



West Midlands State of the Region 2019



West Midlands
Combined Authority



Office of
Data Analytics

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



£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



43.5%

The five-year Enterprise Survival
Rate is 43.5% from 2012 births for
the WMCA compared to 43.2%
for the UK. (2012 to 2017)

The target is to stay above the UK



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

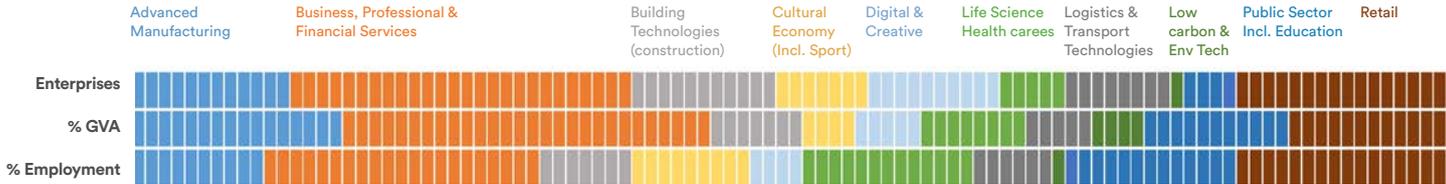
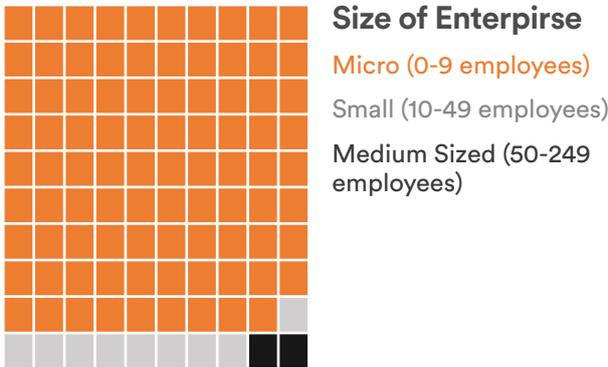
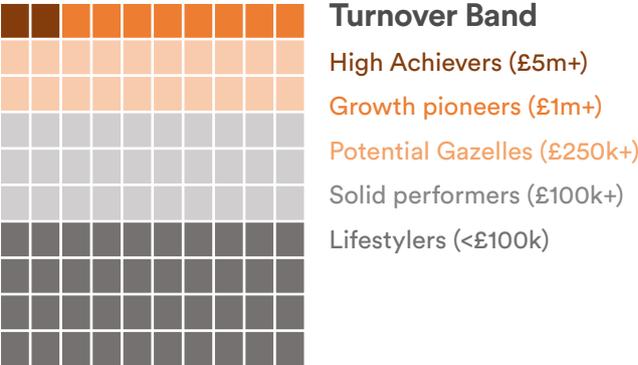


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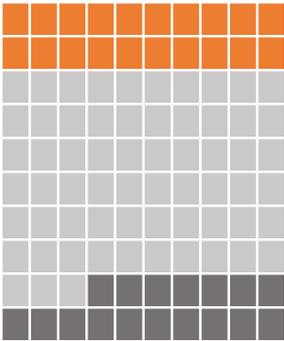
Additional Poor Air Quality Days across the West Midlands Region in 2018

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

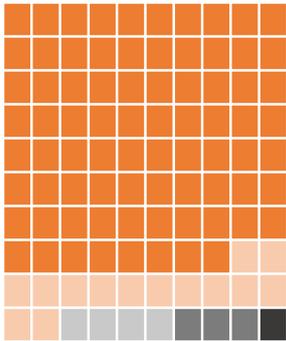
The region as 100 enterprises



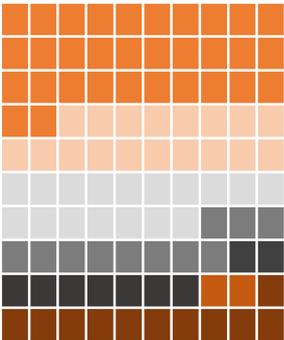
The region as 100 people



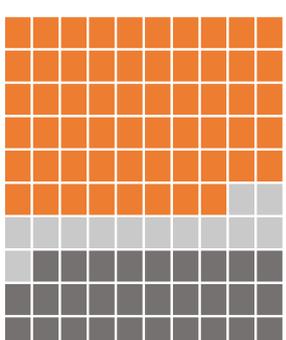
Age Band
 Children
 Working age adults
 65 and over



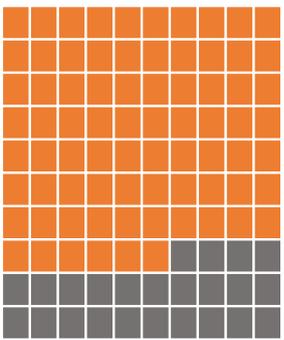
Ethnicity
 White
 Asian/Asian British
 Black/Africa/
 Caribbean/Black British
 Mixed/Multiple ethnic
 Other



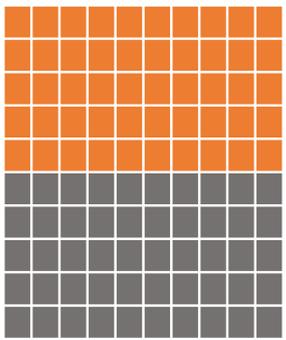
Qualifications
 NVQ4 and above
 NVQ 3 (only)
 NVQ 2 (only)
 NVQ 1 (only)
 Other
 Trade Apprenticeships
 No Qualifications



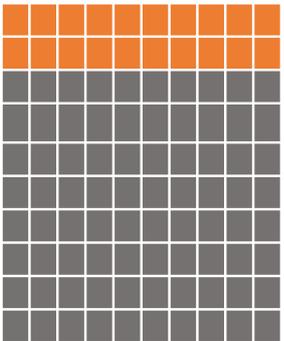
Physical Activity
 Physically Active
 Fairly active
 Inactive



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

This report is produced for the
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Black Country Consortium



Economic Intelligence Unit