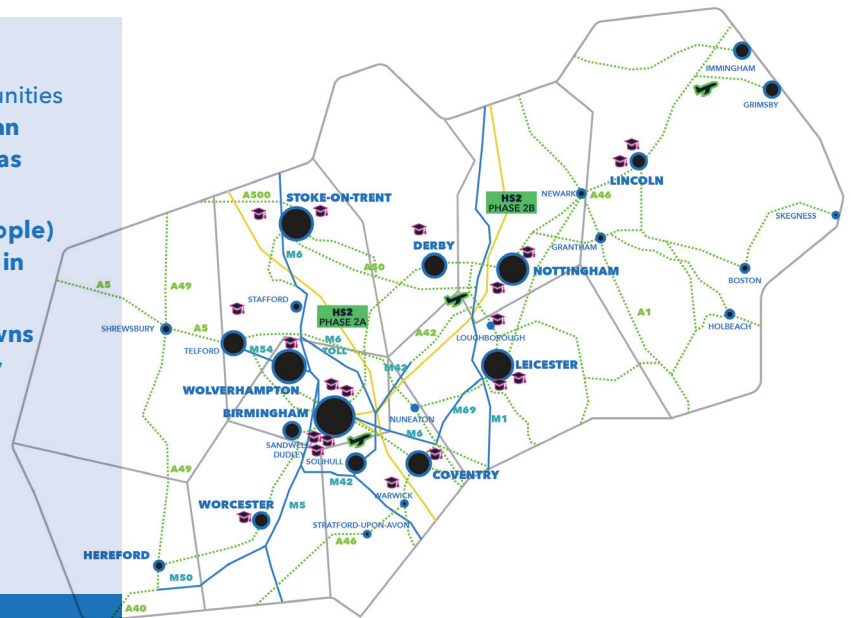


MIDLANDS ENGINE

TOWNS AND CITIES REGENERATION

GEOGRAPHY

- The Midlands is home to a diverse set of communities in both urban and rural areas. By landmass, **urban areas make up 18%** (490,314 ha) and **rural areas account for 82%** (2,239,859 ha)
- Majority of the population **81% (8,352,291 people) live in urban areas**, only **19% (1,996,251) live in rural areas**
- EY forecast that **cities will grow faster than towns in every region of England up to 2023**, largely due to the location of higher-end services and the public sector
- The Midlands performed well recently on **transport** in the PwC Good Growth for Cities Index - **4 out of 11 cities scored above the national average**, with the rest at least average.



However...

- Disparities across the rural/urban split - **urban areas generally have higher deprivation and unemployment, while rural areas suffer from poor transport and digital connectivity**
- **Rural populations nearly twice as far from their nearest services**, reinforcing the use of cars to access town centres, hospitals and education
- **Cities fared worse in the wake of the pandemic** compared to rural areas, resulting in higher claimant rates, higher rates of furlough and higher Covid-19 deaths
- **Rural areas and town centres in the Midlands face unique challenges** exacerbated by Covid-19: uncertainty about where older populations will live; what town centres/high streets will look like; and the impact of high levels of digital exclusion and poor transport connectivity compared with major cities/more dense urban areas.

INVESTMENT

- The Midlands has **successfully secured over £500m**, through the Levelling Up Fund, Towns Fund, Future High Streets Fund, Brownfield Housing Fund, and the Community Renewal Fund
- These investments support a variety of **projects aimed at boosting Midlands places and keeping them thriving** by contributing to health and wellbeing, employment and wider economic growth
- Funded projects cover a **wide scope of improvements** including developing social enterprises and sector-specific training, improving access routes to town centres, renovating retail and leisure spaces, and enhancing cycling capacity.

However...

- Given the disparities between rural and urban areas, and overall differences between the Midlands Engine and the UK average, **more investment is required** to meet the needs of businesses and communities
- Town and city centres are suffering from **all-time highs in vacancy rates**, exacerbated by Covid-19. **Nine Midlands Engine centres are highlighted as particularly under threat** in data presented by **Power to Change**
- Assessing potential economic growth rate for cities in a PwC report, the **Midlands had 6.9% GVA growth in 2021, below the UK GVA growth rate of 7.3%**. Regionally, the Midlands was in fifth place out of all the English regions.



RETAIL AND VISITOR ECONOMY SECTORS

- Traditionally important town centre/high street sectors of **retail and visitor economy together contribute over 1 million jobs** across the Midlands Engine area - 24.2% of all jobs in the region
- The two sectors **contribute £41bn GVA to the Midlands Engine economy**, from 92,640 businesses
- In terms of jobs, the Midlands' **visitor economy has grown faster than the national average (2.3% growth in jobs since 2015)**, compared to 1.9% in England), and retail activity overall has been higher than in England, yet both are quite flat.

However...

- A PwC report on retail closures found that in 2021 the Midlands collectively saw **1,169 openings and 2,822 closures, a net change of 1,563**
- The **West Midlands** saw 641 openings and 1,676 closures in 2021, a net change of 1,035 and the **second worst performing region across Great Britain (-5.4% net closures)** when examining multiple retailer percentage closures by region. The **East Midlands** saw 528 openings and 1,146 closures in 2021, a net change of 618, making it the **best performing region** for multiple retailer percentage closures (-4.1% net closures)
- Big net declines in key retail categories (fashion, banks) reveal changes in how consumers transact: **the shift to online, accelerated by consumer behaviour during lockdowns**. This continues to be the biggest denominator for closures in retail and services.

THE FUTURE OF TOWNS, CITIES AND HIGH STREETS

- Experts predict **high streets of the future will need to become multi-purpose locations**, combining retail and hospitality amenities with residential, education, healthcare, cultural, technology, and community services
- Covid-19 recovery provides **an opportunity to revive and reimagine Midlands towns, cities and high streets for the long term**
- **Short, medium and long-term action can be taken by places and government** - including focusing on community-led approaches, the visitor economy and preserving what already exists.

However...

- **Legacy of Covid-19 could accelerate the decline of high streets**, creating conditions for a dangerous downward spiral of vacancies, anti-social behaviour and detriment to local environment
- **New town and city centres need a clear purpose**, including job creation, to try to address the reduction in commuter and shopper footfall
- Long-term decline and its consequences **require long-term solutions and a significant level of investment**.

