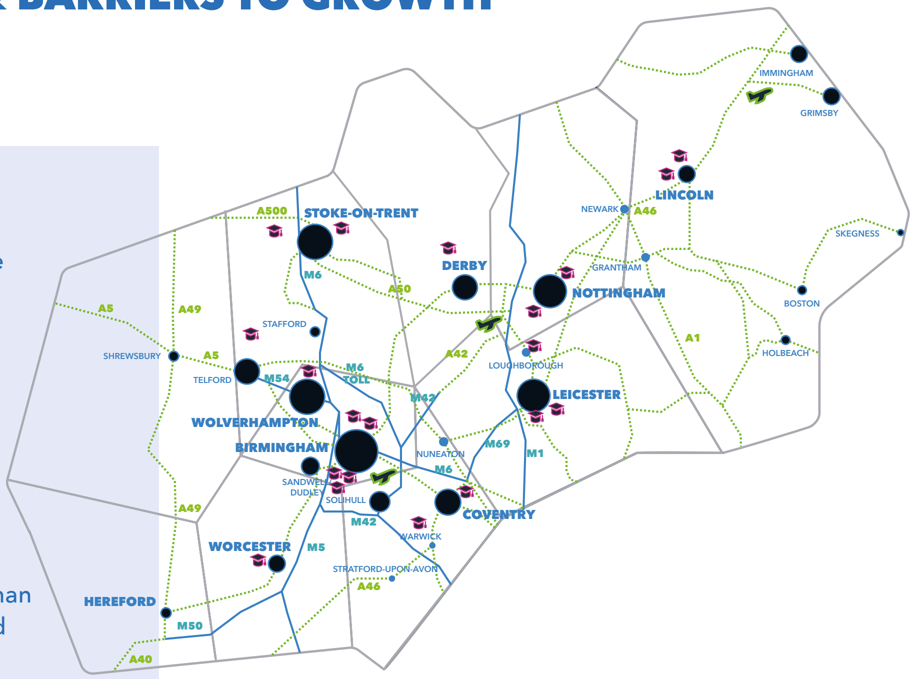
FACTSHEET

MIDLANDS ENGINE

OBSERVATORY

MIDLANDS ENGINE PARTNERSHIP

KEY FACTS, STRENGTHS & BARRIERS TO GROWTH



GEOGRAPHY AND PARTNERSHIP

- From Staffordshire in the west to Lincolnshire in the east, Derbyshire in the north to Herefordshire in the south
- **10,629** square miles
- **1000s** of engaged businesses
- **65** local authorities, **9** local enterprise partnerships
- **102** Members of Parliament
- **20** major universities
- Home to almost **11 million people** – more than combined population of Scotland, Wales and Northern Ireland.

However...

- **Underinvestment over time** leaves the true economic potential of the Midlands and community prosperity unrealised
- Productivity gap estimated at **£84.9bn** and growing
- **24.8%** of the Midlands is in the top **20%** of most deprived areas in England.

GROWTH AND PRODUCTIVITY

- Largest regional economy outside London, equivalent to size of Denmark's economy – c**£240.3bn**
- **Nearly 4.6 million homes,** over **813,000** firms and nearly **4.4** million jobs
- **£90bn** p.a. contributed to national economy through international activities
- **20%** share of England's exports
- Diverse business **growth assets and strengths** in many sectors including agri-tech, logistics, MedTech and advanced manufacturing
- In 2021/22, Midlands accounted for nearly **22.4%** of new jobs created from Foreign Direct Investment projects in England.

However...

- **Remaining barriers to growth** include skills, infrastructure, access to finance and R&D
- Scale of underinvestment is **£102.1bn** (compared to the rest of the UK) over the last **17** years
- Among the lowest post-pandemic/EU Exit recovery in EU exports of all UK regions – **6.7 percentage points** below national average.

RESEARCH & DEVELOPMENT

- **15.6%** of UK's private sector R&D, with firms investing over **£4bn** p.a.
- **Leader in R&D-intensive industries** such as automotive – Europe's largest automotive R&D facility, the National Automotive Innovation Campus at University of Warwick
- **Home to major world-class assets** and innovation anchors at the forefront of industrial digitisation agenda
- **25** hi-tech/science business parks and innovation and technology centres, and **8** Enterprise Zones.

However...

- Just **7%** of government spending on R&D is in the Midlands and the region underperforms against the England minus London benchmark for R&D intensity
- **Knowledge generation** and R&D spend is concentrated in a small number of firms and research institutions, so averages that take in the whole region mask the reality of considerable variation in performance
- **Innovation and knowledge** are slow to diffuse out from the region's science assets to the wider business base.

SKILLS

- Huge skills asset base with **387,000** students enrolled across **22** universities
- Over **2.3m** people (**37.6%** of working age pop.) qualified to NVQ Level 4+ – increase of **1.4%** compared to UK-wide increase of **0.9%**
- In 2021, approximately **7.8%** of working age population had no formal qualifications in the Midlands Engine area.

However...

- **6.1%** of residents aged **16-17** are Not in Education, Employment or Training (NEET) – above England **(5.5%)**
- **367,390** more working age residents need to obtain NVQ Level 4+ to equal UK average of **43.5%**
- Nearly **63,000** more residents need to be upskilled before the region draws level with national average.

DIGITAL

- Over **200,000** businesses, **128,700** jobs and **450** high-growth digital businesses
- **Centre of excellence in digital innovation** – home to UK's first multi-city 5G testbed and world's first 5G connected forest
- Comprehensive full fibre broadband network could enable **155,000** new people to enter region's workforce
- 5G alone worth **£5 billion** to the economy in next **5** years.

However...

- **Highly variable digital connectivity** in rural and some urban areas limits potential for and productivity of home-based businesses, and hinders communications with clients overseas
- Percentage of premises with fixed broadband full fibre capability is lower than nationally – **26.7%** compared to **31.9%**. For capability, it's **43.8%** compared to **45.7%**
- **630,000** residents have never used the internet – approx **7.2%** of Midlands population (16+ years).

HEALTH AND LIFE SCIENCES

- Sector worth **£26bn** p.a.
- Highest number of MedTech companies in any region in the UK generating **£1.6bn** p.a.
- Stable, ethnically diverse population of over **10m** – ideal test bed for global health and multimorbidity interventions
- **World-leading NIHR infrastructure** embedded in our NHS, including UK's largest Clinical Trials Unit, **3** Biomedical Research Centres, **2** Applied Research Collaborations, Centre for Ethnic Health Research, School for Primary Care Research and **1 of only 5** UK Patient Recruitment Centres
- **2** leading Medical Schools, producing over **20%** of the UK's medical students
- **2 of the 3** largest UK NHS Trusts.

However...

- The Midlands **falls behind UK average** in terms of life expectancy
- **1 in 13** adults has received a diagnosis of diabetes – the highest of any region in England
- **Health businesses cite multiple barriers to growth** including access to: finance and investment; clinical partnerships and trials; skills; facilities for product development; and research expertise.

GREEN GROWTH

- **1** in **4** energy and low carbon jobs in England based in the Midlands
- Sector worth **£26.6bn** p.a.
- Ten Point Plan for Green Growth in the Midlands Engine has potential, by 2041, to: create **196,000** new green jobs; boost economy by **£24.2bn**; reduce CO_2 emissions by **36%**
- Midlands Engine Hydrogen Technologies Strategy, centred around plans for a Midlands Hydrogen Technologies Valley, has potential, by **2041**, to: create or safeguard **167,000** jobs; boost economy by **£10bn**; reduce CO_2 emissions by **29%**

However...

- Larger proportion of fuel-poor households in the Midlands in 2019, compared to England-wide figures – **16.5% (718,995)** against **13.2%**
- **78.3%** of the region's total energy consumption each year is from non-renewable sources
- **Better understanding of current and future skills** gaps in traditional sectors needed – including reskilling requirements – to avoid impact of job losses in the transition to a greener economy.

TRANSPORT

- **80%** of UK rail freight passes through the Midlands
- **92%** of UK's population is less than **4** hours from the Midlands
- **East Midlands Airport** is home to the UK's largest dedicated air cargo operation
- Globally significant firms like **Astra Zeneca** and **Rolls Royce** located along A50/A500, as well as three planned HS2 hubs – Crewe, Stoke-on-Trent and East Midlands Parkway.

However...

- Years of underinvestment in Midlands transport infrastructure – amounts to over **£7.3bn** in last **5** years alone
- In 2021/22, spend per head on transport was **£547** compared to the average of **£737**
- In some areas, **transport connectivity is poor,** especially travelling east-west across the region – adversely affecting business productivity, commuting and access to customers, collaborators and suppliers.