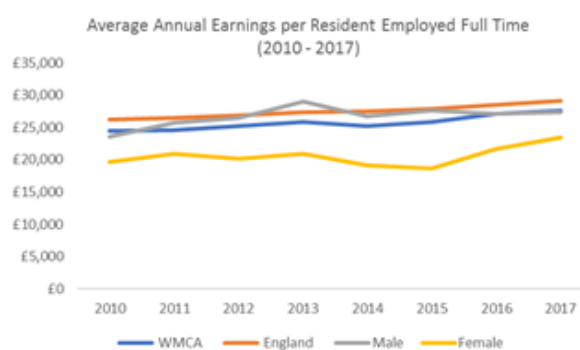
- The below table shows Economic Inactivity across the WMCA and the breakdown by reason. Overall economic inactivity has decreased from **26.6%** in 2016 to **24.7%** (**46,500** people) in line with the UK downward trend.
- A larger proportion of males are students (40.1%) compared to females (24.3%) and students has increased across both cohorts (**+0.6pp** for males and **+1.4pp** for females) as well as on the whole (**+1.1pp**) since 2016.
- Meanwhile, **38.9%** of females are economically inactive because of looking after their family/home compared to **7.4%** of males. Although, since last year there has been a slight reverse in the trend with females decreasing from **40.7%** and males increasing from 6.8%.

TOTAL	WMCA		UK	
	Count	%	Count	%
TOTAL	629,200	24.7%	9,139,800	21.8%
% of economically inactive student	190,600	30.3%	2,422,000	27.1%
% of economically inactive looking after family/home	169,900	27.0%	2,181,700	24.4%
% of economically inactive temporary sick	15,600	2.5%	190,500	2.1%
% of economically inactive long-term sick	125,700	20.0%	1,999,200	22.3%
% of economically inactive discouraged	#	#	35,500	0.4%
% of economically inactive retired	59,500	9.5%	1,175,900	13.1%
% of economically inactive other	66,400	10.6%	949,200	10.6%

Source: Annual Population Survey, 2017. Please note: # means the Sample size too small for reliable estimate.

## Earnings

- The total average annual earnings for residents employed full-time across the WMCA rose by **£472** on the year before to **£27,574** in 2017. This is **4.1%** lower than the UK average of **£28,758**<sup>9</sup>.
- Between 2013 and 2016, total average annual earnings in the WMCA increased by **£1,695** equivalent to **6.55%** compared to **6.47%** across the UK.
- Across the WMCA **75.7%** of all employees earn above the UK living wage compared to **76.8%** across the UK.<sup>10</sup>
- Last year there were **592,000** men employed full time compared to **355,000** women. Men earned on average **£29,915** whilst women **£23,261** a difference of **£6,654**. However, women's pay increased slightly faster by **2.9%** compared to **2.8%** for men.
- Nationally the reverse was true, men's pay increased by **2%** while women's pay increased by **1.8%**. Women continue to be overrepresented in terms of part time employment accounting for **77%** of the workforce.
- Across the WMCA **75.7%** of employees are earning above the living wage compared to **75.3%** in 2015. **82%** of full-time workers earn above the living wage this has decreased from **84.2%** in 2015 whereas there are more part-time workers earning above the living wage than in 2015, up from **50.8%** to **52.2%**.<sup>11</sup>



## Qualifications

- In the WMCA **790,800** people are qualified to NVQ level 4 or above (**31.1%**). This is a **14,600** increase on the year before, resulting in an overall increase of **1.9%**.
- While the number of women with NVQ level 4+ increased by 18,400 or **1.3%**, the number of men with NVQ level 4+ fell by **0.4%**.
- Only **16.9%** of 16-24-year olds hold NVQ level 4+ compared to 31.1% of the wider WAP.
- Qualifications are key to progression, with people qualified to NVQ4+ estimated to earn significantly more than those with lower qualifications.
- Across the UK there are **15.8m** qualified to NVQ level 4+ with **221,000** more people at this level than in 2016. This equates to **38.4%** of the Working Age Population (WAP).
- To reach the national average of **38.4%** the WMCA requires a further **184,867** people to be qualified to this level.

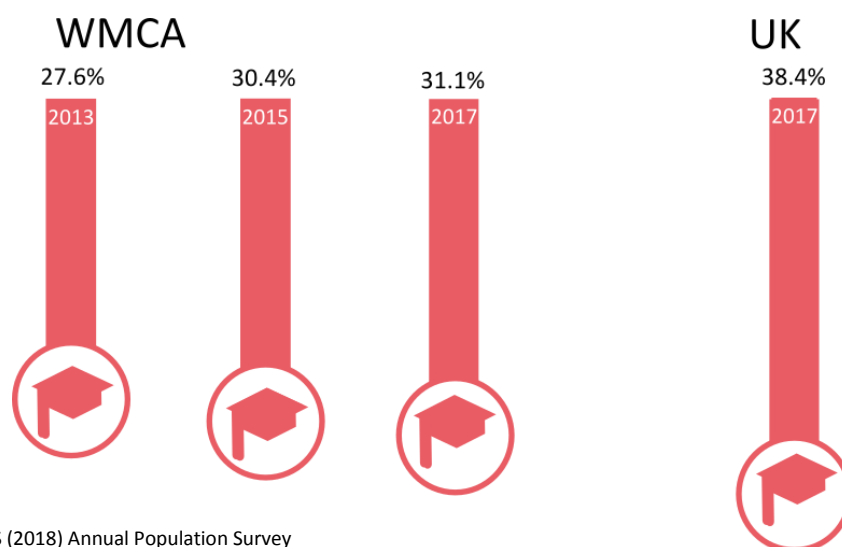


<sup>9</sup> Nomis (2017) ONS Annual Survey of Hours & Earnings, 2017. Please note that earnings have been calculated by taking the average across three LEPs to allow for comparability over time.

<sup>10</sup> ONS user requested data - Annual Survey of Hours and Earnings (ASHE) - Number and percentage of employee jobs with hourly pay below the National Living Wage, by local authority, UK, April 2016

<sup>11</sup> ONS Annual Survey of Hours and Earnings (ASHE) user requested data - Number and percentage of employee jobs with hourly pay below the living wage, by parliamentary constituency and local authority, UK, April 2015 and 2016.

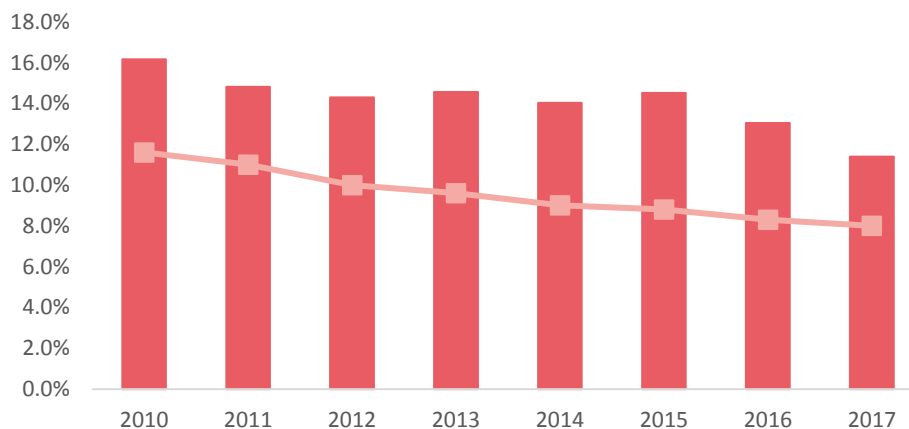
**Percentage of people in the WMCA with degrees is below UK average but increasing year on year**



Source: ONS (2018) Annual Population Survey

- The proportion of WMCA residents with no qualifications decreased from **13% (329,800)** in 2016 to **11.4% (289,300)** in 2017. A reduction of **40,500** people.
- The number of women with no qualifications fell faster than that of men. The number of women with no qualifications reduced from **166,100 to 145,300 (-14.3%)** while men fell from **163,000 to 144,100 (-13.1%)**.
- 9.1% of 16-24 year olds have no qualifications compared to the WMCA average (**11.4%**).
- To reach the current UK average (**8%**) it requires a further upskilling of **86,036** people.

**Percentage of people with no qualifications (2010-2017)**

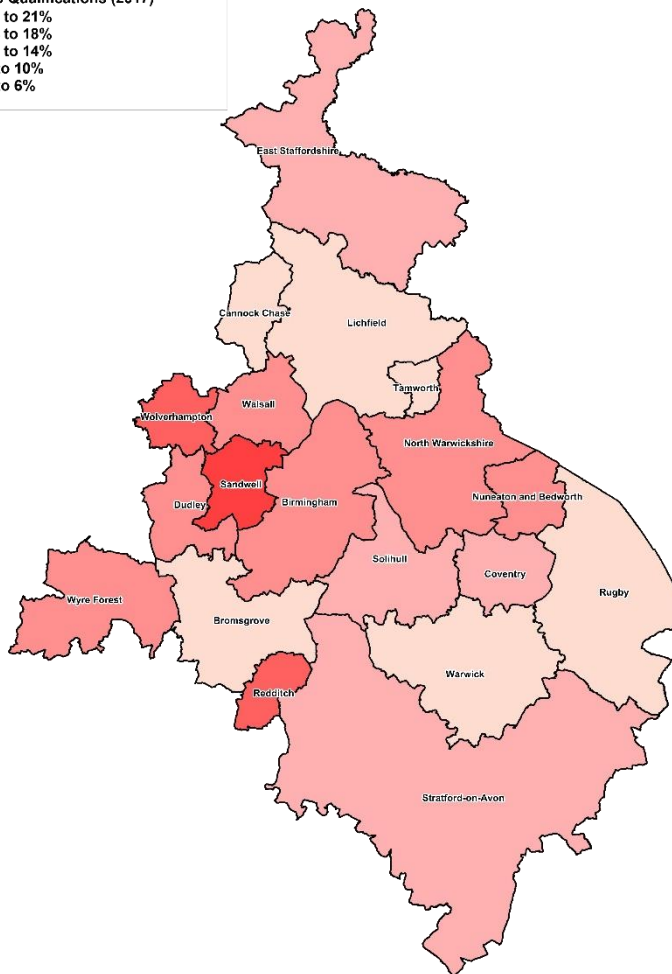


Source: ONS (2018) Annual Population Survey

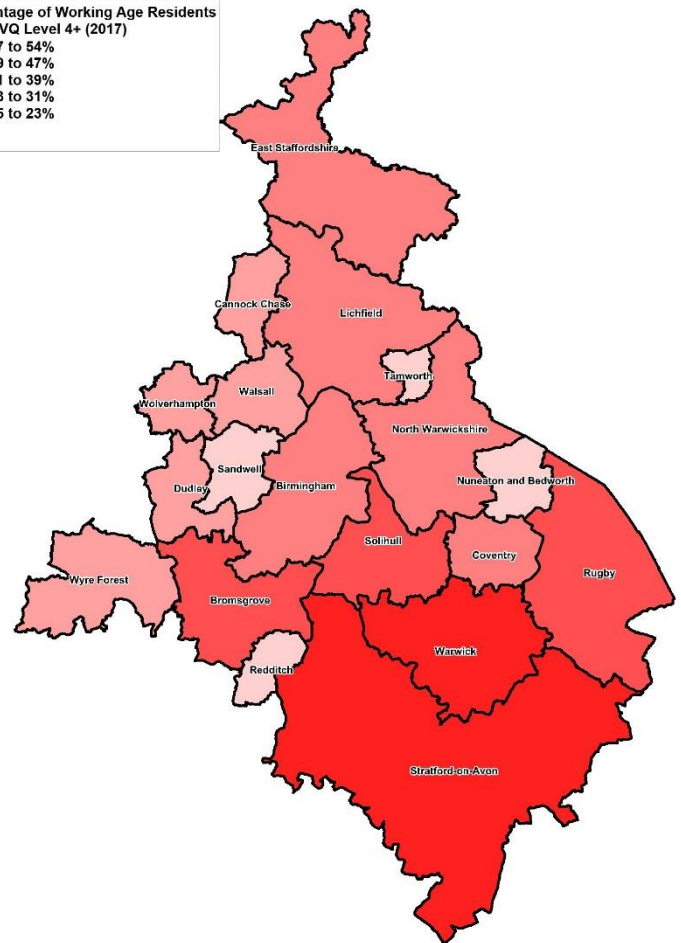
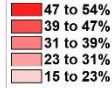
- The proportion of working age residents with no qualifications is falling faster than the UK average. More people are qualified to NVQ1, NVQ2 and NVQ3 in the WMCA. The percentage change in these qualifications over the last year are in line with national increase.

- The following maps show the percentage of Working Age population with degrees and subsequently no qualifications across the 19 local authorities. Warwick has the highest percentage of WAP with NVQ level 4+ (**53.6%**) and Lichfield has the lowest percentage of WAP with no qualifications (**2.9%**).

Percentage of Working Age Residents with No Qualifications (2017)



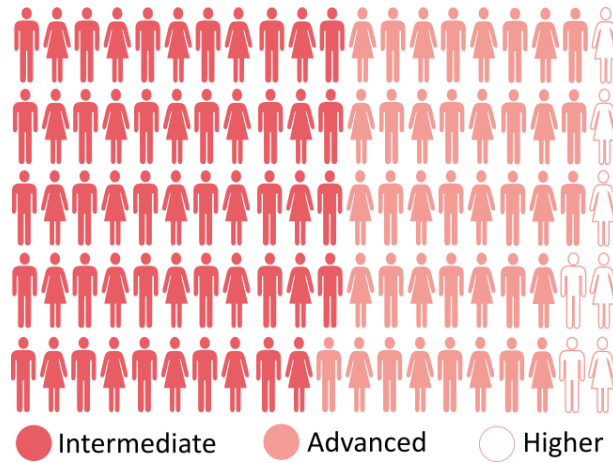
Percentage of Working Age Residents with NVQ Level 4+ (2017)



## Apprenticeship Starts

- The number of apprenticeships across the WMCA area increased by **400** to **42,470** or **1%** against a national drop of **-2.9%** in 2016/17.
- 45%** of apprenticeship starts are in the 25+ age group and **30%** are delivered to 19-24-year olds with the remaining **26%** being provided to under-19s.
- Females are well represented in terms of learners when compared to the overall population. Females account for **53.8%** of all apprenticeships compared to **50.5%** of the overall population.
- The number of learners classified as BAME continues to increase year-on-year. In 2014/15 there were 7,205 learners classified as BAME equating to 23.8% of all learners. This has now increased to **7,807** or **26%** in 2016/17 – reflecting the **26.2%** of the overall population.
- The WMCA's ambition is to raise overall apprenticeship starts to **84,000** by 2030. To do this the WMCA needs to create nearly double the current number of apprenticeship starts per annum

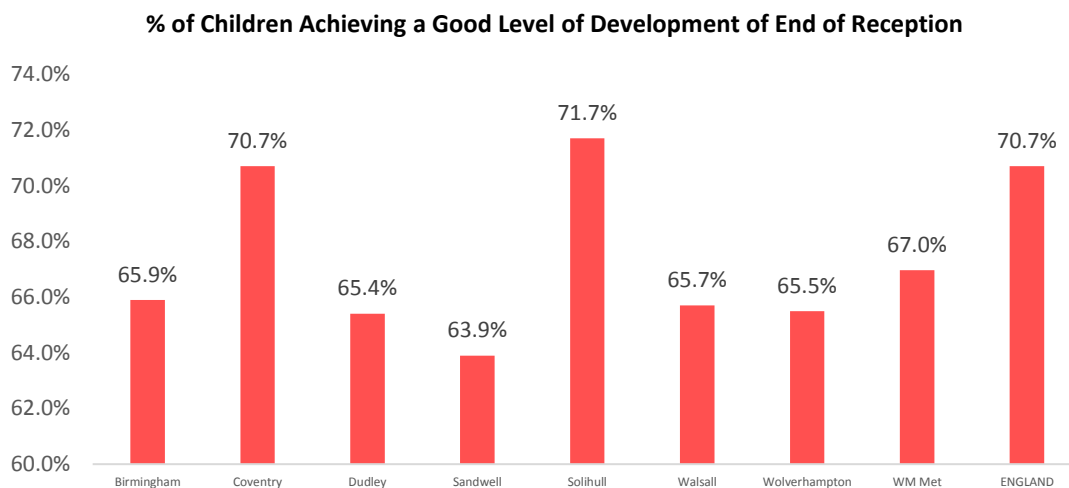
Year	Intermediate	Advanced	Higher	Total
WMCA 2016/17	22,890	16,480	3,100	42,470
WMCA 2015/16	24,720	14,730	2,620	42,070
Absolute Change	-1,830	1,750	480	400
Change	-7.4%	11.9%	18.3%	1.0%
England	-10.7%	3.5%	34.2%	-2.9%



Source: Department for Education (2017) Apprenticeships by geography, age and level: starts 2005/06 to 2016/17 reported to date

## School's Performance

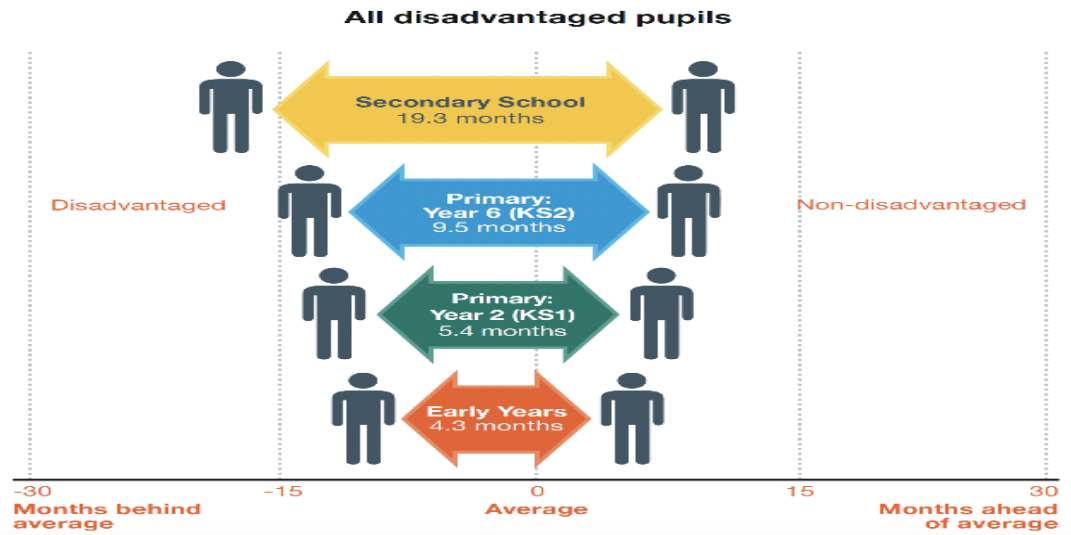
- School readiness at age five has a strong impact on future educational attainment and life chances. Children who don't achieve a good level of development aged 5 years struggle with social skills, reading, maths and physical skills.



Source: Public Health England Profiles, 2017

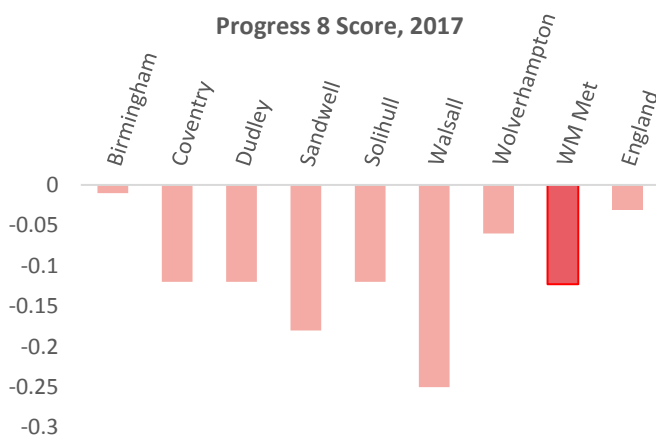
## Social Mobility

- Poor performance in early years generally ensures weak social mobility. Across the WMCA the attainment gap is greatest for those from economically disadvantaged backgrounds and those assessed with special educational needs. In the WMCA area **33.5%** of pupils who have Free School Meals only achieve A\*-C GCSEs in English and Maths, compared to **60%** for all other pupils - nationally 39% and 67%.

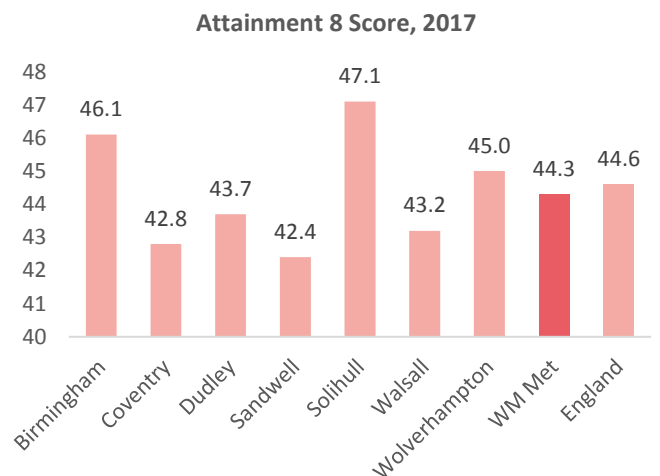


Source: Social Mobility Commission, 2018

- Progress 8, the new secondary school accountability measure aimed at measuring progress, found that **88.2%** of schools were rated 'Not Below the Floor Standard' compared to **88%** nationally (across England).<sup>12</sup>
- Across the WMCA Metropolitan area, the average Attainment 8 score (which measures a student's average grade across eight subjects) is **44.3** compared to the England average of **44.6**.
- Mirroring national trends girls perform better than boys. Girls on average scored 12 points more per pupil whereas nationally the average was 6.
- Chinese and Asian students were the best performing, with both scoring on average more points per pupil than the national average.
- In the WMCA, the percentage of pupils who achieved all components of the English Baccalaureate (including a strong 9-5 pass in English and maths) was **17.5** compared to **19.4** nationally and those that achieved a standard pass was **19.6** compared to **21.9** nationally.
- In terms of the percentage of pupils who achieved all components of the English Baccalaureate (including a strong 9-5 pass in English and maths) **17.5** compared to **19.4** nationally and those that achieved a standard pass **19.6** compared to **21.9** nationally.



Source: Department for Education Main National Tables, 2017

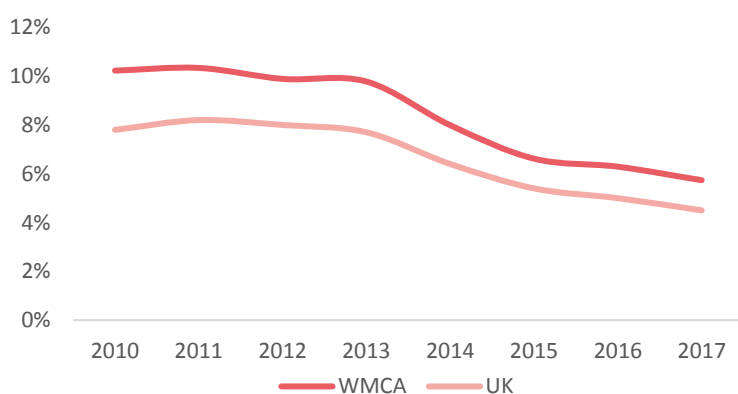


<sup>12</sup> Department for Education Main National Tables, 2017

## Unemployment

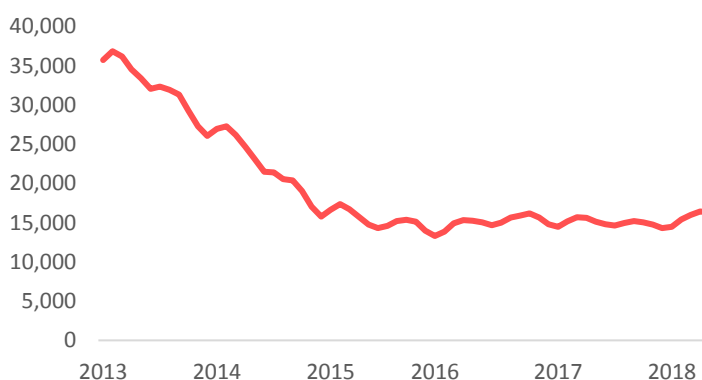
- **110,100** people were unemployed across the WMCA in 2017 (**5.7%** compared to **4.5%** across the UK).
- Of the **110,100** unemployed, **63,800** are men, which equates to **6.0%** of the male working age population compared to **5.3%** of females.
- The unemployment rate for ethnic minorities is **9%** compared to a national average of **7.8%**.
- **254,010** people aged 16-64 in the WMCA are classed as claiming key out of work benefits including Income Support and Child Benefit for which people in employment can also claim (November 2016). The figure fell by **5,460** from the previous year (**-2.1%**).
- There are **121,600** men and **132,410** women claiming key out of work benefits. In the last year the number of men claiming fell by **-8.8%** compared to **-3.3%** for women.
- Of the total **254,010** claimants, **28,640** are aged under 25 (**11.3%**) – this is a fall of **-17.2%** or **5,950** people in the last year.
- Jobs Seekers Allowance (JSA) claimants account for **18.5%** (figure excludes Universal Credit) of the **254,010** people claiming benefits - a decline of **3,410** people or **6.8%**.
- The latest figures show that there are **28,366 (60.3%)** men and **18,650 (39.7%)** women claiming JSA.
- ESA and incapacity claimants remain the largest cohort, although there was a small overall reduction in numbers (**-750 people**). These claimants account for **65.5%** of all benefit claims.
- Just **7.9%** of ESA and Incapacity claimants are aged Under 25.
- The number of Lone Parents continues to fall, now accounting for **13.7%** of all claimants, a reduction of **-2.4%** or **840** people.
- **34,010** of the 34,900 Lone Parents are female, with just over one in four being under 25 (**25.8%**).
- There were **83,485** claimants in the WMCA in May 2018. Reflecting national trends, this is **160** more claimants than the previous month and 10,310 claimants more compared to the same month last year (**73,175**).
- There were **16,265** youth claimants in WMCA in May 2018, **175** less than the previous month and **1,115** more than May 2017. Conversely, the proportion of Youth Claimants in the WMCA as a percentage of total claimants has reduced from **19.9%** to **19.5%** but remains slightly above the national average **19.3%**.
- Almost two in three (**62%**) of youth claimants are male.
- **5,040** people (**7.8%**) in the WMCA were classed as NEET (Not in Employment, Education and Training) in 2016, an increase of **620** or **3.4** percentage points. This is above both national (**6.0%**) and regional comparators (**7.3%**).
- Of the 5,040 NEETs, **41.9%** were female and **58.1%** were male, reflecting the national average.

Unemployment Rate (2010 - 2017)



Source: Annual Population Survey, 2017

WMCA Youth (18-24) Claimants



Source: Department of Work and Pensions, 2018



## WMCA REGIONAL SKILLS PLAN

The **Regional Skills Plan** launched in June 2018 sets out to put skills at the heart of our drive for inclusive growth by delivering:

- More people in employment
- More people in higher skilled jobs
- More skilled employees to support business growth and productivity
- All communities benefit from the region's economic growth
- An agile and responsive skills system that is more aligned to the needs of business and individuals

### **Areas to Concentrate on:**

- Prepare our young people for future life and work
- Create regional networks of specialist, technical education and training to drive up skills and productivity and underpin economic growth
- Accelerate the take-up of good quality Apprenticeships, across the region
- Deliver inclusive growth by giving more people the skills to get and sustain good jobs and careers
- Enable a more agile and responsive skills system

### **Deepening our Evidence Base**

- Building on the evidence work from the WMCA Productivity and Skills Commission we will continue to develop a detailed understanding of the priority skills needs and gaps of key sectors such as digital, construction and automotive companies.
- We will examine the risk factors for youth unemployment and develop approaches to address these.
- We will analyse the take up of apprenticeships to test progress in improving access.

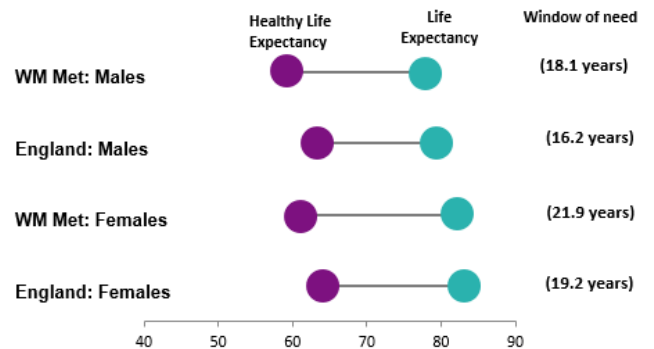
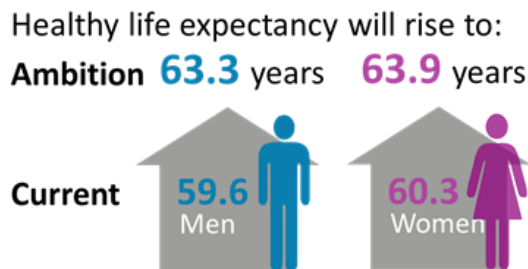
# **Section 6:**

## **People - Health and Wellbeing**

OUTCOME: Better quality of life for all: improved health physical/mental health and wellbeing

## Health & Wellbeing<sup>13</sup>

- In the WM Met Area, the average life expectancy (LE) is **77.8** years for males and **82.2** years for females. Wolverhampton has the lowest healthy life expectancy for males at **56.6** years while in contrast, Solihull is **64.6** years. Walsall has the lowest healthy life expectancy for females at **57.2** years and Solihull is highest at **66** years followed by Coventry at **62.9** years. In the WMCA overall the healthy life expectancy for males and females is **59.7** years and **60.3** years respectively. The difference between “life expectancy” and “healthy life expectancy” is known as the *window of need*.

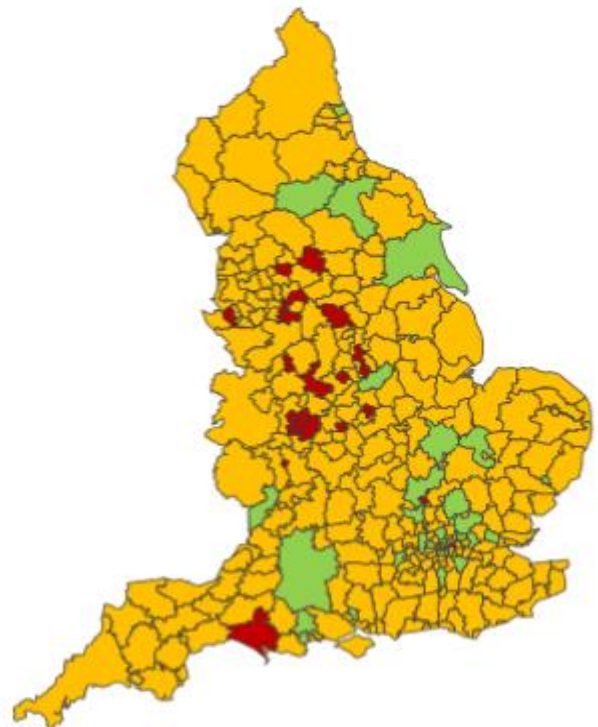


## Early Years

- The West Midlands is one of worst performing regions for infant mortality rate in England. The map opposite shows the infant mortality rate per 1,000 live births across England. At **6.6** deaths per **1000** live births, infant mortality rates in the WM Met area are significantly higher than the England average of **3.9** per **1000** live births. However, the number of infant deaths annually reduced from **270** to **260** between 2001/3 and 2014/16. For the WM Met area to be similar to England, there would have to be **105** less infant deaths across the WM Met area annually.

- Teenage conceptions (aged 15-17 years) have reduced significantly since 1998, although rates in the West Midlands Met area are still significantly higher than for England. In 2015, there were **1,389** births to teenage mothers. For the WM Met area to be similar to the England average, there would have to be **325** fewer teenage conceptions annually.

- During the period 2016/17, **10.4%** of mothers smoked during pregnancy. This is lower than the **15%** seen in 2010/11, and marginally lower than the England average of **10.7%**.



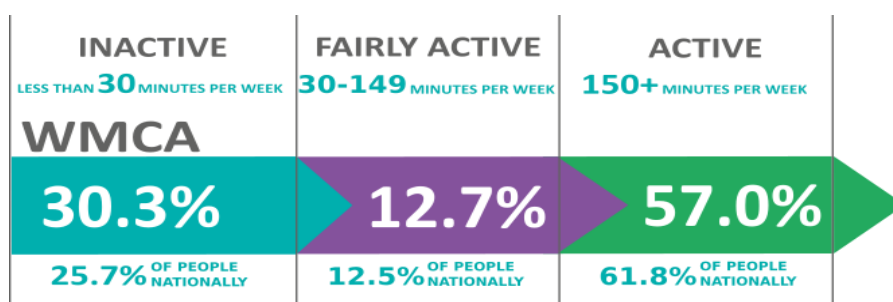
Source: Public Health England, Map data@2018 GeoBasis-DE/BKG Google

<sup>13</sup> All based on the 7 met area geographies

## Health

- The current smoking prevalence across the WM Met area is around **15.4%**, similar to the **15.5%** seen for England. However, this ranges from around **12%** in Solihull to **19%** in Sandwell.
- Across the WM Met area, **14.1%** of the households in the area (or **156,204** households) experienced fuel poverty in 2015. This is an increase from **12.7%** (**139,139** households) in 2014.
- During the period 2014-16, there were **15,410** deaths which are considered preventable, or around **5,130** deaths annually<sup>14</sup>. This is a reduction from **6,230** deaths annually between 2001 and 2003.
- Around **40%** of cancer diagnoses are preventable. With **6,845** cancer diagnoses in the WM Met area in 2015, improvements in lifestyles of people in the WM Met area could result in **2,738** fewer diagnoses annually. Around **15%** of cancers are caused by smoking. Eradicating smoking altogether could prevent over **1,000** fewer diagnoses of cancer alone.

## Physical Activity



- Based on the Active Lives Survey (Sport England, 2017), **57%** of the WMCA's adult population are active, or participate in more than **150** minutes of physical activity each week, equivalent to **1,860,300** people. This is a decrease of **1.2%** or **-23,400** active people compared to last year. In order to reach the national average of **61.8%** activity, the WMCA requires an additional **156,701** participants achieving **150** minutes of sports or physical activity per week.

## Deprivation

- For both males and females in the most deprived communities there is a shorter healthy life expectancy at birth and a longer period expected to be spent in 'not healthy' health. The health inequality gap between the most and least deprived areas across the WM met geography has increased among males from 6.2 years in 2014 to **7.4** years in 2015, whereas for females the gap has decreased from 9.9 years to **9** years.
- In 2015, **20%** of the WMCA population lived in the top **10%** most deprived areas.

Health inequality gap in years between the most and least deprived areas in the West Midlands



Source: Public Health England (2017)

## Suicide Rates

- In 2016, the suicide rate for the WMCA was lower than England at **9.8** suicides per **100,000** compared to **9.9** across England.

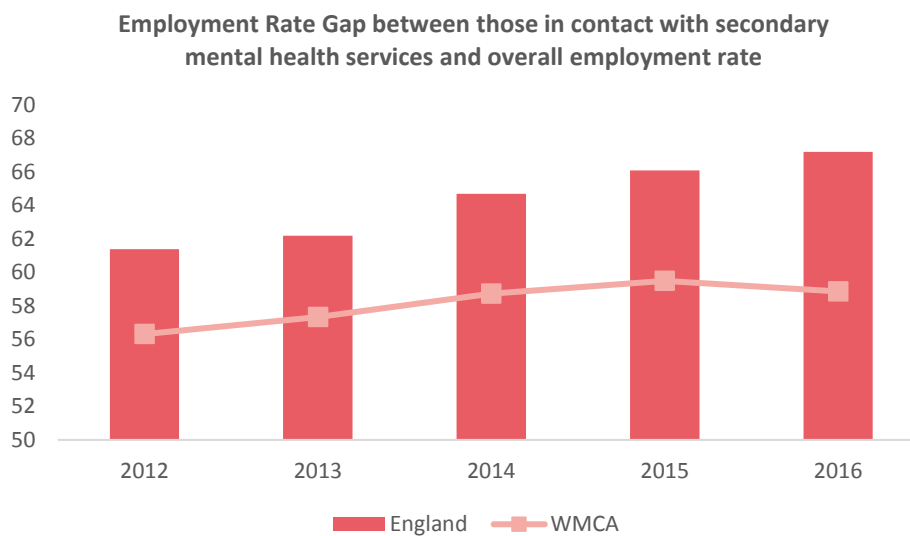
<sup>14</sup> Preventable mortality includes conditions such as those as a result from lifestyle factors – alcohol, drug abuse and diabetes. For a full definition refer to the Public Health Outcomes Framework, indicator 4.03

**OUTCOME:** Provide Education and employment opportunities for people out of work and disadvantaged to enable equal opportunities and equal access to jobs

**CRIME OUTCOME:** Reduce Crime

## Employment Rate Gap

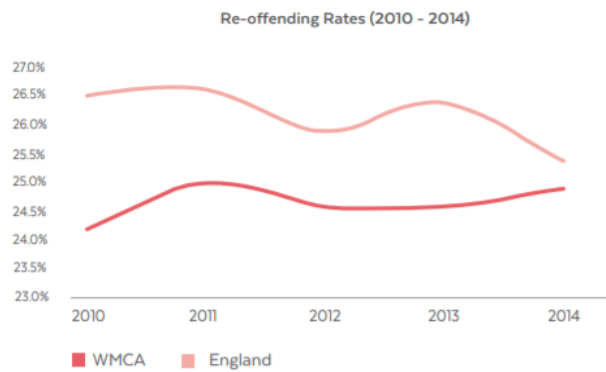
- The following chart shows the percentage point gap between the percentage of working age adults who are receiving secondary mental health services and in employment and the overall employment rate. The WMCA is ahead of England with a **58.9** employment rate gap compared to **67.2** across England. In 2016, only **6.7%** of adults in contact with secondary mental health services were in paid employment across England.<sup>15</sup> The long term goal is to radically increase the number of people in contact with secondary mental health services in employment by 2030 and to narrow the gap between their employment rate.



## Crime

- The total number of recorded crime (excluding fraud) in the West Midlands was **227,865** in 2017; **79.4** per 1,000 resident population. This is an increase of **27,353** more crimes recorded than the previous year.
- The number of offences per year has continued to decrease since 2010. **32,008** offences were committed in 2014 - **1,364** less than in 2013 and **7,170** less than in 2011. Re-offending rates across the WMCA has increased from **24.6%** in 2013 to **24.9%** in 2014. However, this is still lower than the re-offending rates for England where **25.4%** of offenders re-offend.
- In 2016, there were **1,234** first time entrants to the youth justice system (or **443** per **100,000** 10-17 year olds). This is a considerable decrease compared to **2,100** new entrants in 2010 (**730** per **100,000**). For the WMCA to be similar to England, there would need to be **320** fewer entrants to the youth justice system annually.

<sup>15</sup> NHS Digital (2017) Dataset: 1F - Proportion of adults in contact with secondary mental health services in paid employment October 2016



Source: Public Health England, 2017

## Deepening Our Evidence Base

- Building a shared definition of inclusive growth is a collaborative process and we are establishing an Inclusive Growth Unit to be the engine that drives this ambition. Blending analysis, policy advice and practical action, the unit will promote inclusive growth outcomes with our Industrial Strategy and Public Service Reform programme across the range of our activities. The unit is a collaboration across different sectors of the economy and society blending academic rigour and citizen insight.
- From the findings of the Leadership Commission: we are building a Youth WMCA Board, to ensure that young citizens can influence how things work in the region. We are learning from the existing TfWM Youth Forum and local initiatives such as Birmingham City Council’s Children in Care Council, to ensure we create the right spaces and the right opportunities for influence.

# Section 7: Place



ACCESSIBILITY OUTCOME- Improved the Connectivity of People to Businesses to Jobs and Markets  
 INFRASTRUCTURE OUTCOME - Improved the quantity of high quality readily available developments  
 SUSTAINABILITY OUTCOME - Resource efficient economy to stimulate new technology and business

## Infrastructure Investments

- 2017 has seen a large number of economic growth and infrastructure developments across the WMCA area. Funded from a variety of sources the following maps illustrate some of the infrastructure investments that have been delivered in 2018.

**1** The **National Automotive Innovation Centre**. £150m is being invested in the NAIC capital building and its research activities through a long-term commitment between Jaguar Land Rover, Tata Motors European Technical Centre, WMG and the University of Warwick.

**2** **UK Battery Industrialisation Centre** - £80m announced in 2017 Autumn Statement for this facility at University of Warwick.

**3** The **National Transport Design Centre** opened in May 2017 at Coventry University.

**4** **Friargate, Coventry** - £700 million new business destination bringing prime new office space, hotels, homes, shops, restaurants and public space.

**5** £65m **M6 Junction 10** Walsall

**6** **Tech Nation** £21m funding to accelerate growth of the digital tech sector across the country. Hub created in Birmingham.

**7** £82 million **Coventry Station Masterplan** - planning application submitted Spring 2018.

**8** £3.6m brownfield development from CIF to build a 65,000 sqft industrial/manufacturing unit. Part of the **Advanced Manufacturing Hub (AMH)** in Queens Road, close to Junction 6 of the M6 Aston. Completed by end of Summer 2018.

**9** **Wolverhampton Interchange**

**10** **STEAMhouse** - £5m innovation centre opened in May 2018.

**11** £9.27m Devolution Deal to **Birmingham International Station** redesign. Plans to transform Birmingham International Station into a fully integrated transport exchange, linked to the new HS2 Interchange Station in Solihull.

**12** **National College for High Speed Rail** - opened October 2017.

**13** **DY5, Dudley's Innovation & Enterprise Zone**

**14** Wednesbury to Brierley Hill Metro Extension.

**15** £60m Aquatics Centre in Smethwick for Birmingham 2022 Commonwealth Games.

**16** **Midland Metro Extension to Birmingham Edgbaston** £59.8m from the Department of Transport. Opens March 2021. Key metro extension linking Birmingham city centre with Edgbaston and Westside area.

**17** £70m government funding to transform **Birmingham's Alexander Stadium** for the 2022 Commonwealth Games. £20m pledge by the WMCA Brownfield Land and Property Development Fund towards the **Commonwealth Games Village**.

**18** £2m to provide **high speed broadband** in Coventry & Warwickshire.

**19** £7m from the Combined Investment Fund to developer Opus Land, to develop the site at the former Kingswood open cast colliery (14 acres at Kingswood Lakeside near Cannock). This will provide a total of 283,000 sqft of accommodation.

**20** £3.7m loan by Collective Investment fund to developers Complex Development Projects Ltd to secure acquisition of two key sites totalling 8.2 acres of major **redevelopment** including former Coventry Evening Telegraph offices in Corporation Street and former National Grid gas works in Abbott Lane.

**21** Collective Investment Fund has provided £2.9m loan to Barberrry Developments to assist with the **speculative development** of the 46,000 sqft industrial unit on the old Tuckers Fastenings site at Walsall Road, Perry Barr.

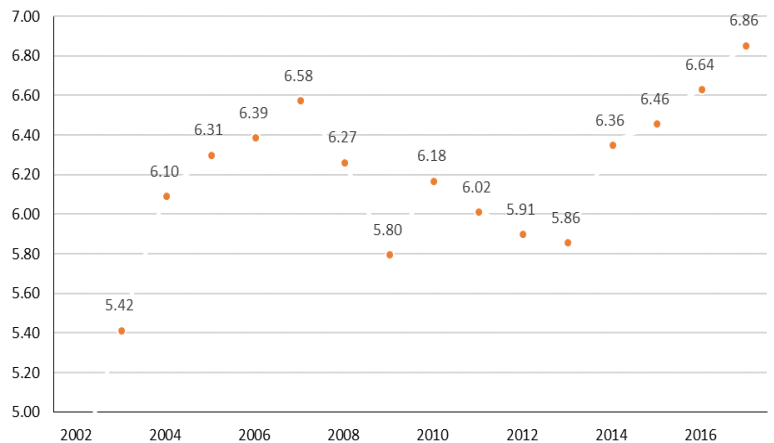
- The map below highlights some of the opportunity sites within the WMCA:



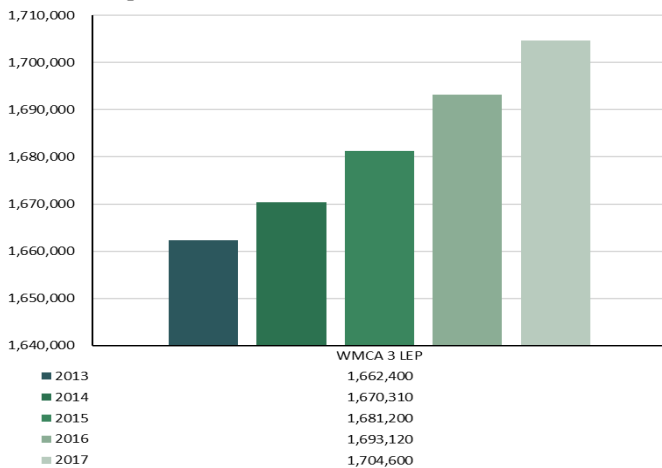
## Housing

- One of the WMCA SEP aims is to expand the construction and renewal of housing stock. There are currently (2016) **1.7 million** homes in the WMCA area whilst the housing deal between the WMCA and Government will deliver 215,000 additional homes by 2031. These additional dwellings are required to meet the demand created by a continued rise in population which currently stands at **4.1m people** in the WMCA. There were **11,500** net new homes in 2016-2017 compared to the previous year.

Ratio of median house price to median gross annual earnings across the WMCA

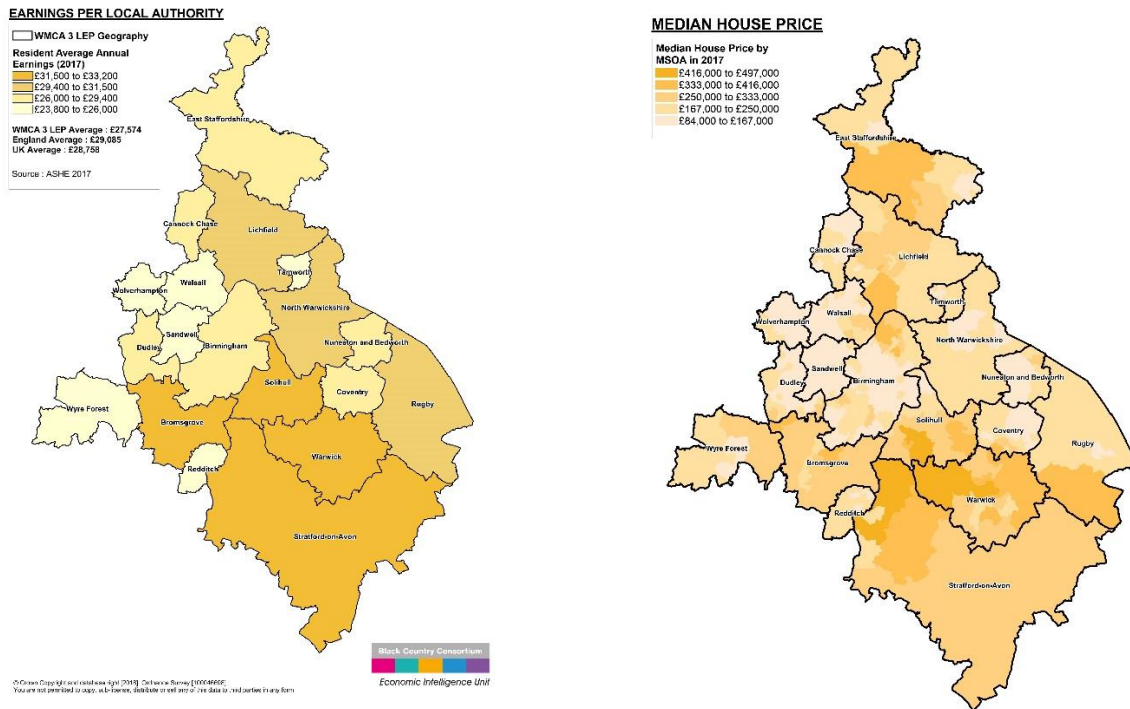


Dwelling Stock Estimates



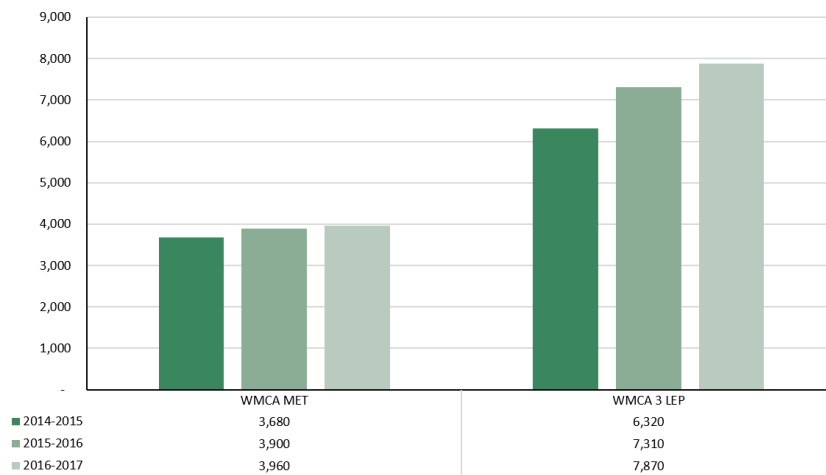
Source: MHCLG Live Table 125 - Dwelling Stock Estimates by Local Authority District

- The map below shows the average annual resident earnings per local authority within the WMCA and the adjacent map showing the median house prices:

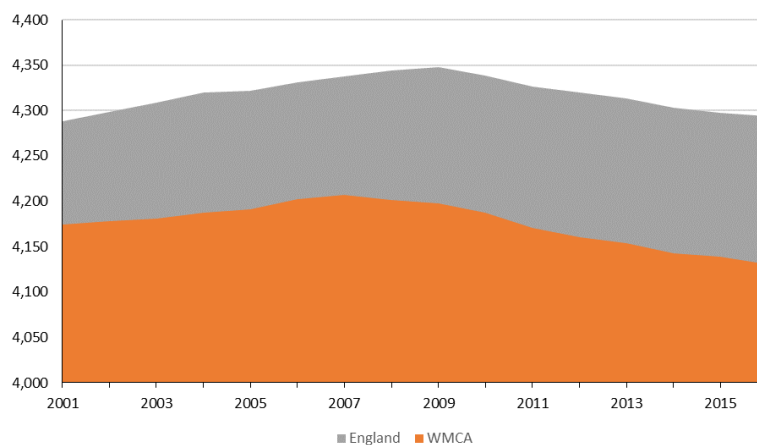


- The graph below shows the total number of completions over the last 3 years.

All Completions

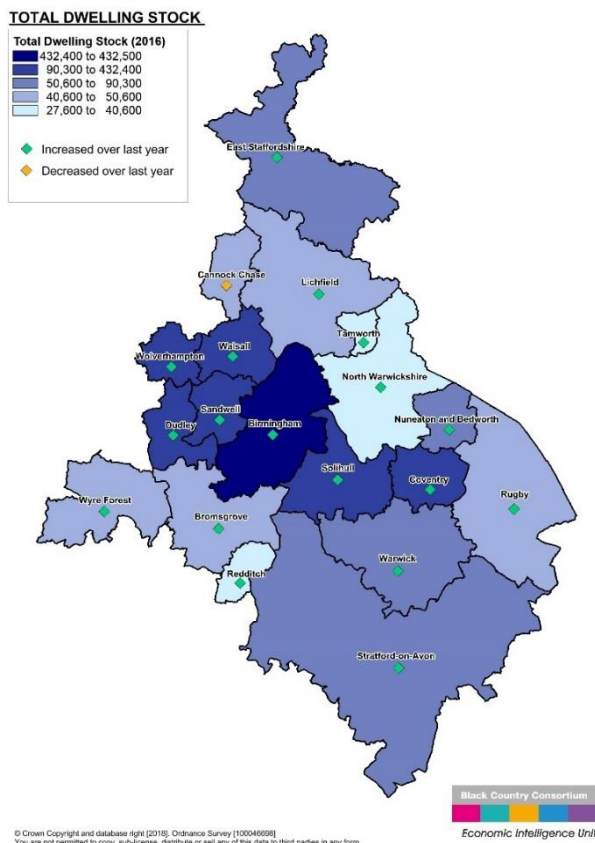
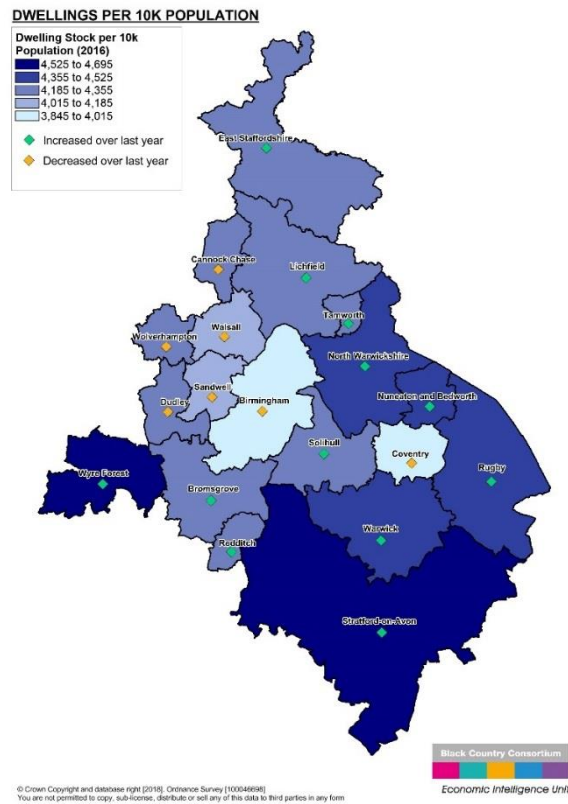


Residential Dwellings per 10k population WMCA vs England

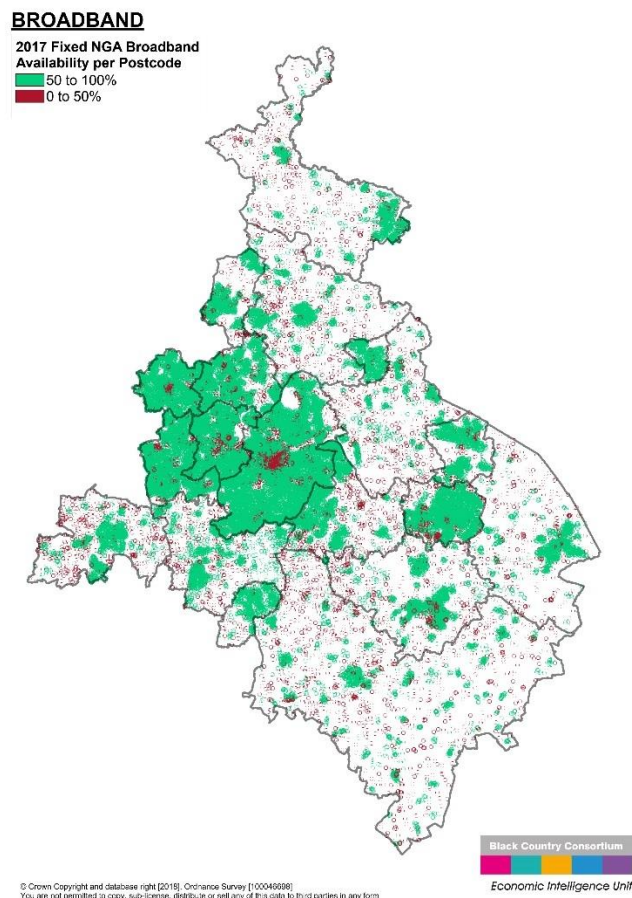




- The current total number of dwellings and number of dwellings per 10k residents by district is illustrated in the following maps:

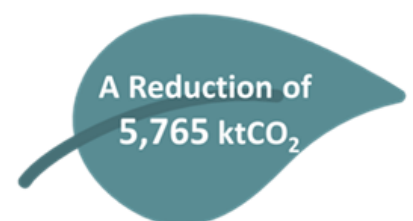


- The map below shows the superfast broadband enabled postcodes (that have at least 50% of premises enabled) within the WMCA.



## Environment Developments

- A key aim of the area is to promote energy and resource efficiency to stimulate new technology and business.
- Our carbon dioxide equivalent (CO<sub>2</sub> e) produced from direct emissions by transport, business and housing based on a 2010 baseline will be **30%** less in 2020 and **40%** less in 2030. This will contribute over an **8%** improvement to GVA by 2030.

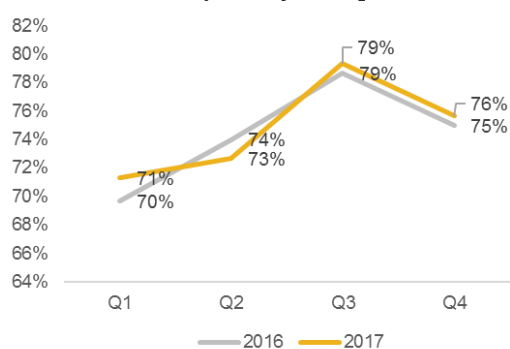


- The Natural Capital Round Table was recognised as the Natural Environment Workstream for the WMCA Environment Board.
- Continued work by the HS2 Environment and Landscape Board, which seeks the best outcomes for the natural environment of the West Midlands through investment in the HS2 Growth Strategy.
- The Birmingham and the Black Country Local Nature Partnership developed the Natural Capital Framework for the local delivery of the 25 Year Environment Action Plan which is currently being proposed to the WMCA. This will make the WMCA the first region in the country to develop its own 25-year Environment Plan, which will be delivered through an integrated approach and will put natural capital at the centre of the place making agenda within the WMCA.
- 60+ partners continue to deliver significant improvements to the natural environment of the West Midlands. Partnerships include the Birmingham and the Black Country Nature Improvement Area (NIA), Catchment Based Approach and the Black Country Geopark UNESCO proposal project.

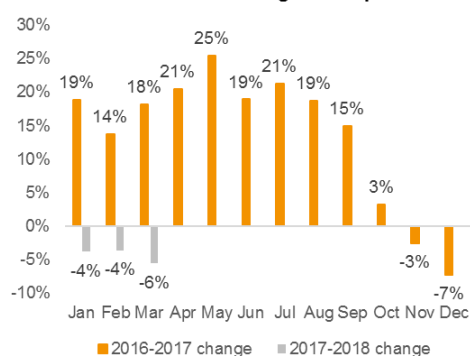
## WMCA Visitor Economy

- After a particularly strong 2016 the WMCA area’s visitor economy has continued to perform well. 2016 was a particularly good year for tourism as the fall in the value of Sterling after the EU referendum made the WMCA area, and indeed the UK as a whole, a very cost competitive destination for domestic and international tourists alike.
- Encouragingly the momentum has continued with hotel occupancy rates in the WMCA area matching or exceeding 2016 figures for most of the year. Although overseas visitor numbers have dipped since Autumn 2017.
- However, since Autumn 2017 it is likely that domestic rather than overseas tourists have been the principal driver of growth. From October 2017 onwards numbers of international arrivals at Birmingham Airport, the principal gateway into the WMCA area, have been down on the same month a year ago.
- This mirrors national trends. ONS International Passenger Survey data indicates a fall in overseas visitor volume and value in the final quarter of 2017, as a stronger pound began to reduce the cost competitiveness of the UK as a destination.

Hotel occupancy rates in the WMCA area - quarterly averages



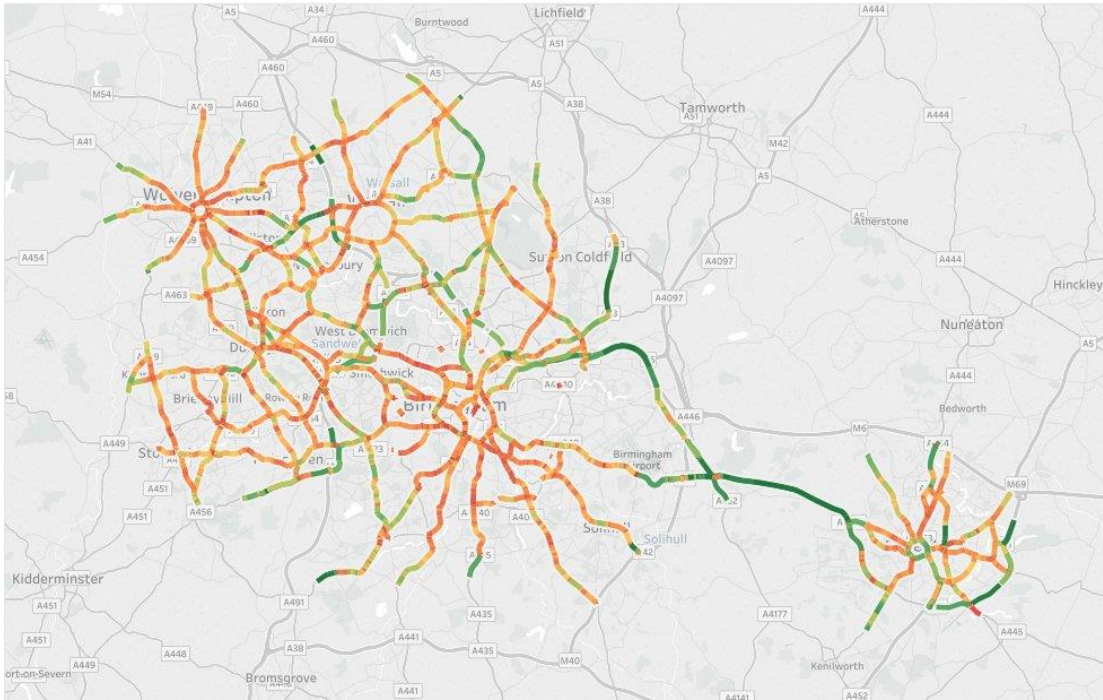
Year-on-year trends in international arrivals at Birmingham Airport



## Transport

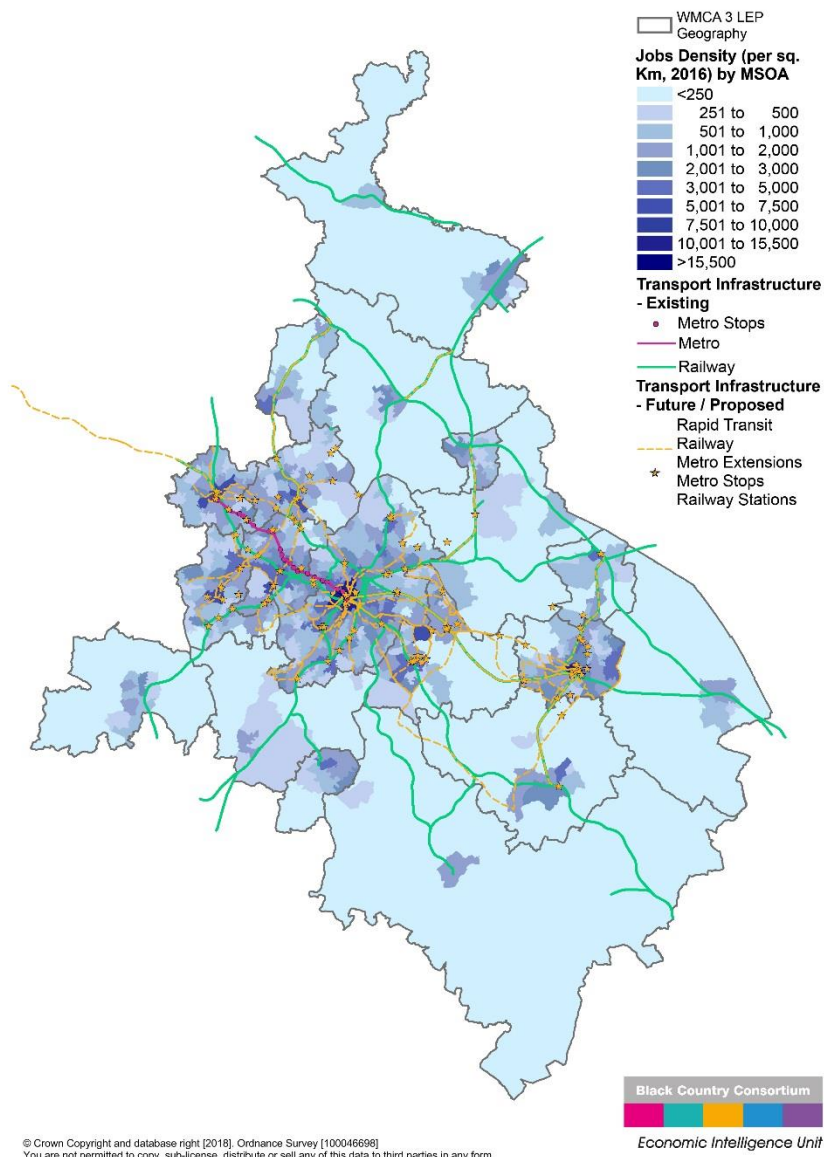
- Improve access to high quality employment areas and to local services and facilities for all residents.

- The map below shows congestion in the West Midlands. **41%** of WM met residents were 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 – some **34** percentage points lower than the WMCA ambition of 75%.

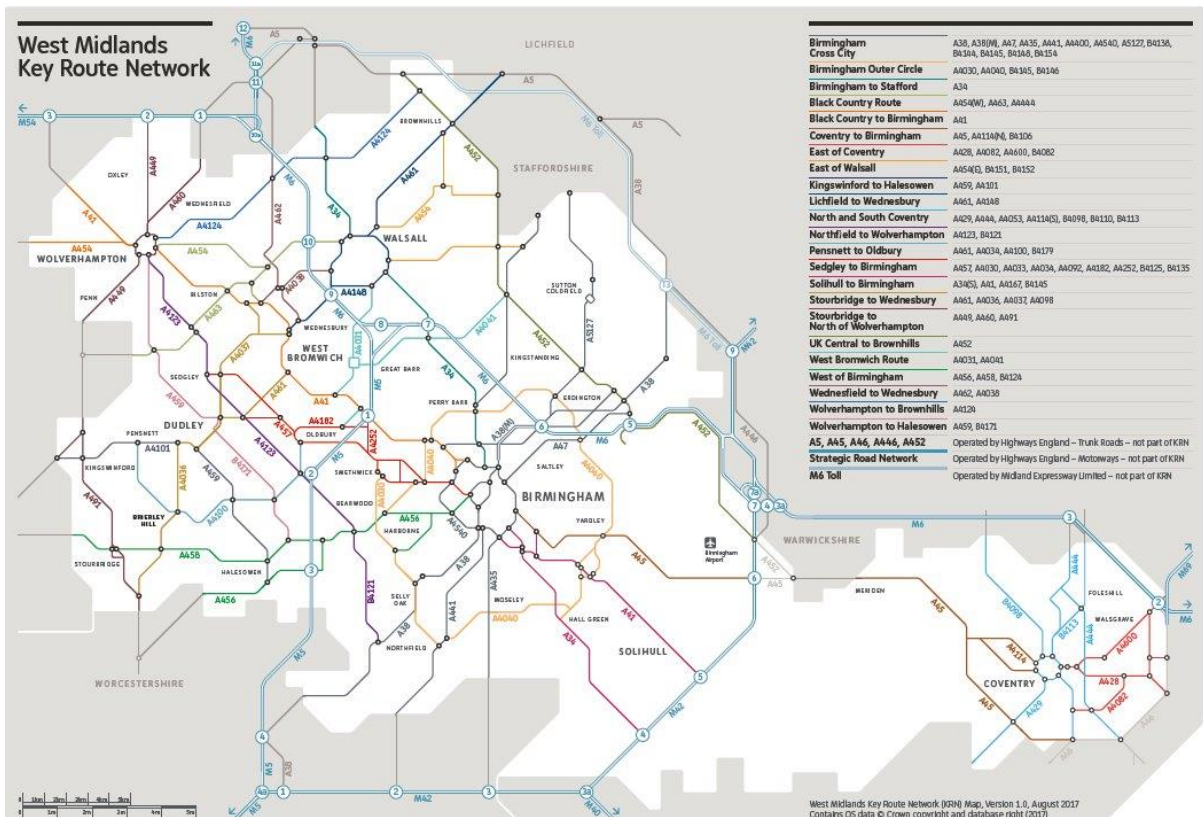


- Despite congestion increasing, there has been a **2.5%** reduction in all accidents and a **5.9%** reduction in fatal and serious accidents in the West Midlands in 2017.
- The following map shows a number of possible / proposed transport infrastructure projects that would allow increased connectivity of people and business to jobs and markets respectively.

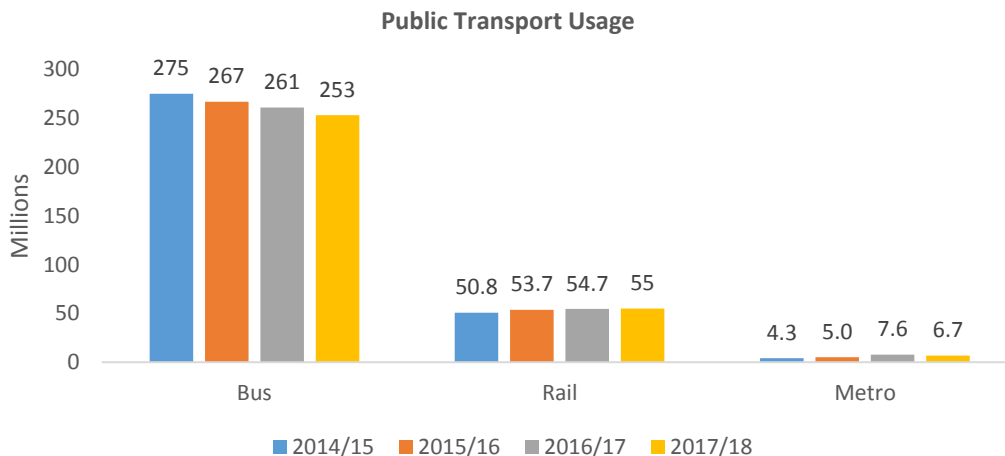




- The following map shows the West Midlands Key Route Network; a network of key local highways across the West Midlands essential for the following main purposes:
  - Serving the main strategic demand flows of people, goods and services;
  - Serving large traffic volumes; and
  - Providing connections to the national strategic road network.

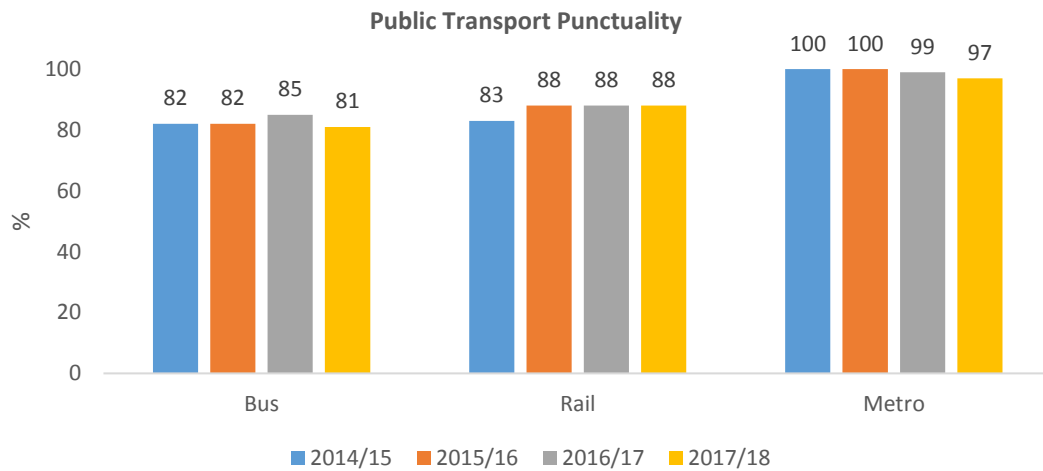


- Bus ridership has decreased over the past year (-3.1%), and matches the broader national trend, especially as older travellers continue to use their own private car more, but with note that trend for younger traveller bus travel is up as part of increased culture of non-car use in the under 30s.
- The metro ridership is generally positive with a slight decrease in the last year (-11.8%). This is suspected to be primarily because of significant service disruption during major line renewal work; but that bringing operations in-house to TfWM will enable better management of this going forward as the network is significantly increased.
- However, rail ridership experienced an increase by 0.5% this can be down to the TfWM and the WMCA role in forming West Midlands Rail as the new franchise and with commitments for further improvements such as stations and rail lines which is likely to enable further rail growth and provide an alternative to the car.
- As of 2017/18, 62% of passengers were satisfied with the value for money for buses, 63% for rail and 68% for the metro.

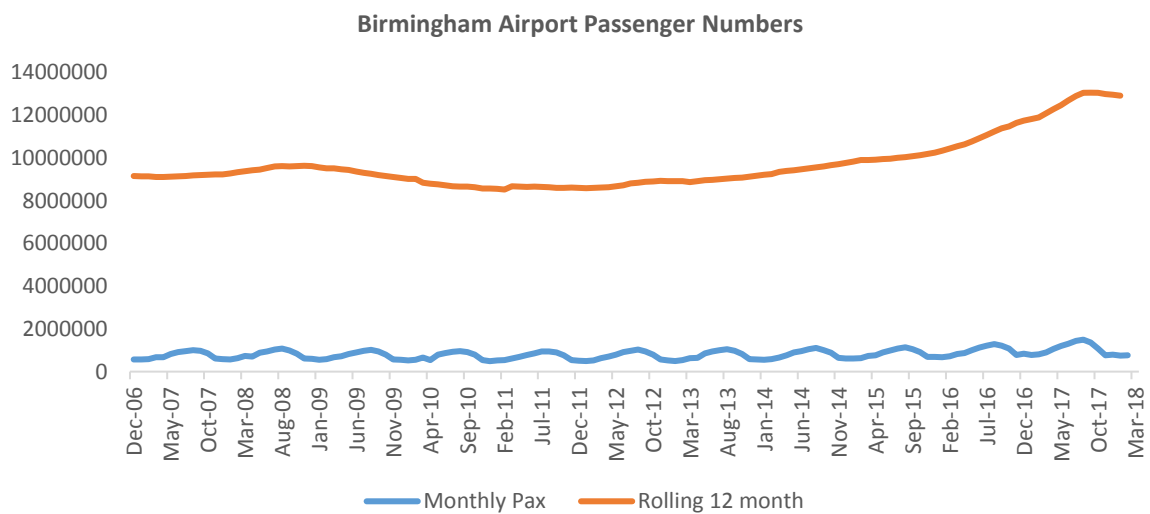


Source Transport for West Midlands, 2018

- Bus and metro are slightly below the target set for punctuality, 2017/18 shows an **81%** rate for bus (target of 82), and metro was **97%** (with a target of 98). Rail punctuality is above the 80% target at **88%**.



- Nearly **13 million** passengers passed through Birmingham airport in 2017 which lead it to experience the busiest year to date with an increase of **11.5%** (1.3m) in passengers compared to 2016.



## 2026 Delivery Plan for Transport

In September 2017, the WMCA approved the 2026 Delivery Plan for Transport. The plan comprises the Delivery Plan and two supporting sets of documents:

- The 2026 Delivery Plan for Transport document
- 16 Corridor Strategies
- Four Dashboards of Schemes

The delivery plan sets out the schemes which will deliver a large amount of the Movement for Growth strategy.

## **Deepening our Evidence Base**

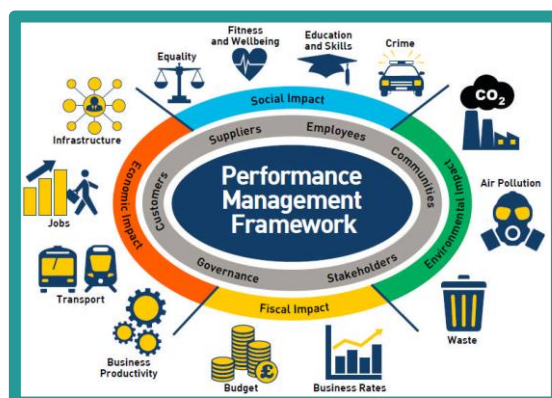
- We are focusing on some key development 'corridors' around HS2 and the associated connectivity package. This is to ensure that the investment made into hard infrastructure is connected to the assets in the places it touches. The work on building the data picture of these places has started, as have discussions around alignment of existing activities.
- We will establish rigorous assessment and evaluation of our investments and interventions to understand the impacts on local places and people, including disadvantaged groups, for example around access to employment and housing.

# 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 West Midlands Strategic Economic Plan (SEP). These indicators span a wide range of themes including productivity, employment and skills, infrastructure, competitiveness, sustainability and inclusive growth 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 the Black Country economy 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 and are currently working with others on the WMCA Office for Data Analytics. The Office for Data Analytics (ODA) will be the network of analysts, products and resource that exists across the West Midlands, with new resource being used to facilitate and enable collaboration and sharing across the existing systems and organisations, including the tools required to achieve greater scale and impact.



The WMCA PMF is continuously reviewed and monitored in line with the WMCA's aims and objectives in the constantly changing economic and political landscape. Government launched its Industrial Strategy White Paper in November 2017 with the long-term aim of boosting productivity and 'earning power' of people across the UK. The EIU is providing the evidence base for the West Midlands Local Industrial Strategy and is working with government and local partners to develop the strategy itself. The EIU is also working with partners to develop an Inclusive Growth Monitor to reflect the broader WMCA inclusive growth agenda whilst following best practice for measuring Inclusive Growth from other leading organisations in the field such as the Department for Health, Joseph Rowntree Foundation and Centre for Regional Economic and Social Research.

## The WMCA Performance Management Framework<sup>16</sup>

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	Source
ECONOMIC GROWTH - Improved GVA for the region in line with the UK average	O1. GVA per Head	£22,443	+£671	+£2,308 +11.5% WMCA +9.1% UK	<b>GVA per head £26,621</b> +£4,178 GVA per head	ONS (2017) Balanced Gross Value Added (GVA) for Local Enterprise Partnerships
	O2. GVA per Hour <sup>17*</sup>	£28.90	+£1.10	+£2.10 +7.4% WMCA +6.0% UK	<b>GVA per hour £32.60</b> +£3.70 per Hour	ONS (2018): Sub regional Productivity: GVA per hour worked by Local Enterprise Partnerships, 2004-2016
	O3. GDHI per Person*	£16,295	+£115	+£1,287 +8.6% WMCA +8.5% UK	<b>£19,432 GDHI per Person</b> +£3,137 GDHI per Person	ONS (2017): Regional Gross Disposable Household Income (GDHI) by Local Enterprise Partnerships, 1997 - 2016
BUSINESS - Improved the productivity of our businesses focussing on our growth sectors  FISCAL - Secure better for less from our public services  	B1. GVA per employee	£49,937	+£1,077	+£3,022 +6.4% WMCA +4.5% Eng	<b>GVA per employee = £56,783</b> +£6,846 GVA per employee	ONS Balanced Gross Value Added (2017) for Local enterprise Partnerships ONS Business Register and Employment Survey for years 2009-2016
	B2. GVA in transformational sectors	£66bn	+£2.6bn	+£9bn +15.9% WMCA +11.8% UK	<b>£147bn WMCA SEP Ambition</b> +£80.8bn GVA	EIU have applied the proportion of GVA by sector from the Oxford Economic Model and applied to the ONS GVA figures
	B3. No. of Business Births	27,550 business births 67 per 10,000 population	+5,120 business births	+8,745 business births +46.5% WMCA +19% UK	Ahead of UK 63 per 10k population +1,618 births per annum	ONS UK Business Demography, 2017
	B4. Five - year Business Survival Rate of businesses born in 2011*	43.8%	-6.9pp	-31.48pp WMCA -31.5pp UK	<b>44.1%</b>	ONS UK Business Demography 2017
	B5. Jobs in Transformational Sectors	1.2m	+24,646 jobs	+106,979 jobs +9.5% WMCA +8.1% Eng	<b>1.5m WMCA Transformational SEP Ambition</b> + 236,120 transformational jobs	Oxford Economic Model
	B6. Total Jobs	2m	+36,178 jobs	+131,457 Jobs +6.9% WMCA + 7% Eng	<b>2.4m WMCA SEP Total Jobs Ambition</b> +364,165 Jobs	Oxford Economic Model

<sup>16</sup> 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.

<sup>17</sup> \* New PMF Indicator for 2018

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	Source	
	B7. Employment Rate	71%	+2.2 pp	+3.7 pp WMCA +3.5 pp UK	<b>Employment rate = 74.7%</b> +3.7pp	Annual Population Survey (2018) January – December 2017	
	F1. Income & Exp. Balance	-£2.7bn	-0.5 bn	N/A	<b>To achieve no fiscal gap</b> +£2.7 bn		
PEOPLE - Improved Life Chances for all	P1 – Reduce % of people in top 10% most deprived areas	20%	+0.0007 pp	+0.002 pp WMCA	10% of people	Public Health England Profiles, 2017	
	P2. – Better employment, health and wider outcomes for people with complex needs	<b>Under development</b>					
	P3. (i) Annual average earnings of full-time working residents	£27,574	+ £472	+£1,695 +6.55% WMCA +6.47% Eng	+ £1,184	Nomis: ONS Annual Survey of Hours & Earnings, 2017	
	(ii) % of employees earning above UK living wage	75.7%	NA	NA	+1.1pp	ONS user requested data - Annual Survey of Hours and Earnings (ASHE) - Number and percentage of employee jobs with hourly pay below the National Living Wage, by local authority, UK, April 2016	
SKILLS - Improved skill levels at all ages so that people have the skills and qualifications to access jobs. Ignite /Retune /Accelerate	P4. % of Working Age Population (WAP) with No Qualifications	11.4% 289,300 people	- 1.7 pp - 40,500 people	- 3.2 pp - 73,900 people - 1.6pp UK	- 3.4pp - 86,036 people	ONS Annual Population Survey, 2018	
	P5. % of WAP with NVQ1	11.4% 288,800 people	-0.6 pp - 14,200 people	- 1.1 pp - 22,900 people - 1.2pp UK	Ahead of UK % by + 0.7pp + 16,934 people	ONS Annual Population Survey, 2018	
	P6. % of WAP with NVQ2	16.9% 428,300 people	+ 0.1pp + 4,800 people	- 0.4 pp WMCA - 2,300 people - 0.8pp UK	Ahead of UK % by + 0.9 pp + 21,772 people	ONS Annual Population Survey, 2018	
	P7. % of WAP with NVQ3	17.5% 445,800 people	+ 1.3 pp + 34,600 people	+ 0.1 pp + 9,800 people +No change UK	Ahead of UK % by + 0.5 pp + 13,864 people	ONS Annual Population Survey, 2018	
	P8. % of WAP with NVQ4+	31.1% 790,800 people	+ 0.4 pp + 14,600 people	+3.55 pp + 103,000 people +3.5pp UK	+ 7.3 pp + 184,867 people	ONS Annual Population Survey, 2018	
	P9. No. of Apprenticeships starts	42,470	+ 400 + 1%	+ 6,460 + 17.9% WMCA +12.5 % Eng.	84,000 + 42,219 apprenticeships	ONS Annual Population Survey, 2018	
	P10. Progress 8 Score	- 0.12 (Below Average)	NA	NA	<b>0 (average score)</b> + 0.12 points	Department for Education Main National Tables, 2017	
	P11. NEETs aged 16-17	5,040 (7.8%) (WM Met)	N/A	N/A	<b>6%</b> - 1,143 NEETs	Department for Education, 2017	
	P12. % of children	67.0%	+1.7%	+10.0% WM Met	<b>+3.7%</b>		



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	Source	
	achieving a good level of development at the end of reception*			+10.3% England		Public Health England Profiles, 2017	
	P13. Social Mobility Index*	Based on 326 Local Authorities  Lowest Ranked: North Warwickshire: 307  Highest Rank: Bromsgrove 48			<b>All the West Midlands Local Authorities in the Top Quarter Ranking</b>	GOV UK – Social Mobility Commission, 2018	
HEALTH - Better quality of life for all: improved health (inc. Mental health) and well being	P12. Healthy Life Expectancy (HLE) at Births – Males & Females	Males (M) = 59.6 years	+ 0.32 years	- 0.3 years WM Met + 0.1 years Eng.	63.3 years	Public Health England, 2017	
		Females (F) = 60.3 years	- 0.6 years	- 0.9 years WM Met - 0.05 years Eng.	63.9 years	Public Health England, 2017	
	P13. Reduced Inequality in HLE for Males & Females	Under development					
	P14. Health inequality gap by years between the most and least deprived areas	M = 7.4 years F = 9 years (WM Met)	M = + 1.2 F = - 0.9	M = + 1.3 F = - 1.3	<b>No gap</b> Reduce gap by 7.4 years for males and 9 years for females	Public Health England, 2017	
	P15. Gap in employment rate for those in contact with secondary mental health services and the overall employment rate	58.9 %	- 0.6 pp	+ 1.5 pp WMCA + 5 pp Eng.	Ahead of England % by + 8.3pp (67.2%)	NHS Digital 2017 Dataset: 1F - Proportion of adults in contact with secondary mental health services in paid employment October 2016	
	P16 – Rates of suicide (per 100,000)	9.8	- 0.3	+ 1.5 WMCA + 0.3 Eng.	<b>No suicides</b> - 401 suicides	Public Health England, 2017	
	P17 - % Physically Active Adults*	57.0%	-23,400 -1.2%	NA	<b>61.8%</b> + 156,701 active people <sup>18</sup>	Active Lives, Sport England, 2018	
CRIME - Reduced offending and re-offending	P18 – No. of offenders per year	32,008 7.9 offenders per 1,000 population (2014)	- 1,364 - 4.1%	- 7,170 - 18.3% <sup>19</sup>	Below the national average	Public Health England, 2017	
	P19 - Re-offending rates (per 100,000)	24.9% (2014)	+ 0.3 pp	- 0.1 pp WMCA - 1.2 pp Eng. <sup>20</sup>	Ahead of England - 0.5pp	Public Health England, 2017	

<sup>18</sup> First Active Lives Survey was issued in 2017, therefore baseline data is unavailable.

<sup>19</sup> Baseline is 2011.

<sup>20</sup> 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	Source
	P20 – No. of first time entrants to Youth Justice System	443	- 2.5%	- 10.4% WM Met - 27% Eng.	-116 first-time entrants	Public Health England, 2017
	P21. Youth Claimants aged 18 - 24	16,265	+1,155 +7.6%	- 17,140 - 51.3% WMCA - 55.1% UK	- 34% - 5,499 youth claimants	Department of Work and Pensions, 2018
	P22. Claimant Count aged 18 - 64	83,485	+ 10,310 + 14.1%	- 42,145 - 33.5% WMCA - 39.5% UK	- 41% - 34,018 claimants	Department of Work and Pensions, 2018
PLACE ACCESSIBILITY- Improved the connectivity of people to businesses to jobs and markets	PI1. Broadband Connectivity	95.6% 1.15m premises	+ 1.9 pp	+ 4.3pp WM Met + 16 pp UK <sup>21</sup>	100% +53,339 premises	Ofcom Connected Nations, 2018
	PI2. % 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)	- 0.4 pp	- 3.6 pp	75% + 34pp	Transport for West Midlands 2017/18
	PI3. Journey time reliability	Under development <sup>22</sup>				
INFRASTRUCTURE - Improved the quantity of high quality readily available development sites	PI4. Mode Share of all Journeys: i). Mode Share of all journeys by car, public transport, cycling & walking  ii). Percentage of car journeys single occupancy	i) Non-sustainable:  Car (67%)  Sustainable: Public Transport (10%) Walk (20%) Cycle (1%) Taxi (2%) ii) 82% (2014-2016)	NA	i) Non-Sustainable:  Car +3%  Sustainable: Public Transport -1% Walk – 2% Cycle No change Taxi No change ii) No change (2013 to 2015 – 2014 to 2016)	45% car mode share  Car (- 22%)	Transport for West Midlands, 2017/18
	PI5. Total Dwelling Stock Estimates*	1,704,600 (2017)	+11,480	+42,200 WMCA	+215,000 (by 2031)	MHCLG Live Tables, 2017
	PI6. Total Affordable Dwellings*	2,850 (2016/17)	+520	+15,550 WMCA (2012/13 – 2016/17)		MHCLG Live Tables, 2017

<sup>21</sup> Baseline is 2014.

<sup>22</sup> Transport for West Midlands is in the process of developing an effective monitoring approach for journey time reliability.

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	Source
	PI7. Number of Additional Affordable Rented Dwellings*	1,590 (2016/17)	+320	+5,830 WMCA (2014/15 – 2016/17)		MHCLG Live Tables, 2017
	PL8. Ratio of median house price to median gross annual residence-based earnings*	6.86 (2017)	+0.20	+1.00 WMCA +1.15 England		MHCLG Live Tables, 2017
<b>SUSTAINABILITY - Resource efficient economy to stimulate new technology and business</b>	E1. CO <sub>2</sub> emitted within SEP area by transport, businesses and homes	21,696ktCO <sub>2</sub> (2015)	-924ktCO <sub>2</sub> -4.1%	-12.8% WMCA -12.7% UK	<b>WMCA target: 40% reduction in carbon by 2030 from 2010</b> -5,756 ktCO <sub>2</sub>	Sustainability for West Midlands, 2017
	E2. No. of days poor air quality per year (rated 4 or higher on the Daily Air Quality Index) <sup>23</sup>	25 days	-15 days	-55.4% WMCA <sup>24</sup> -38.1% UK	<b>WMCA target: 1 day by 2030</b> -24 days	Sustainability for West Midlands, 2017

<sup>23</sup> Number of days is measured by region

<sup>24</sup> Baseline data is 2011

All mapping in this document is subject to the following statement:

© Crown Copyright and database right [2018]. Ordnance Survey  
[100046698]

You are not permitted to copy, sub-license, distribute or sell any of this  
data to third parties in any form.

All mapping in this document is subject to the following statement:

© Crown Copyright and database right [2018]. Ordnance Survey  
[100046698]

You are not permitted to copy, sub-license, distribute or sell any of this  
data to third parties in any form.



Black Country Consortium Ltd  
The Deckhouse, Waterfront West,  
Dudley Road, Brierley Hill DY5 1LW  
Tel 08458 15 15 15  
Fax 01384 471177  
Web [www.the-blackcountry.com](http://www.the-blackcountry.com)  
© Black Country Consortium Ltd 2018