



West Midlands State of the Region 2019

Summary Report



West Midlands
Combined Authority



Office of
Data Analytics

Content

- 2 Executive Summary
- 9 Balance Outcomes
- 10 Economic Growth
- 15 Business Competitiveness & Productivity
- 18 Skills
- 22 People
- 25 Place
- 29 The Regional Outcome Indicators

Executive Summary

Welcome to State of the Region 2019 – the third annual review of economic performance across the West Midlands. This report is written on behalf of the West Midlands Combined Authority and all its partners, it should be seen as a stocktake of where the region stands, it's a snapshot on where we are doing well and where we need to work together to improve the region. It's a call to action for everyone invested in the West Midlands.

It tries to be an honest reflection of the current regional condition, highlighting the challenges we face. However, we are not attempting to suggest what the solutions are, this lies within strategies and action plans the WMCA and partners own and deliver. It highlights how we are driving our evidence base for the future and continuing to build our understanding of the performance of the region. There are challenges to understanding this performance and how we change places for the better, not least understanding the causation and causality between action, output and outcomes. This document provides a balanced approach to regional monitoring and a useful tool understand the progress we are making through our combined action.

The West Midlands is experiencing an economic renaissance bucking the trend of other areas outside London. GVA, the measure we use to assess the value of goods and services in an area, is growing at the same rate as the UK at 3.6%, reaching £99bn. This is matched by a record high

in the amount of GVA generated per person at £23,900, which is growing in line with the UK. Whilst GVA per hour, the best way to measure productivity, is increasing at 3.1%, significantly above the UK at 2.5%.

This economic growth is matched by growth in the number of active enterprises at 3.6%, again above the UK at 3.3%. Although a slight reduction in the number of new enterprises, we are still matching the UK at 58 per 10,000 people in the region. Those enterprises are creating record numbers of jobs with a growth rate of 3.1% - 3 times the England rate and we now have 1.9m jobs.

The number of people with NVQ Level 4+ qualifications has increased by 3.4% over the year compared to a UK increase of 2.3%. There were similar positive results for those with 'No Qualifications', falling by 2.5% compared to the UK average change of +0.2%.

Looking ahead, many economic fundamentals are expected to stay strong with growth in other sectors expected beyond manufacturing, including real estate and business, professional and financial services. HS2 will continue to 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.

There are good reasons to be optimistic. Yet our optimism for the future must be tempered by the current challenges, and those 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. Youth unemployment is still stubbornly high. Without effective investment in productivity and skills, the region risks losing the ability to attract future investment and there continues to be disparity in employment levels by gender and ethnicity. We know there is still a long way to go to meet our ambitions. Too many people remain left behind, unable to access, shape or feel the full benefits of sustained economic growth.

This report highlights how we monitor this and demonstrates we have an opportunity to harness the growth for the greater good of everyone, creating a more inclusive, resilient economy.

WMCA Board

Consistent with the WMCA Strategic Economic Plan and the WM Local Industrial Strategy unless otherwise stated, the data for WMCA relates to the 3 LEP geography - Black Country LEP, Greater Birmingham and Solihull LEP and Coventry and Warwickshire LEP

Key Trends

Outperforming



£99bn

Total GVA is increasing and stands at £99bn

+3.6% (+£3.5bn) growth rate – same as the UK growth rate of +3.6% (2016-2017)

Target - to reach £153bn in total GVA by 2030



£31.07

GVA per hour is £31.07 +3.1% (+£0.93) growth compared to +2.5% (+£0.83) UK average (2016 - 2017).

To reach the UK average, performance is good but there currently a shortfall of £2.58



165,045

165,045 Active Enterprises in the WMCA in 2017

+3.6% growth rate compared to +3.3% UK (2016 - 2017)

To be above UK Average, performance is good but need to create an additional 18,451 enterprises to reach 443 per 10,000 population



58.1%

58.1% (1.9m people) are Physically Active as of November 2017/18

+1.1pp vs +0.8pp England (62.6%) (Nov. 2016/17 - Nov. 2017/18)

Performance is good but need an additional 156,701 adults to reach the national average



1.9m

The number of Jobs has increased to 1.9m

+3.1% (+56,000) compared to +1.3% for England (2016 - 2017)

To reach the Strategic Economic Plan target we need to achieve 2.4m jobs



71.7%

The WMCA Employment rate is 71.7% (1.8m people)

Increased at a faster rate than the UK average +0.7pp (+19,600 people) vs +0.3pp (2017 - 2018)

To reach the UK average of 75.0%, an additional 85,400 people need to become employed



76.3%

76.3% of employees earning above the Living Wage Foundation rates
+0.5pp growth compared to -0.6pp UK (2017-2018)

The target is to reach the UK average of 77.2%



14,500

14,500 Net New Homes in the WMCA area in 2018

Making good progress but to reach the 215,000 target of net new homes by 2031, requires an additional 189,029 net new homes



11.0%

The Working age Population with No Qualifications is 11.0% (283,700 people), this is decreasing faster than the UK average

-2.5% WMCA compared to +0.2% UK (2017 - 2018)

To reach the UK level of 8% an additional 78,284 people need to gain one qualification



32.1%

The Working age Population with NVQ4+ qualifications is 32.1% (825,500 people), this is increasing at a faster rate than the UK average

+3.4% WMCA compared to +2.3% UK (2017 - 2018)

To reach the UK average we would need an additional 181,538 people to be upskilled to 39.2%



7.1%

7.1% of NEETs within the WM 7 Met. area compared to 6.0% for England (2018)

NEET reducing at a higher rate than England by 0.7pp

To be below the England average we would need 701 fewer NEETS to reach 6%

Maintaining Our Position



£23,903

GVA per Head is £23,903
+2.7% (+£636) growth compared
to 3.0% UK (2016-2017)

But with a shortfall of £3,652 to
UK average



£53,087

GVA per employee is £53,087
+0.5% growth (+£269) compared
to +2.2% (+£1,281) Eng. (2016-2017)

With a shortfall of £7,435 to
England average



43.5%

The five-year Enterprise Survival
Rate is 43.5% from 2012 births
for the WMCA compared to
44.1% for the UK. (2012 to 2017)

The target is to be above the UK



£28,294

Resident Wages are increasing
and stand at £28,294 in 2018

+2.4% (+£652) growth compared
to +2.8% (+£815) UK (2017-2018)

With a shortfall of £1,280 to
national average



21,043

21,043 ktCO₂ emitted within the
WMCA by transport, business
and homes in 2016

-3.8% (-830ktCO₂) across the
WMCA vs -3.9% for the UK
(2015-2016)

The target is a 40% reduction
in carbon by 2030 from 2010,
-5,249 ktCO₂

In 2016, the reduction in carbon
stands at -20.1% since 2010

Focus for Improvement



£15.1bn

WMCA Output gap is £15.1bn in 2018

+£0.8bn from 2017 revised output gap (Due to revision of GVA data)

The aim is to have no output gap



24,230

WMCA Enterprise births has decreased to 24,230

-12% (-3,315) compared to -7.7% UK (2016 - 2017)

The target is to be ahead of the UK average of 58 per 10,000 population. Currently on par with the UK average.



29,230

The number of Apprenticeships has decreased to 29,230
-31.2% vs -22.6% England (2016/17 - 2017/18)

The target is to have 84,000 apprentice starts, requiring an additional 54,770.

However, recent statistics for the last 6 months indicate a positive growth of 4% from same period last year (Aug. 2017 – Jan. 2018).



59.9

Healthy Life Expectancy for Males in the WM 7 Met. is 59.9 years. (+0.3 year improvement from 2016)

- 3.4 years lower than England (63.3 years) in 2017.

The target is to reach the England average of 63.4 years old



60.1

Healthy Life Expectancy for Females in the WM 7 Met. is 60.1 years (0.2 year decline from 2016)

- 3.7 years lower than England (63.8 years) in 2017.

The target is to reach the England average of 63.8 years old



-0.14

The WM 7 Met. area average Progress 8 Score was -0.14 in 2018

To reach England average requires an improvement of +0.12

The target is to have an average progress 8 score of -0.02

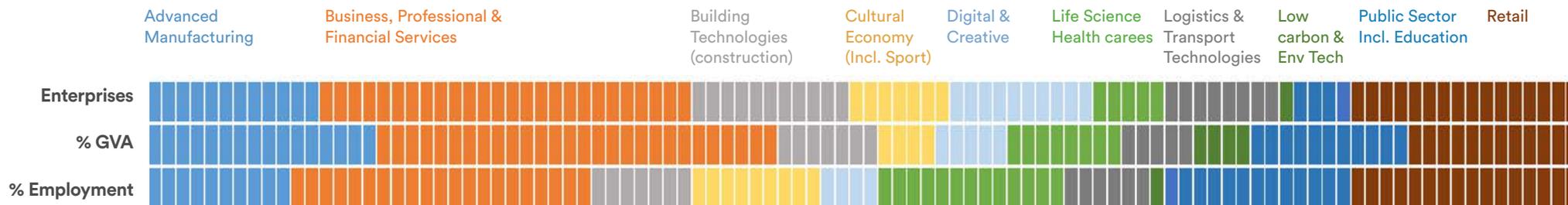
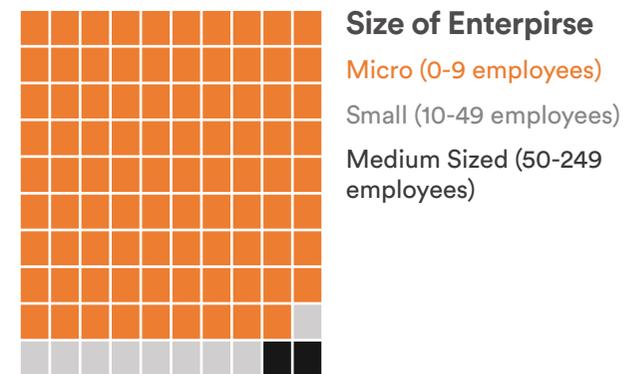
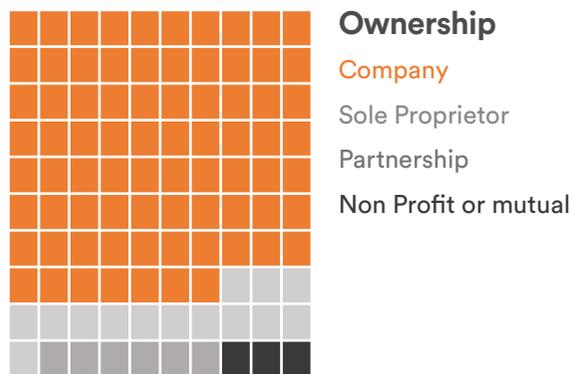
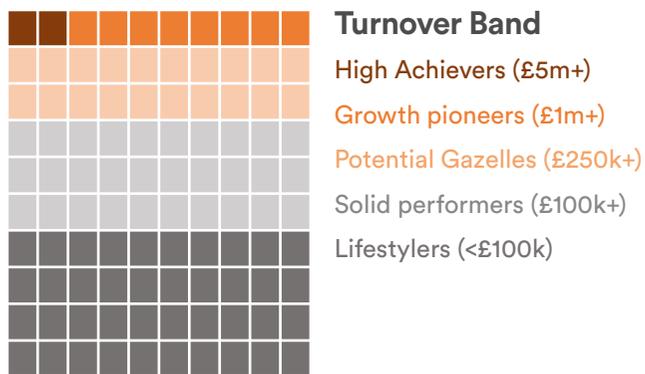


21

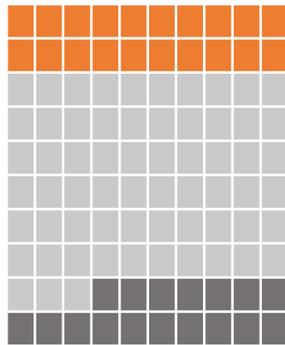
Additional Poor Air Quality Days across the West Midlands Region in 2018

The target is to have only 1 day of poor air quality by 2030

The region as 100 enterprises

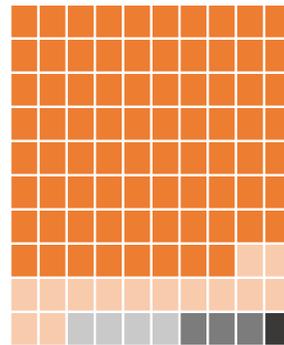


The region as 100 people



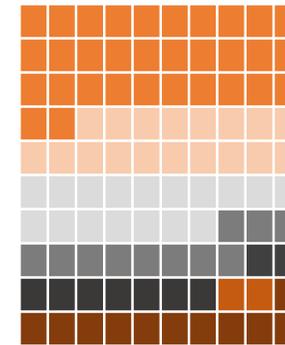
Age Band

Children
Working age
adults
65 and over



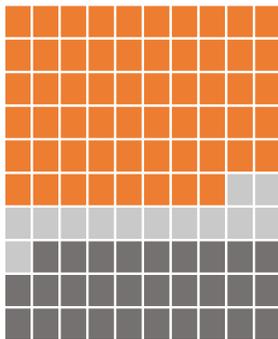
Ethnicity

White
Asian/Asian British
Black/Africa/
Caribbean/Black British
Mixed/Multiple ethnic
Other



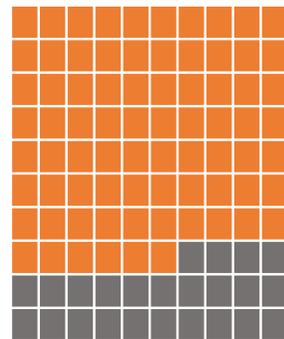
Qualifications

NVQ4 and above
NVQ 3 (only)
NVQ 2 (only)
NVQ 1 (only)
Other
Trade Apprenticeships
No Qualifications



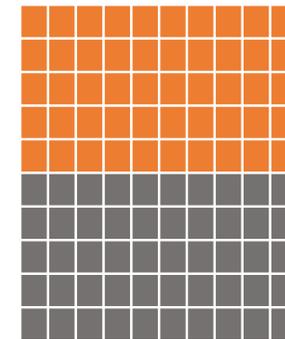
Physical Activity

Physically Active
Fairly active
Inactive



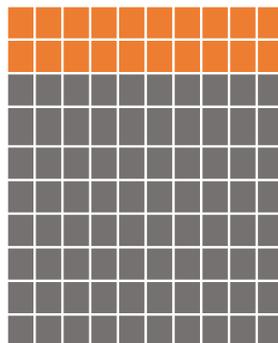
Employed

Working age and
active
Working age and
inactive



Gender

Female
Male



Deprivation

Residents living in 10%
most deprived
Residents not living in
10% most deprived

Balanced Outcomes



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

The WMCA is committed to pursuing and defining success in social, environmental and economic terms that feel real to citizens and bring benefits to all who live and work here.

These principles are the basis of the delivery of WMCA and its partners. These indicators can be used as outcome measures by partners, the WMCA uses them within its annual planning process and the performance management framework.

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 full technical report is available online^{1,2}.

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.

- ✓ Improved GVA in line with the UK Average
- ✓ Decoupling growth from emissions

Business Competitiveness & Productivity

Britain's businesses are facing considerable uncertainties because of Brexit, but in the West Midlands we are steadily rebooting our reputation.

- ✓ Improved the productivity of our businesses focusing on our growth sectors;
- ✓ Improved competitiveness through energy and resource efficiency and stimulated new technology and business

Skills

Building the right skills is key to delivering improved productivity and prosperity - enabling all groups to access jobs.

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

People

We want improved life chances for all residents, including those facing particular disadvantages or difficulties.

- ✓ Improved life chances for all;
- ✓ To reduce our health inequalities and improve the health and wellbeing of our population including physical activity and mental health;
- ✓ To reduce offending and re-offending

Place

We will improve the connectivity of people and businesses to jobs, markets and housing - developing local places and communities.

- ✓ Improved the connectivity of people and businesses to jobs and markets;
- ✓ Improved the quantity of high quality, readily available development sites; turning brownfield sites to high quality locations that meet our housing and business needs
- ✓ Improving place, infrastructure, air quality and environment through addressing climate change

¹ www.wmca.org.uk/state-of-the-region-2019

² The sources for the data are set out in the full technical report.

Economic growth

Developing the regional economy underpins our ambitions – not only to deliver growth that all citizens benefit from, but also, as the export centre of the UK, that will power the UK economy after Brexit. Economic growth, as measured by GVA has seen strong growth (3.6% from 2016-2017 - in line with national growth) and areas within outperforming the national average (4.3% in the Black Country). Over time the WMCA economy has outperformed other Combined Authority areas.

However, the region is still falling well short of fulfilling its economic potential. The output gap, which measures the difference between per head economic output and potential stands at £15.1bn³ across the 3 LEP geography.

- In the WMCA total GVA continues to increase and in 2017 was £99bn (3.6% growth - equal to the national growth rate). The WMCA (7 Met.) recorded the highest growth across all

Combined Authority areas from 2014-2017 and the highest outside the Greater London Authority from 2009-2017.

- There is considerable variation in terms of GVA per head across all areas. In the WMCA, GVA per head is £23,903, below the UK average of £27,555 - leading to a £15.1bn output gap. The output gap is impacted by skills levels, employment levels and the productivity of our business base.
- In terms of productivity, for the third time in the last 4 years, the WMCA's GVA per hour has increased at a faster rate compared to the UK (3.1% compared to 2.5% from 2016-2017) and is currently £31.07. However, GVA per hour needs to increase by £2.58 to reach the UK level.
- According to the latest regional Purchasing Managers Index (PMI), West Midlands output only rose slightly in March (an index of 50.9), completing a subdued first quarter which saw a fall in business activity in January (49.5) and more modest growth in February (52.0). Output is generally down on this period last year.
- The WMCA has received 775 Foreign Direct Investment (FDI) projects from 2011/12 to 2017/18. This has led to the creation of nearly

46,000 new jobs from 2011/12 to 2017/18. 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. 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.

- In terms of the balance between income generated by the area (£36.1bn) tax and identifiable expenditure (£37.1bn), the gap has reduced to £1bn gap - a decrease of £1.7bn from the comparable figures for the previous year. The next step to deepening our understanding of the contribution of our investment programme to the public service reform agenda is to analyse regional investment into the three types of prevention (primary, secondary and tertiary), and into acute services. This will help us to build on good work, and to be deliberate in reducing the level of acute spending by investing into the right forms of prevention.

³ The 2017 output calculation has been recalculated to reflect the revised ONS GVA data.

Deepening our Evidence Base

The Office of Data Analytics

The ODA has been established to achieve a vision of providing “**integrated intelligence to support decision making in the region on a range of economic and social issues.**”

The ODA will be a hub and spoke model, creating a more formal structure for current centres of expertise within the region. It will bring together key partners within the West Midlands, providing a point of focus for strategic leadership & catalyst for action for data, research and intelligence in the region and ensuring the strengths, skills and expertise across partners are recognised locally, regionally, nationally and internationally.

Key Delivery objectives of the ODA by 2021:

- To strengthen the motivation and capability of the WMCA and partners to use research and analysis in making policy decisions
- Map assets, capabilities and strengths in the region and drive collaboration, skills development and expertise across organisations
- Deliver key enablers of data analytics and research, particularly a step change in information sharing between partners, together with work on joint training of analytical skills gaps, deploying common analytical tools and methodology



Deepening our Evidence Base

Brexit

City-REDI at the University of Birmingham have been working on economic analysis to understand the potential impact of Brexit on the West Midlands economy. They've estimated that up to 12.2% of West Midlands GDP is at risk in the event of a no-deal Brexit, and that current manufacturing is the most exposed sector in the region (32.2% of GDP at risk if the frictionless UK-EU trade is disrupted).

As part of the Mayor's Brexit Economic Contingency Group, City-REDI have also identified the key supply chain risks of Brexit.

- delays in crossing the UK/EU border
- an increase in costs for crossing the border
- additional export/import controls
- new compliance requirements on exporters

We are also working with the Brexit Commission, established by Birmingham City Council. Which has undertaken its own analysis of potential Brexit impacts, utilising work by West Midlands Economic Forum, and universities across the region including City-REDI and the Centre for Brexit Studies.

The labour market challenges in the region are also amplified in the context of Brexit. Given the tightness of the labour market, it's suggested that demand for skilled migrant staff will remain high for the foreseeable future; indeed, as can be seen from recent data, it has remained robust despite Brexit uncertainty.



12.2%

of West Midlands GDP is at risk in the event of a no-deal Brexit

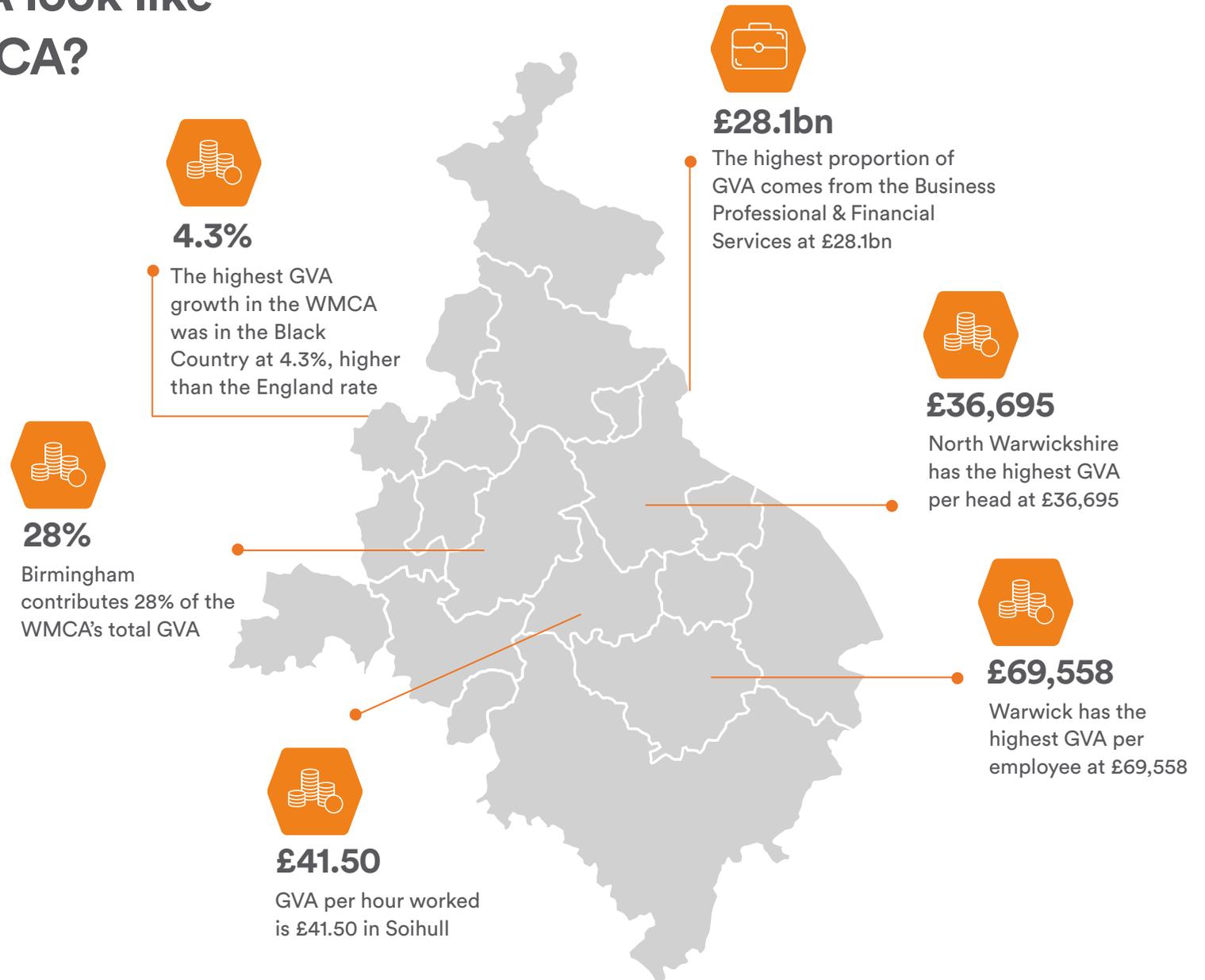


32.2%

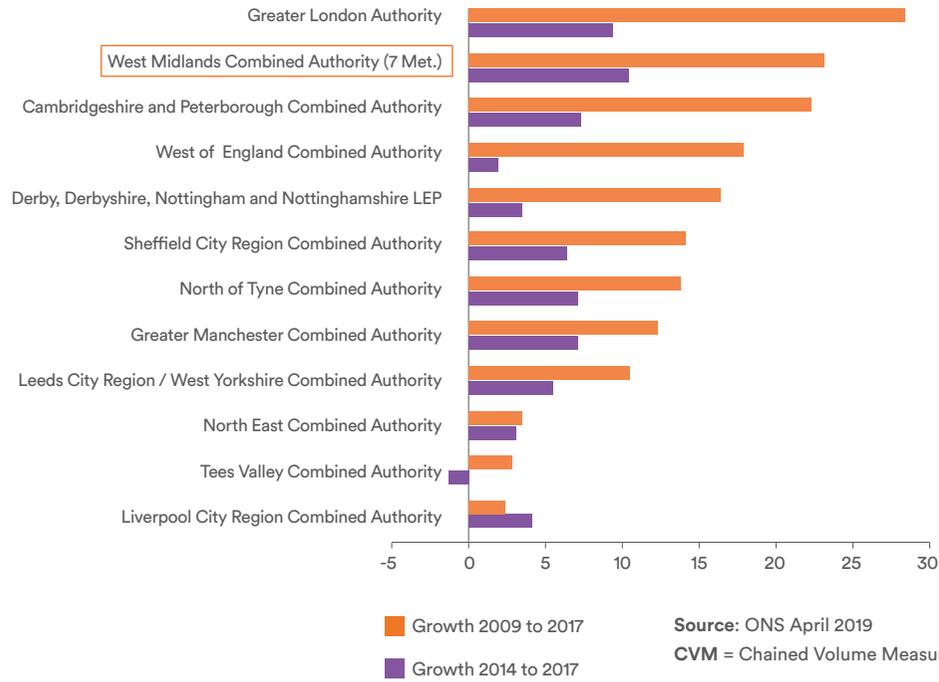
of GDP at risk if the frictionless UK-EU trade is disrupted

What does GVA look like across the WMCA?

Latest data for the WMCA's GVA totalled £99 billion, contributing 5% to the total UK GVA. The WMCA GVA per head is £23,903.

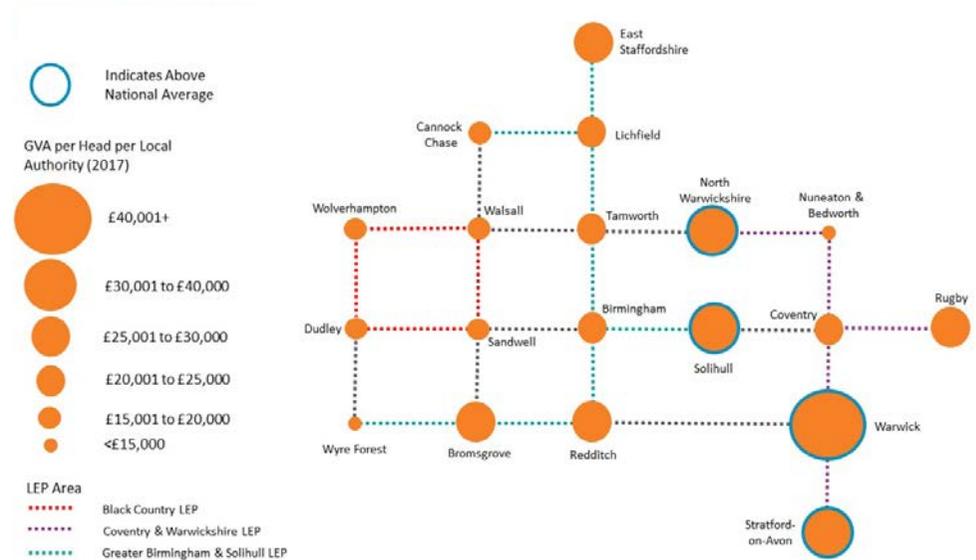


Real (Volume) Growth in GVA over 3 years / 8 years



Source: ONS April 2019
CVM = Chained Volume Measure
 Growth measured in chained volume measure, linked across years in real terms

GVA per Head 2017



Business Competitiveness & Productivity

A world-class business base continues to underpin the West Midlands' economic renaissance. Enterprises – in total and those defined as high-growth – are still growing and we are making significant productivity gains. Our unique ability to export at scale across the world is driving success in the region across sectors.

- The WMCA business base continues to grow and there are currently 165,045 active enterprises (398 per 10,000 population compared to 443 for UK) in the WMCA. To reach the national average, the WMCA needs to increase its enterprise stock by 18,451.
- There were 24,230 enterprise births across the WMCA in 2017 – this is 29% more births than there were in 2013, compared to a 10% increase nationally. However, this is a decline of 3,315 on 2016 figures – in line with declines reported nationally.
- Out of 27,545 enterprise births in 2016, 92.5% survived their first year, above the UK rate of 91.5% and an increase on the previous period.

Longer-term, enterprise survival in the WMCA is below the national average: across WMCA was 43.5% of 2012 births survived to 2017, compared to 44.1% in the UK overall.

- Our region now has a larger share of both High Achievers (firms with £5m+ turnover) and Growth Pioneers (turnover between £1m and £4.99m) than the UK average (2.4% and 7.7% compared to 2.3% and 6.9%) and in the last year there has been an increase in enterprises across all turnover bands except for Lifestylers – those with a turnover of £100,000 or less.
- The share of high-growth enterprises varies across the WMCA's 3 LEPs, but all currently have a rate below the UK's 6.3%.⁴ Between 2014 and 2017, 6.1% of firms in Coventry & Warwickshire were high-growth according to the OECD definition; 5.7% of firms in Greater Birmingham and Solihull were high growth and 4.4% in the Black Country.
- The West Midlands is the export capital of the UK. The WMCA (7 Met.) exported £17.8bn worth of goods across the world in 2017, £11.1bn of which went outside the EU. Excluding London, this is the highest value of exports of any

comparative UK area. Unlike most comparator regions, the West Midlands (7 Met.) also has a substantial trade surplus in goods with China (+ £1.02bn) and the largest trade surplus of all UK areas with the USA (+ £2.7bn).

- Jobs are increasing and there are currently 1.9 million people working in the WMCA area, with 1.2m employed in the transformational sectors and 700,155 in the enabling sectors in 2017. 76.3% of employees are earning above the Living Wage Foundation rates.



1.9m

people working in the WMCA area, with 1.2m employed in the transformation sectors and 700,155 in the enabling sectors in 2017.

⁴ Source: Enterprise Research Centre (ERC), UK Local Growth Dashboard, 2018

Deepening our Evidence Base

The West Midlands Local Industrial Strategy

The West Midlands has been a trailblazer in developing a Local Industrial Strategy (LIS), and the Black Country Consortium Economic Intelligence Unit led on the collation of the robust evidence base for the LIS including:

In-depth evidence base across the five foundations of productivity.

Detailed sectoral analysis which includes headline data on sectors as well as evidence demonstrating our competitive advantages within them. Work has begun on a range of sector action plans covering metals and materials, construction, aerospace, rail, automotive, life sciences, food and drink, tourism, creative, logistics & transport, low carbon and professional services.

- Initially through the WMCA Productivity & Skills Commission, the Professional Services sector action plan was the first to commence and to be completed. A collaboration between BPS Birmingham, City-REDI and Black Country EIU produced the analysis which provides a strategic focus for the sector in the region going forward.⁵

Through an academic lead within the WM LIS group, a broad approach to the grand challenges has been developed. This involves identifying distinctive grand challenge focus areas for the West Midlands, linking these with major investment/activities in the region (e.g. Commonwealth Games, HS2) and looks to co-ordinate research and innovation capabilities around these.

In developing this deep evidence base, we have worked with BEIS analysts and have shared expertise with Greater Manchester, ensuring we are comprehensive and meeting Government expectations. Furthermore, to validate the evidence we have led on the setup of an independent “expert panel” who have begun reviewing our evidence base and making suggestions for the future.

Our evidence base is continually being updated and enhanced and is available on the BCLEP website.⁶

⁵ Source: <https://www.wmca.org.uk/media/2406/business-professional-financial-services.pdf>

⁶ LIS Evidence Base: <https://www.blackcountrylep.co.uk/about-us/west-midlands-combined-authority/local-industrial-strategy-evidence-base/>



Nearly **25,000** enterprise starts in the WMCA

Small and medium sized enterprises account for **99.6%** of all WMCA Enterprises

The West Midlands is the export capital of the UK.



£17.8bn

The West Midlands 7 Met. area exported £17.8bn worth of goods across the world in 2017.

20.2%

20.2% increase in the WMCA Business Base since 2014 – compared to 15.7% across the UK.



70%
of enterprises in the WMCA have an annual turnover less than £250k

14%
Sole Proprietor

77%
Companies

6%
Partnerships

3%
Non-Profit or mutual



9 in 10 enterprises have under 5 employees

Skills



Building the right skills in our workforce is key to delivering improved productivity and prosperity - enabling all groups to access jobs. While qualifications levels are improving, significant shortfalls remain in certain levels and geographies, holding back growth and productivity. Youth unemployment remains stubbornly high – as a growing, young and hyper-diverse region, tackling poor social mobility and outcomes is crucial to unlocking inclusive growth.

- There are 825,500 people qualified to NVQ Level 4 in the WMCA area. This is an increase of 3.4% on the previous year or 27,200 people, comparable to the national growth rate of 2.3%. Longer term, since 2012 the WMCA area has also performed better than the national average with an increase in the number of people with higher level skills by 147,900 (21.8%) compared to 17.2% for the UK. Despite this positive trend, just 32.1% of the population are qualified to NVQ Level 4 compared to 39.2% for the UK - a shortfall of 181,538 people. Qualifications are key to progression, with people qualified to NVQ4+ estimated to earn significantly more than those with lower qualifications.

- The proportion of WMCA residents with no qualifications decreased from 11.4% (291,100) in 2017 to 11.0% (283,700) in 2018. A reduction of 7,400 people. The number of women with no qualifications dropped from 146,000 to 130,300 (-10.8%) while men increased from 145,100 to 153,400 (+5.7%). To reach the current UK average (8%) requires a further upskilling of 78,284 people.
- There were 29,230 apprenticeships in 2017/18 with 12,810 were Intermediate level, 12,780 Advanced and 3,640 were Higher.
- In 2017/18 the WMCA had a decrease in the number of Apprenticeship starts by -31.2% compared to a national fall of 22.6%. However, progress within the year is showing we are up by 434 apprenticeship starts (+4%) from the same point as last year.
- Most young people (aged 16-24) in the WMCA are either in work or economically “inactive” (for example as full-time students), but 8.7% were counted as “unemployed” at the end of 2018; a reduction on 9.7% in 2017.
- There were 18,675 youth claimants in the WMCA in March 2019, an increase a 4.4% from the previous month which mirrors national trends with the rollout of universal credit. Unemployment rates vary significantly by ethnicity, with a rate of 75% for white working age population, but 61% rate for ethnic minority working age population. with the lowest rates overall for ethnic minority females at 53%.



Deepening our Evidence Base

Employment Support Framework

The West Midlands Combined Authority's (WMCA) second devolution deal outlines the opportunity for the region to take forward a new Employment Support Framework:

“Government and the WMCA will jointly develop and adopt an Employment Support Framework Agreement to drive the better coordination of employment, skills and health services across the West Midlands in order to increase the number of residents moving into work. This will specifically include:

- a) How locally funded employment support programmes are designed, commissioned and performance managed;
- b) How the Combined Authority and local partners can work together to align local public services to support people into work;
- c) How the WMCA, DWP, JobCentre Plus and the LEPs will work together to offer apprenticeships and other work-related training and work experience opportunities to young people to drive down youth unemployment;
- d) How Jobcentre Plus, local authorities and their partners will work together to promote skills development and progression from low-paid employment to support growth.”

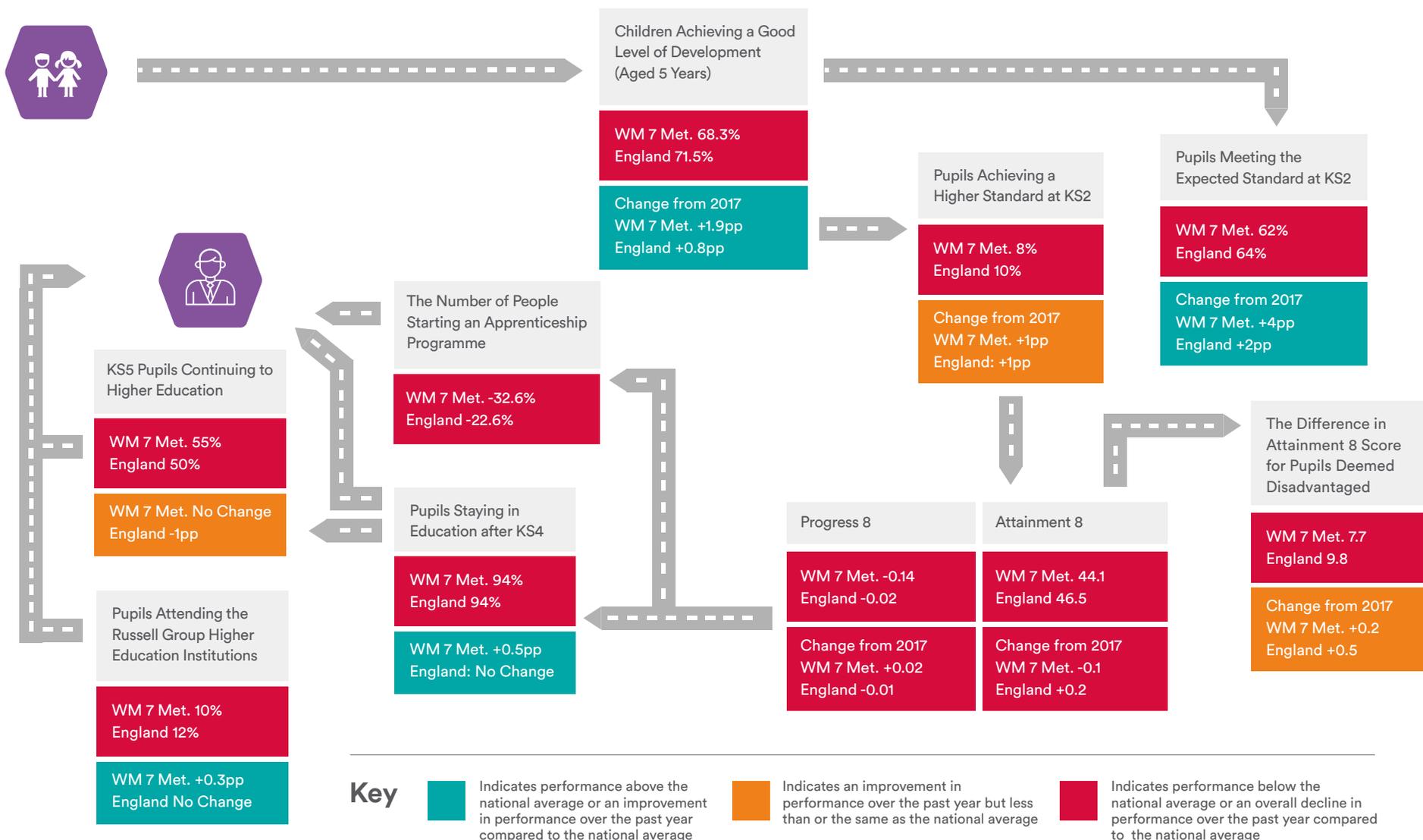
WMCA set up an Employment Support Taskforce to develop the framework, bringing together a team of experts from DWP, Local Authorities, the voluntary and community sector, the welfare to work sector and WMCA. The Taskforce shaped and responded to a number of pieces of work developed to inform the framework:

- a) Desk based review of the evidence of ‘what works’ and what this means for the WMCA area
- b) ‘Deep dives’ into three different areas in the WM – Foleshill in Coventry, Greets Green in Sandwell and Druids Heath in Birmingham, to more forensically identify current issues and barriers and opportunities for future success. This included focus groups with the local community
- c) Practitioner interviews – engaging with front line staff that support local people into employment
- d) Customer journey mapping

This evidence is underpinning a series of recommendations relating to commissioning principles, alignment and collaboration and to shape the future Shared Prosperity Fund.

The Educational Pathway

The Educational Pathway shows the roadmap for school pupils between reception all the way up to higher education, highlighting the WM 7 Met. and England average for all stages of education.



People

Every person in the region has a role in building the region's growing economy, and should therefore share in the benefits that it generates. These benefits should look as residents expect them to: prosperity, good health, thriving places, and in general, feeling able to influence the world around them. As it stands, strong headline jobs growth masks startling inequalities within the region, and across different communities.

- WMCA defines inclusive growth as a more deliberate and socially purposeful model of economic growth – measured not only by how fast or aggressive it is; but also by how well it is created and shared across the whole population and place, and by the social and environmental outcomes it realises for our people. With this steer, we are investing into our residents to enable them to develop the skills, aspirations, and capabilities they need to access and create opportunities in our future economy. To do this, we need to have a sense of the 'whole person', and the lives they want to live. Collaboration is key to getting this right: by working together, we can deliver long, healthy, purposeful lives in comfortable homes, as part of safe, clean, well-connected neighbourhoods.
- The healthy life expectancy gap within the region is significant for men and women alike and is holding back our productivity. In 2015, 20% of the WMCA population lived in the top 10% most deprived areas. 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 healthy inequality gap between the most and least deprived areas across the WM 7 Met. geography has decreased among males to 6.3 years and for females to 7.4 years in 2017.
- The West Midlands childhood obesity levels are one of the highest in the country. 37.1% of year 6 children are overweight or obese, compared to 31.1% nationally. The West Midlands ranks number 3 for worst performing regions for childhood obesity.
- In 2018, the infant mortality rate for the WMCA was 6.6 per 1,000 live births which is above the national average of 3.9. Each of the seven metropolitan authorities is worse than the England average, but Birmingham shows particularly poor results with 7.8 per 1,000 live births.
- In terms of recorded offences involving a knife or sharp instrument, Offences per 100,000 population in 2018 was 98 in the West Midlands, the third highest rate behind London (167) and West Yorkshire (107) and above the national average of 69.
- In 2018, only 7% of adults in contact with secondary mental health services were in paid employment across England, a lower gap than the national average (61.2 WM 7 Met. vs 68.2).
- Gross Disposal Household Income (GDHI) per person in 2017 was £16,479 and has grown by 6.9% since 2014. The UK GDHI per person is £19,514 and has increased by 6.7%. in the same period. GDHI per person needs to increase by £3,035 in the WMCA to be in line with the UK.



Every person in the region has a role in building the region's growing economy, and should therefore share in the benefits that it generates.

Deepening our Evidence Base

Inclusive Growth Framework



In working with the Inclusive growth Unit and other regional partners, it has been clear that WMCA's focus should be on developing a solid definition, framing a set of priorities, collaborating to improve the region's 'inclusive behaviours', and – most importantly – using all of the above to change business as usual to something that is inclusive by design.

The Inclusive Growth Framework is one of a suite of products to enable that shift, and focuses on measurement. It defines the social, democratic, and environmental outcomes of economic activity. This ensures that the West Midlands prioritises that which it hopes to gain from economic activity: thriving citizens. It does not aim to capture every possible metric: rather, it is a snapshot of the social, democratic, economic, and environmental priorities of the region, paired with 'citizen voice' indicators to ensure that we are kept on track. It can also be reflected spatially, with distributional measures, allowing us to more clearly understand how it will be distributed and the localities with the most need.

Ultimately, it is not acceptable that the economy should make people unwell, or contribute to damaging climate change, or 'forget' that places exist, and the Inclusive Growth Framework is designed to enable us to stop that from happening.

Our analysis shows that the challenges of addressing worklessness, in-work poverty and citizen fears that their aspirations cannot be achieved, are particularly acute in specific parts of the WMCA rather than the area as a whole.

It is early days, but the shift from business as usual is underway. The importance of place is woven through the Local Industrial Strategy and evidence base, and the devolved Adult Education Budget will enable us to deliver our commitment to enabling more residents to create prosperity and opportunity through improved skills and entrepreneurialism.

Place

Another key driver of productivity is the transformation of the WMCA Infrastructure and Environment. We are building more homes with an ambition of 215,000 new homes by 2031. We are working on the identification of opportunity areas to drive the supply of high quality new homes and then create and capture the climate resilient value. Then created from these to invest in transport, income, health, education and other facilities within existing communities in these areas. Enabling growth for all and ensure that communities can participate in growth and benefit from the growth.

- More houses are being built resulting in housing stock continuing to rise to 1,719,094 homes – a net increase of 14,491 homes from the previous year.
- More affordable homes are being built – 3,337 affordable homes in total (482 more than the previous year). However, there is a need to ensure we are delivering all types of housing

to accommodate and attract employees for our growing economy and to tackle our homelessness crisis.

- Completions by tenure mix is changing – housing associations and local authorities account for 22% of all completions (up 2% since previous year) whilst private enterprises are decreasing their share of completions with 79% (a decrease of 2% compared with the previous year). There is evidence of growing demand in the housing market with 57,278 residential sales recorded in 2017/18 – an increase of 2,813 from the previous year; and likewise, in the private rental market – in 2017-2018 there were 27,460 residential properties privately rented; an increase of 2,760 rentals since the previous year.
- Alongside economic growth will be an impact on infrastructure and, as anticipated, congestion is getting worse. only 43% 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 32 percentage points lower than the WMCA ambition of 75%.
- The WMCA had 131 million visitors in 2018 – an increase of 2.6% (+3.4m) over the past year. The number of day visitors have increased by 2.7% (3.1m) and overnight visitors increased by 2.1% (0.3m). Visits to parks and gardens have increased by 3.8% and museums and galleries increased by 1.4% compared to 2017.
- Issues with Britain's high street have been widely reported in recent times; mirroring the national trend of a struggling high street, 475 stores closed in the West Midlands region in 2018. 287 new stores opened, resulting in a net closure of 188 – the largest fall in the region over the last five years.
- Air quality across the West Midlands region is declining as there are currently 46 days poor air quality per year (rated 4 or higher on the Daily Air Quality Index); an increase of 21 days more than the previous year. This was partially due to the extremely dry and hot summer in 2018. Whilst CO₂ emitted in 2016 was 21,043 ktCO₂, a reduction of 830 ktCO₂ since the previous year. The WMCA current ambition is a 40% reduction in carbon by 2030 requiring a further reduction of 5,249ktCO₂.

Deepening our Evidence Base

Real Journey Time (RJT) Tool

The West Midlands Bus Alliance now have a prototype 'Real' Journey Time (RJT) tool – [available here](#) – the screenshot below compares scheduled with observed bus journeys for one day in the afternoon peak Cricket Ground example.

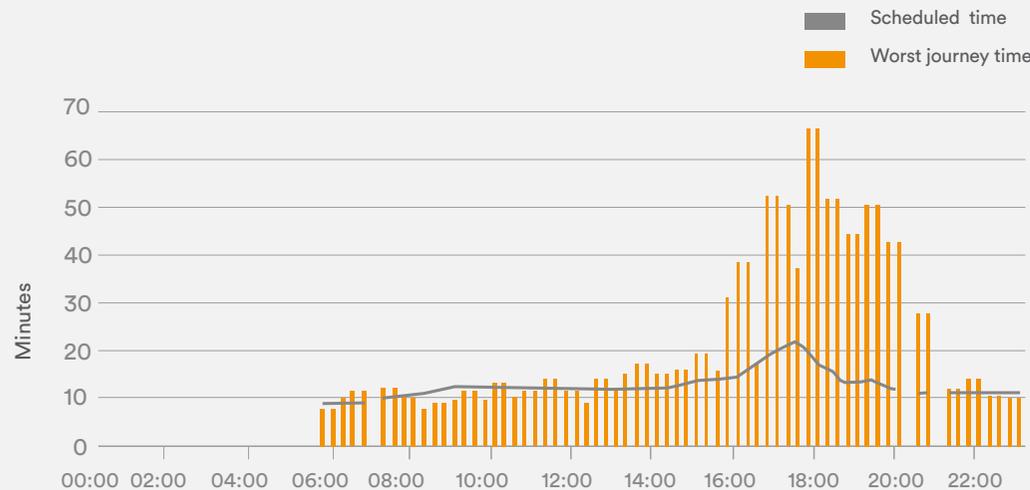
Analysing this data to recreate a version of the bus timetable for the whole of the West Midlands based on observed journeys means we can predict how long an individual journey will take. The West Midlands Bus Alliance, working with ODI Leeds, has made use of the excellent TfWM API (Application Programming Interface), which allows apps to access bus journey time

data securely. In this case the API asked for live departure information for every bus stop in the West Midlands every 5 minutes. We then use that information to track every bus service on every route as it makes its journey across the city. Since the tool went live in the spring we've collected 25 million bus departures, with thousands more being added every minute.

Four main future uses of the RJT tool:

- To find the causes of the worst delay that mean a high RJT and to inform plans and projects to fix them

- To make the case for funding projects to remove these delays, since this would save passengers time on every journey
- To make the case for more devolution of powers to manage delays
- To immediately better inform passengers about unavoidable delays since not all delays can (currently) be controlled, removed, or avoided.



Deepening our Evidence Base

Environment

The WMCA Environment Board has agreed a more detailed set of monitoring to support our understanding of the environment and its contribution to clean and inclusive growth, and the carbon and air quality indicators within the WMCA state of the region report. Sustainability West Midlands (SWM) provides an annual update of these indicators and how we compare to other Combined Authority areas. This includes energy, water, waste, natural environment, and carbon intensity.

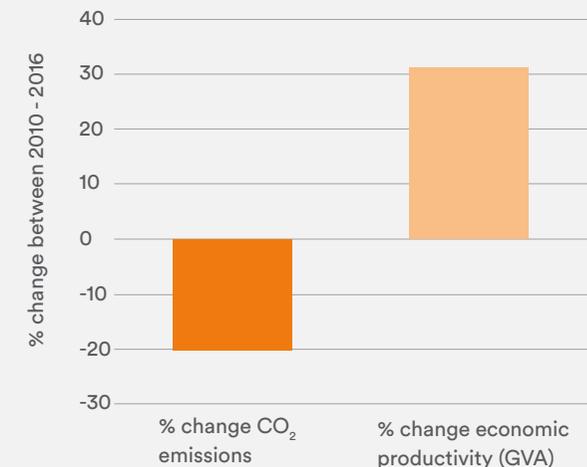
The latest SWM monitoring report was produced in May 2019 and includes new indicators, and where possible a breakdown by the 19 unitary or district local authorities within the 3 Local Enterprise Partnership geography of the WMCA area. The report also includes experimental work on how to measure the overall sustainability progress of the area by analysis over time of a selection of economic, social and environmental indicators. This shows the WMCA has improved by two places in the league table using the latest available data.

We are also working with the University of Birmingham WMAir project to develop more detailed air quality monitoring indicators, based on long-term health impacts, and therefore going beyond current legal compliance.

Our work with the Tyndall Centre and partners will review our current carbon reduction target in light of the latest Climate Change Committee recommendations, and also how we can measure the transition of our economy to a resource efficient one. Our current monitoring shows we continue to decouple economic growth and carbon emissions. We are the CA area that has the fastest economic growth whilst reducing carbon emissions.

Following feedback from partners we are also beginning to develop our understanding of the social and economic costs of environmental improvements. However as the recent climate change youth campaigns have reminded us, many of us haven't done our homework on the cost of not having a future, or as the Mayor has recently stated as the birthplace of the industrial revolution the West Midlands has a moral responsibility to lead the fight on the climate crisis.

Change in carbon emissions and economic productivity in WMCA between 2010 and 2016



Source: SWM annual sustainability metrics benchmarking for the WMCA, May 2019

Developing an understanding of the potential social and economic benefits of environmental improvements

Air quality – If all current air quality pollution was eliminated in the WMCA area, there would be an annual saving of economic, social and environmental costs of £2.5 billion a year. By just reducing the levels of one pollutant (PM2.5) in half, 952 deaths would be prevented and £1.4m of NHS costs saved in the WMCA area.

Energy – The annual energy costs to businesses and homes for the WMCA area is £6.7 billion a year. If the area invested £3.6 billion in cost effective clean energy and efficiency measures, by 2022 it could cut its annual energy bill by almost £1 billion per year (a payback of just over 3 years)

Warmer homes – If insulation and heating was improved to eradicate illness caused by cold homes, this would save the local NHS an

estimated £63.1m a year. By improving our homes to eliminate all the deaths caused by cold homes, 2,270 lives would be saved in the WMCA area.

Green space – If 80% of WMCA residents used their local green space more than once a month it is estimated to save the local NHS £1.8m per year. If green spaces were used for sustainable drainage and as flood defences to protect half the properties at risk in the WMCA area, this would save £20.8m of economic damage per year.

Waste – If an additional 25% of household waste that is currently sent to landfill or incineration in the WMCA area, was recycled, it would save an additional £23.1m per year.

Business – The Local Industrial Strategy identifies the Low Carbon Technology sector within the WMCA area as the most productive. The scale of the sector is often hidden as existing businesses diversify into this market place, but could make up over £9 billion or 10% of the WMCA economy.

The Regional Outcome Indicators

3 LEP Geography consistent with WMCA SEP
unless otherwise stated⁷

The **Regional Outcome Indicators** covered in this report provide a clear framework to monitor progress and the economic changes required to achieve our vision and the ambitions set out in the Strategic Economic Plan and further developed in the West Midlands Local Industrial Strategy. The Regional Outcome indicators are composed of a selection of strategic headline indicators, which measure the impact of all activity across the 3 LEP areas by all stakeholders. These indicators cover a

range of theme areas including economic, fiscal, social and environmental impacts.

The performance against these indicators are impacted by a number of factors including external factors like the global economy which are outside of the control of regional partners.

Work is ongoing to demonstrate the impact of investment and outputs on achieving our required outcomes and impact utilising logic chains.

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013 ⁸	Scale of the Challenge
ECONOMIC GROWTH - Improved GVA for the region in line with the UK average	O1. Gross Value Added (GVA) per head	£23,903	+£636	+£3,421 +16.7% WMCA +12.3% UK	GVA per head £27,555 +£3,652 GVA per head
	O2. GVA per Hour	£31.07	+£0.93	+£3.63 +13.2% WMCA +8.8% UK	GVA per hour £33.65 +£2.58 per Hour
	O3. Gross Disposable Household Income (GDHI) per Person	£16,479	+£186	+£1,514 +10.1% WMCA +9.2% UK	£19,514 GDHI per Person +£3,035 GDHI per Person

⁷ 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.

⁸ Baseline will vary on certain indicators, please see the full report for details

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013 ⁴	Scale of the Challenge
<p>BUSINESS - Improved the productivity of our businesses focussing on our growth sectors</p> <p>FISCAL - Secure better for less from our public services</p>	B1. GVA per employee	£53,087	+£396	+£4,280 +8.8% WMCA +6.6% Eng.	GVA per employee = £60,523 +£7,436 GVA per employee
	B2. GVA in transformational sectors	£72.3bn	+£2.3bn	+£13bn +22.5% WMCA 16.7% UK	£147bn WMCA SEP Ambition +£74.7bn GVA
	B3. No. of Enterprise Births	24,230 enterprise births 58 per 10,000 population	-3,315 enterprise births	+5,425 enterprise births +28.8% WMCA +10.3% UK	Ahead of UK Currently on par with the UK average of 58 per 10,000 population, ambition is to surpass the UK average
	B4. Five - year Enterprise Survival Rate of businesses born in 2012	43.5%	-6.7pp	N/A	44.1%
	B5. Jobs in Transformational Sectors	1.2m	+43,715 jobs	+155,020 +13.3% WMCA +10.3% Eng.	1.5m WMCA Transformational SEP Ambition + 33,155 jobs in Transformational Sectors
	B6. Total Jobs	1.9m	+56,000	+186,000 Jobs +11.1% WMCA + 9.6% Eng.	2.4m WMCA SEP Total Jobs Ambition +535,000 Jobs
	B7. Employment Rate	71.7%	+0.7 pp	+4.5 pp WMCA +3.8 pp UK	Employment rate = 75% +3.3pp
	F1. Income & Exp. Balance	-£1bn	-£1.7 bn	N/A	To achieve no fiscal gap +£1 bn

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013 ⁴	Scale of the Challenge
PEOPLE - Improved Life Chances for all	P1. Reduce % of people in top 10% most deprived areas	20%			10% of people
	P2. Annual average earnings of full-time working residents	£28,294	+ £652	+£2,415 +9.5% WMCA +9.3% Eng.	+ £1,280
	(ii) % of employees earning above the Living Wage Foundation rates	76.3%	+0.5pp	N/A	+0.9pp
SKILLS - Improved skill levels at all ages so that people have the skills and qualifications to access jobs. Ignite / Retune /Accelerate	P3. Youth Claimants aged 18 - 24 ⁹	18,675 (March 2019)	+3,035 19.4%	-17,490 - 48.4% WMCA - 51.4% UK	22.9% -4,281 youth claimants
	P4. Claimant Count aged 18 - 64	91,310 (March 2019)	+17,485	-37,530 -29.1% WMCA -34.6% UK	-31.1% -28,359 claimants
	P5. % of Working Age Population (WAP) with No Qualifications	11.0% 283,700 people	-2.5% -7,400 people	-21.8% WMCA -79,300 people -15.4% UK	8% -78,284 people
	P6. % of WAP with NVQ1	11.4% 292,900 people	+0.7% +2,000 people	-6% WMCA ¹⁰ -18,800 people -10.9% UK	Ahead of UK
	P7. % of WAP with NVQ2	17.0% 437,600 people	+1.2% +5,400 people	+1.7% WMCA +7,200 people -4.2% UK	Ahead of UK
	P8. % of WAP with NVQ3	17.7% 454,100 people	+0.6% +2,600 people	+4.2% WMCA +18,300 people +1.7% UK	Ahead of UK
	P9. % of WAP with NVQ4+	32.1% 825,500 people	+3.4% +27,200 people	+20.0% WMCA +137,800 people +14.1% UK	39.2% +181,538 people
	P10. No. of Apprenticeships starts	29,230	-13,240 -31.2%	-6,780 -18.8% WMCA -13.5% Eng.	84,000 +54,770 apprenticeships
	P11. Progress 8 Score	-0.14 (Below Average)	+0.02	N/A	-0.02 (England average) +0.12 points

⁹ Please note claimant count figures have been impacted due to the roll out of universal credit.

¹⁰ While the growth here is below the UK average, decline in this area may indicate positive progression.

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
	P12. NEETs aged 16-17	4,630 (7.1%) (WM 7 Met.)	-410 -8.1%	N/A	6% - 701 NEETs
	P13. % of children achieving a good level of development at the end of reception	68.3% (WM 7 Met.)	+2.0pp	+18.6pp WM 7 Met. +19.8pp Eng.	+3.2pp
	P14. Social Mobility	Based on 326 Local Authorities Lowest Ranked: North Warwickshire: 307 Highest Rank: Bromsgrove 48 (2017)	+15 places	N/A	All the West Midland Local Authorities in the Top Quarter Ranking
HEALTH - Better quality of life for all: improved health (inc. Mental health) and well being	P15. Healthy Life Expectancy (HLE) at Births – Males & Females	Males (M) = 59.9 years (WM 7 Met.)	+ 0.3 years (WM 7 Met.)	0 years WM 7 Met. + 0.1 years Eng.	63.4 years
		Females (F) = 60.1 years	- 0.2 years	- 1.1 years WM 7 Met. - 0.1 years Eng.	63.8 years
	P16. Health inequality gap by years between the most and least deprived areas	M = 6.3 years F = 7.4 years (WM 7 Met.)	M = -1.7 years F = - 1.5 years (WM 7 Met.)	M = -2.4 years F = - 0.3 years (WM 7 Met.)	No gap Reduce gap by 6.3 years for males and 7.4 years for females
	P17. Gap in employment rate for those in contact with secondary mental health services and the overall employment rate	61.2% (WM 7 Met.)	+0.9 pp (WM 7 Met.)	+ 1.9 WM 7 Met. + 3.5 pp Eng.	Ahead of England + 7pp (68.2%)
	P18. – Rates of suicide (per 100,000 population)	8.7 per 100,000 population (WM 7 Met.)	-1.1 per 100,000 population (WM 7 Met.)	- 1.4 WM 7 Met. -0.5 Eng.	No suicides - 627 suicides
	P19. - % Physically Active Adults	1,913,900 (58.1%)	+1.1 pp	N/A	62.6% + 156,701 active people
	P20. Infant Mortality	6.6 per 1,000 live births (WM 7 Met.)	No Change	+0.4 per 1,000 live births WM 7 Met. No Change Eng.	0 Preventable Deaths

Outcomes	Measures of Success	Where we are now	Change over the last year	Direction of Travel Relative to UK average since 2013	Scale of the Challenge
CRIME - Reduced offending and re-offending	P21. – Total Recorded Crime (per 1,000 population)	252,689 (87.2 per 1,000 pop. WM 7 Met.)	+10.9% WM 7 Met. +7.0% Eng.	+39.2% WM 7 Met. +34.9% Eng.	Below the England Average 87 per 1,000 population
	P22. - Proven Rates of Re-Offending Rates for Adults	30.1% (WM 7 Met.)	N/A	N/A	Below the England and Wales Average -1.4pp (28.7%)
	P23. – No. of first-time entrants to Youth Justice System (per 100,000)	397 per 100,000 (WM 7 Met.)	-10.6% WM 7 Met. -11.6% Eng.	- 19.8% WM 7 Met. - 34.8% Eng.	-104 first-time entrants per 100,000
PLACE ACCESSIBILITY- Improved the connectivity of people to businesses to jobs and markets	Pl1. Broadband Connectivity	97.7% 1.19m premises (WM 7 Met.)	+ 2.1 pp (WM 7 Met.)	+ 6.4 pp WM 7 Met. + 18 pp UK	100% coverage
	Pl2. % 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	43% (WM 7 Met.)	+0.9 pp (WM 7 Met.)	- 1.6 pp ¹¹ (Oct 2013 vs Jan 2019) (WM 7 Met.)	75% + 32pp
	Pl3. Bus time reliability	To be developed ¹²			

¹¹ For indicators with no shading this is due to no UK comparative figure.

¹² Transport for West Midlands is in the process of developing an effective monitoring approach for bus 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
INFRASTRUCTURE - Improved the quantity of high quality readily available development sites	PI4. Mode Share of all Journeys: i). Mode Share of all journeys by non-sustainable and sustainable	i) Non-sustainable (Car) 68% Sustainable: 32%	i) Non-sustainable (Car) +1% Sustainable: -1%	i) Non-Sustainable (Car) +4% Sustainable: - 4%	45% car mode share Car (- 23%)
	ii). Percentage of car journeys single occupancy	ii) 73% (WM 7 Met.)			
	PI5. Total Dwelling Stock Estimates	1,719,094	+14,491	+56,694 WMCA	+189,029
	PI6. Total Additional Affordable Dwellings	3,337 (2017/18)	+482	+503 WMCA (2013/14 – 2017/18)	
	PI7. Number of Additional Affordable Rented Dwellings	1,626 (2017/18)	+49	+133 WMCA (2013/14 – 2017/18)	
	PL8. Ratio of median house price to median gross annual residence-based earnings	7.1	+0.26	+1.27 WMCA +1.24 Eng.	
SUSTAINABILITY - Resource efficient economy to stimulate new technology and business	E1. CO ₂ emitted within SEP area by transport, businesses and homes	21,043 ktCO ₂	-830 ktCO ₂ -3.8%	-14.7% WMCA -17.9% UK	WMCA target: 40% reduction in carbon by 2030 from 2010 -5,249 ktCO ₂
	E2. No. of days poor air quality per year (rated 4 or higher on the Daily Air Quality Index) ¹³	46 days	+21 days	-17.9% WM +2.4% UK	WMCA target: 1 day by 2030 -45 days

¹³ Number of days is measure by region.

This report is produced for the
Office of Data Analytics by:

Black Country Consortium



Economic Intelligence Unit