

## Sector Strengths in the Black Country (February 2024)

### Traditional Sector (SIC Code) Analysis: High-Level

Grouping SIC code data into high-level sectors allows us to see the size and importance of industries in the Black Country and compare it to the national average (using official ONS data sources).

Business Services is the largest sector in terms of Gross Value Added (GVA) at £5.3bn, but compared to the national average on all metrics, the Black Country has a much lower proportion of its economy that is business services (23.8% vs 43.2% for GVA). In contrast, the Black Country economy is considerably more reliant on the following sectors:

- **Advanced Manufacturing:** 17.4% of GVA and 15.6% of jobs compared to 11.3% and 9.9% nationally.
- **Health & Wellbeing:** 13.2% of GVA and 18.1% of jobs compared to 8.4% and 15.1% nationally.
- **Retail and Wholesale:** 13.2% of GVA and 17.5% of jobs compared to 10.7% and 14.0% nationally.
- **Logistics, Transport and E-commerce:** 5.8% of GVA , 7.2% of jobs and 11.5% of businesses, compared to 3.2%, 5.1% and 4.8% nationally.

This reflects 2 important characteristics of the Black Country economy:

- 1) It has genuine strengths and specialisation compared to the national average in some sectors – especially manufacturing and linked industries (wholesale, logistics) but also parts of other areas sectors including construction, environmental technologies / utilities.
- 2) There is a lack of business services activity despite it being the largest sector for GVA; instead the Black Country is more reliant on lower value, lower productivity sectors like retail and health. This imbalanced sector composition is likely to contribute to the output gap.

### Summary Sector Data: Black Country and England

	GVA, 2021 (£m)			Jobs, 2022			Businesses, 2023		
	Black Country	%	England % of Total	Black Country	%	England % of Total	Black Country	%	England % of Total
Advanced Manufacturing	£3,866	17.4%	11.3%	69,205	15.6%	9.9%	4,185	11.3%	11.7%
Construction (Building Technologies)	£1,495	6.7%	6.0%	21,000	4.7%	4.8%	5,320	14.4%	13.9%
Business Services	£5,291	23.8%	43.2%	74,260	16.7%	26.2%	9,845	26.6%	37.3%
Green Economy (Environmental Technologies)	£749	3.4%	2.7%	4,700	1.1%	1.1%	230	0.6%	0.5%
Health & Wellbeing	£2,946	13.2%	8.4%	80,550	18.1%	15.1%	2,035	5.5%	5.5%
Public Sector inc. Education	£3,289	14.8%	11.7%	63,000	14.2%	15.2%	1,030	2.8%	4.0%
Retail and Wholesale	£2,947	13.2%	10.7%	78,000	17.5%	14.0%	7,435	20.1%	14.8%
Logistics, Transport and E-commerce	£1,283	5.8%	3.2%	32,100	7.2%	5.1%	4,260	11.5%	4.8%
Visitor Economy	£397	1.8%	2.8%	22,100	5.0%	8.5%	2,655	7.0%	7.4%
<b>Total</b>	<b>£22,266</b>	<b>100%</b>	<b>100%</b>	<b>444,915</b>	<b>100%</b>	<b>100%</b>	<b>36,995</b>	<b>100%</b>	<b>100%</b>

Sources: ONS BRES, ONS GVA, ONS Business Counts (Snapshot)

As demonstrated by the tables below, high-level sector strengths are relatively uniform across the Black Country's local authority areas. However, some areas are stronger in certain sectors than other areas locally: for example, Sandwell has a higher proportion manufacturing, retail / wholesale and logistics / transport activity, Dudley has a higher proportion of retail / wholesale and construction (building technologies) activity, Walsall has a higher proportion of business services and transport / logistics activity, and Wolverhampton has a higher proportion of health, public sector and business services activity.

#### GVA by Sector proportion

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	England
Advanced Manufacturing	17.3%	20.8%	14.4%	17.7%	17.8%	11.3%
Building Technologies	8.4%	5.9%	6.1%	6.5%	6.7%	6.0%
Business Services	24.3%	18.2%	29.2%	23.4%	23.4%	42.4%
Environmental Technologies	1.3%	6.3%	2.9%	2.4%	3.4%	2.7%
Health & Wellbeing	15.3%	11.5%	10.0%	16.0%	13.2%	9.1%
Public Sector inc. Education	15.8%	11.7%	15.5%	16.7%	14.8%	11.7%
Retail	13.1%	14.7%	12.9%	12.0%	13.2%	10.7%
Transport Technologies	2.2%	9.3%	7.5%	3.7%	5.8%	3.2%
Visitor Economy	2.3%	1.5%	1.6%	1.8%	1.8%	2.9%
Total	100%	100%	100%	100%	100%	100%

#### Jobs by Sector proportion

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	England
Advanced Manufacturing	16.4%	18.7%	14.0%	12.5%	15.6%	9.9%
Building Technologies	5.8%	4.6%	4.0%	3.7%	4.7%	4.8%
Business Services	14.8%	15.7%	20.3%	17.0%	16.7%	26.2%
Environmental Technologies	0.8%	1.4%	0.9%	1.2%	1.1%	1.1%
Health & Wellbeing	19.4%	15.5%	15.4%	21.4%	18.1%	15.1%
Public Sector inc. Education	14.0%	12.8%	14.2%	15.6%	14.2%	15.2%
Retail	18.8%	18.4%	17.7%	16.0%	17.5%	14.0%
Transport Technologies	3.3%	8.8%	8.9%	7.6%	7.2%	5.1%
Visitor Economy	6.8%	4.1%	4.6%	5.1%	5.0%	8.5%
Total	100%	100%	100%	100%	100%	100%

#### Enterprises by Sector proportions

	Dudley	Sandwell	Walsall	Wolverhampton	Black Country	England
Advanced Manufacturing	13.1%	11.4%	11.6%	8.9%	11.3%	11.7%
Building Technologies	17.0%	12.4%	15.0%	13.0%	14.4%	13.9%
Business Services	28.4%	23.5%	26.5%	28.3%	26.6%	37.3%
Environmental Technologies	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%
Health & Wellbeing	5.8%	5.1%	6.2%	5.0%	5.5%	5.5%
Public Sector inc. Education	3.3%	2.5%	2.6%	2.5%	2.8%	4.0%
Retail	18.7%	23.2%	19.7%	18.5%	20.1%	14.8%
Transport Technologies	6.2%	13.6%	10.9%	15.6%	11.5%	4.8%
Visitor Economy	6.7%	7.6%	7.0%	7.5%	7.2%	7.4%
Total	100%	100%	100%	100%	100%	100%

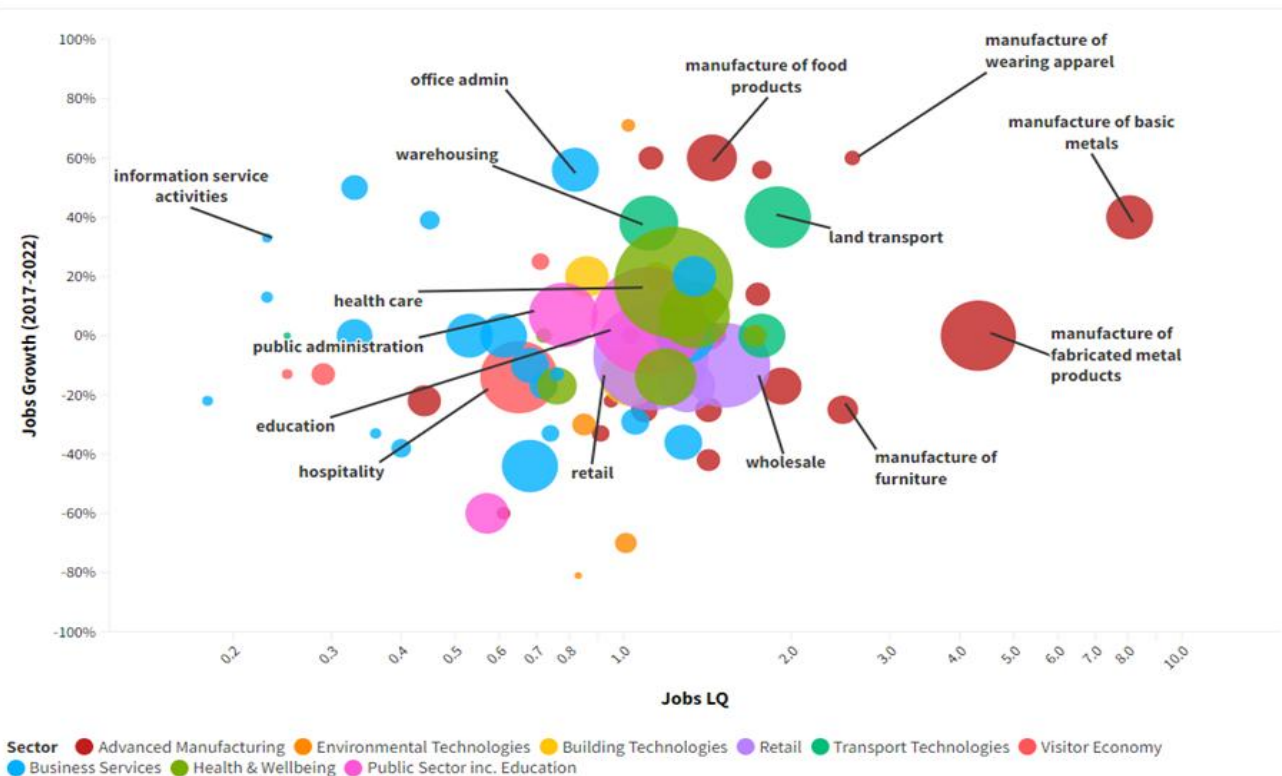
Sources: ONS BRES, ONS GVA, ONS Business Counts (Snapshot)

## Traditional Sector (SIC Code) Analysis: More Detailed

The broad sector findings above are reflected in the below “bubble” graph (interactive version can be seen [here](#)), which also brings out more detailed analysis of specific activities where the Black Country has strength – based on more detailed SIC code levels:

- Size of bubble reflects size of industry activity
- y axis measures growth in sector jobs between 2017 and 2022
- X axis measures location quotient (concentration of jobs in BC compared to nationally)

### Black Country Economy by Sector



Source: ONS BRES

The strength and importance of manufacturing activities is particularly stark, given the size, frequency and right-sided location of the red bubbles; while specialisation of transport technologies, health & wellbeing and retail / wholesale sectors comes out strongly too. The latter two, alongside the public sector and business services, are also clearly important in size given the frequency and size of activity bubbles in these sectors, but are less “specialised” given their more central or left-sided location on the diagram.

Fast growing sector activities are identified (through their relative height in the charts) across several different sectors, noticeably the digital and creative aspect of business services, environmental technologies and aspects of manufacturing, transport and construction / building technologies.

An important part of this analysis is the use of Location Quotient’s (LQ) which measure the specialisation of an industry in a local area compared to the national average. If the LQ of a sector in a locality is above 1, this means that it has an above average concentration of activity in that locality in the metric being measured.

By applying location quotient analysis to sectors and sub-sectors, it's possible to see where industrial strengths lie across the Black Country. This data is presented in tables in the annex across GVA, jobs and businesses across all four Black Country local authorities.

The results suggest similar strengths across all Black Country local authorities – especially in manufacturing, especially metals and materials supply chains and links to transport manufacturing, health and wellbeing, retail / wholesale, and logistics / transport technologies. Alongside, there are distinct local sector strengths, for example:

- **Dudley:** automotive and wider manufacturing supply chains, visitor economy, health & wellbeing, and construction (building technologies).
- **Sandwell:** manufacturing supply chains especially food, metals and automotive, logistics and transport, environmental technologies and wholesale.
- **Walsall:** logistics and transport, automotive/wider manufacturing supply chain, education and some business services.
- **Wolverhampton:** aerospace, construction (e.g. brownfield land), health & wellbeing and some services (for example: accountants, legal, consultants and public services).

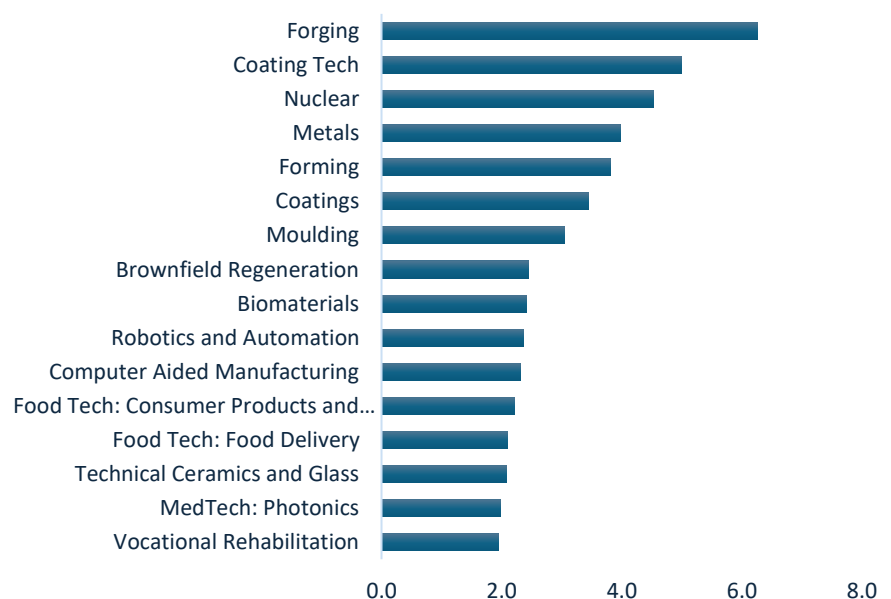
Furthermore, using The Data City platform and their “Real-Time Industrial Classifications” (RTICs) it is possible to consider the potential of more “new economy clusters” in the Black Country. Broadly, many of the Black Country’s existing cluster strengths relate to future opportunities to be harnessed for local economic growth, for example the below.

- **Sustainable Construction**, including modular construction, brownfield remediation
- **Harnessing future manufacturing opportunities** such as in electric vehicles, light weighting, future propulsion and automation in all sectors
- **Integrating circular economy principles** across the economy and within sectors
- **The evolution of logistics, transport and e-commerce** including decarbonisation and digitisation
- **Re-shaping consumer-facing sectors** including retail, visitor economy and professional services to integrate digital and personalised features.

These are reflected in the identified RTIC strengths in the Black Country (measured by the number of businesses and their LQ) as per the chart across and in the final table of the Annex – displaying different potential future strengths across the four local authority areas in the Black Country.

While manufacturing linked technologies still dominate, wider strengths and future opportunities exist too. Mapping and data from the [Midlands Engine Cluster](#) project supports this intelligence too.

**Data City RTIC Vertical Business Counts:  
Black Country LQ above 2.0 (EIU Analysis of Data City)**



## Annex: Location Quotient Data Analysis

### GVA by Sector Location Quotient across the Black Country

Sector & Sub-Sector	LQ				
	Dudley	Sandwell	Walsall	Wolverhampton	Black Country
<b>Advanced Manufacturing</b>	1.53	1.71	1.27	1.56	1.53
Agriculture & Agri-Tech	0.05	0.00	0.11	0.00	0.04
Food & Drink Manufacturing	0.50	1.44	0.27	0.63	0.75
Metals and Materials	2.31	2.62	2.74	1.80	2.37
Transport Manufacturing	1.54	1.66	0.58	2.94	1.71
Wider Advanced Manufacturing	1.46	1.35	0.91	1.18	1.24
<b>Building Technologies</b>	1.41	0.99	1.02	1.09	1.12
<b>Business Services</b>	0.56	0.45	0.68	0.54	0.55
Creative	0.09	0.03	0.08	0.25	0.11
Digital / IT	0.37	0.21	1.03	0.35	0.46
Financial Services	0.12	0.09	0.22	0.59	0.25
Legal and Accounting	0.50	0.25	0.37	0.24	0.34
Other Service Activities	0.44	0.93	0.66	0.39	0.61
Real Estate and Associated Consultancy	1.15	0.67	1.01	0.80	0.89
Support Services	0.42	0.20	0.82	0.48	0.46
<b>Environmental Technologies</b>	0.49	2.32	1.06	0.89	1.24
<b>Health &amp; Wellbeing</b>	1.83	1.38	1.19	1.91	1.58
<b>Public Sector inc. Education</b>	1.35	1.00	1.32	1.42	1.26
Education	1.53	1.26	1.73	1.61	1.52
Public Sector	1.14	0.69	0.84	1.19	0.96
<b>Retail &amp; Wholesale</b>	1.22	1.38	1.21	1.12	1.24
<b>Transport Technologies</b>	0.69	2.93	2.38	1.15	1.82
<b>Visitor Economy</b>	0.81	0.54	0.57	0.62	0.63
Accommodation	0.44	0.27	0.32	0.28	0.33
Hospitality	0.96	0.74	0.76	0.79	0.81
Visitor Economy	0.70	0.07	0.09	0.41	0.31

Source: ONS GVA, 2021

**Jobs by Sector Location Quotient across the Black Country**

Sector & Sub-Sector	LQ				
	Dudley	Sandwell	Walsall	Wolverhampton	Black Country
<b>Advanced Manufacturing</b>	1.65	1.89	1.41	1.26	1.57
Agriculture & Agri-Tech	0.06	0.05	0.11	0.01	0.05
Automotive	0.99	2.15	1.27	0.20	1.09
Food & Drink Manufacturing	0.90	2.66	0.91	1.24	1.45
Metals and Materials	3.72	4.48	3.72	2.46	3.63
Rail and Aerospace	0.91	0.25	0.18	3.42	1.12
Wider Advanced Manufacturing	1.38	1.04	0.95	0.90	1.09
<b>Building Technologies</b>	1.21	0.97	0.83	0.77	0.99
<b>Business Services</b>	0.56	0.60	0.77	0.65	0.64
Creative	0.16	0.07	0.07	0.36	0.17
Digital / IT	0.45	0.28	0.23	0.33	0.34
Financial Services	0.44	0.31	0.45	1.03	0.52
Legal and Accounting	0.71	0.78	0.57	0.36	0.61
Other Service Activities	0.61	0.83	0.94	0.59	0.72
Real Estate and Associated Consultancy	0.96	1.46	1.29	1.43	1.29
Support Services	0.52	0.30	1.16	0.64	0.65
<b>Environmental Technologies</b>	0.74	1.34	0.89	1.10	1.00
<b>Health &amp; Wellbeing</b>	1.28	1.02	1.02	1.41	1.20
<b>Public Sector inc. Education</b>	0.92	0.84	0.93	1.02	0.93
Education	1.07	0.94	1.27	1.18	1.11
Public Sector	0.72	0.72	0.50	0.82	0.71
<b>Retail &amp; Wholesale</b>	1.34	1.31	1.26	1.14	1.25
<b>Transport Technologies</b>	0.65	1.73	1.74	1.48	1.41
<b>Visitor Economy</b>	0.80	0.48	0.54	0.60	0.58
Accommodation	0.40	0.23	0.36	0.20	0.29
Hospitality	0.84	0.55	0.60	0.70	0.65
Visitor Economy	1.20	0.25	0.29	0.36	0.48

Source: ONS BRES, 2022

### Businesses by Sector Location Quotient across the Black Country

Sector & Sub-Sector	LQ				
	Dudley	Sandwell	Walsall	Wolverhampton	Black Country
<b>Advanced Manufacturing</b>	1.12	0.97	0.99	0.76	0.97
Agriculture & Agri-Tech	0.08	0.05	0.11	0.03	0.06
Automotive	1.50	1.89	2.31	1.28	1.73
Food & Drink Manufacturing	0.70	1.30	1.15	1.06	1.02
Metals and Materials	3.36	3.52	3.26	2.38	3.10
Rail and Aerospace	0.67	0.68	0.82	0.76	0.73
Wider Advanced Manufacturing	1.36	0.99	1.04	0.87	1.09
<b>Building Technologies</b>	1.22	0.89	1.08	0.93	1.03
<b>Business Services</b>	0.76	0.63	0.71	0.76	0.71
Creative	0.30	0.28	0.17	0.31	0.27
Digital / IT	0.62	0.44	0.56	0.60	0.55
Financial Services	0.77	0.51	0.49	0.73	0.63
Legal and Accounting	0.90	0.58	0.93	0.49	0.72
Other Service Activities	0.92	0.78	0.92	0.81	0.85
Real Estate and Associated Consultancy	0.75	0.78	0.74	0.83	0.78
Support Services	0.72	0.62	0.65	0.92	0.73
<b>Environmental Technologies</b>	1.48	1.19	1.09	1.23	1.23
<b>Health &amp; Wellbeing</b>	1.05	0.92	1.12	0.91	0.99
<b>Public Sector inc. Education</b>	0.83	0.63	0.64	0.64	0.70
Education	0.93	0.69	0.74	0.78	0.79
Public Sector	0.75	0.57	0.56	0.52	0.62
<b>Retail &amp; Wholesale</b>	1.27	1.57	1.34	1.25	1.36
<b>Transport Technologies</b>	1.30	2.85	2.28	3.26	2.40
<b>Visitor Economy</b>	0.90	1.03	0.94	1.00	0.96
Accommodation	0.23	0.23	0.28	0.26	0.25
Hospitality	1.11	1.31	1.17	1.26	1.21
Visitor Economy	0.31	0.23	0.29	0.26	0.27

Source: ONS Business Counts (Snapshot), 2023

**Real-Time Industrial Classification Businesses (The Data City):  
Clusters with 2.0+ Location Quotient in BC or Individual Local Authority Area**

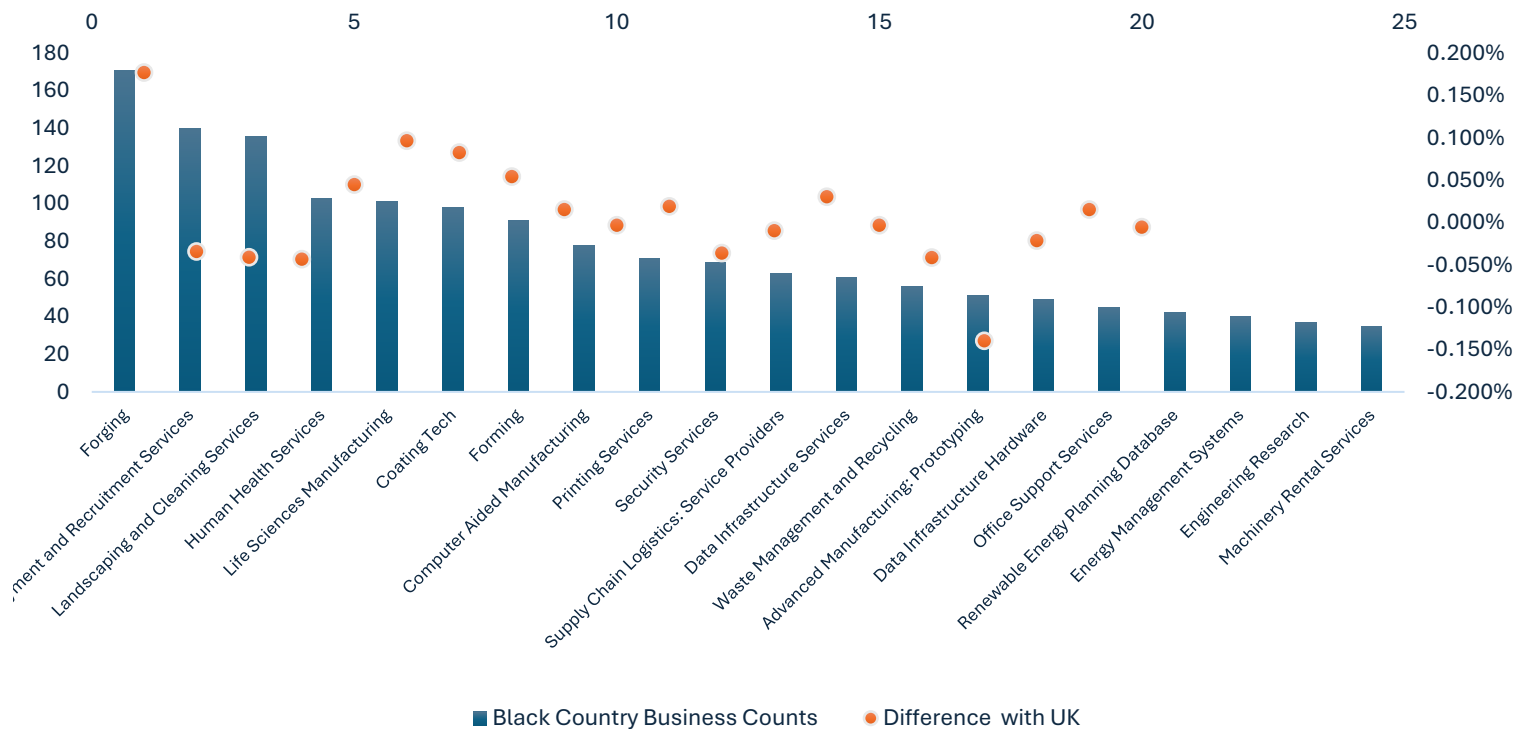
Real Time Industrial Classification (RTIC) Vertical	BC Businesses	Location Quotient (Business)				
		Black Country	Dudley	Sandwell	Walsall	Wolverhampton
Advanced Manufacturing: Forging	171	6.26	6.75	7.28	6.89	4.07
Life Sciences: Life Sciences Manufacturing	101	1.56	1.66	1.60	0.64	2.21
Advanced Manufacturing: Coating Tech	98	4.99	2.35	3.57	10.07	4.86
Advanced Manufacturing: Forming	91	3.81	1.93	8.03	4.23	0.83
Advanced Manufacturing: Computer Aided Manufacturing	78	2.31	3.19	2.07	2.18	1.76
Supply Chain Logistics: Service Providers	63	1.33	0.65	2.18	1.84	0.67
Advanced Manufacturing: Prototyping	51	1.94	3.07	1.54	1.05	1.96
Research and Consulting - Physical Sciences and Engineering: Engineering Research	37	1.51	0.63	4.21	0.56	0.32
Advanced Manufacturing: Robotics and Automation	34	2.36	3.21	1.28	4.15	1.11
E-Commerce: Tracking	30	1.54	0.79	2.28	1.66	1.43
Advanced Materials: Coatings	26	3.44	3.57	2.44	4.26	3.69
Advanced Manufacturing: Cutting and Machining	25	1.64	2.77	1.69	0.30	1.56
Advanced Manufacturing: Moulding	25	3.05	4.70	3.15	1.12	2.91
Land Remediation: Remediation Services	23	1.55	0.78	0.75	1.24	3.48
Advanced Materials: Metals	23	3.98	1.33	8.28	2.38	3.44
Food Tech: Consumer Products and Services	21	2.22	0.41	3.11	2.42	2.94
Electronics Manufacturing: Energy generation or distribution tech	18	1.52	0.98	3.12	1.95	0.00
Business Support Services: Vehicle Rental Services	17	1.08	0.49	1.17	0.29	2.26
Energy Generation: Nuclear	17	4.53	0.00	11.79	4.90	1.06
Design and Modelling Technologies: Computer Aided Design	15	1.31	2.35	0.64	1.21	1.04
Land Remediation: Brownfield Regeneration	14	2.45	1.34	1.29	0.00	6.94
Design and Modelling Technologies: 3D Modelling and Scanning	13	1.24	2.20	1.05	1.31	0.38
Supply Chain Logistics: Freight Tracking Tech	12	1.37	0.00	2.95	1.58	0.91
Rehabilitation: Vocational Rehabilitation	10	1.95	5.26	0.72	0.90	0.78
Electronics Manufacturing: Optical devices	9	1.22	0.52	2.00	1.87	0.54
Legal Services: Crime	9	1.24	0.53	2.03	1.90	0.55
Agency Market: Customer Relationship Management	9	1.42	0.00	1.16	3.63	1.26
Sensors: Medical	8	0.92	0.44	2.11	0.53	0.46
Net Zero: Pollution Control and Mitigation	8	1.19	0.00	1.09	0.68	2.95



Real Time Industrial Classification (RTIC) Vertical	Location Quotient (Business)					
	BC Businesses	Black Country	Dudley	Sandwell	Walsall	Wolverhampton
Rehabilitation: Speech and Language Rehabilitation	7	1.91	1.05	3.02	1.25	2.17
Advanced Materials: Technical Ceramics and Glass	7	2.09	0.00	5.50	0.00	2.37
Food Tech: Food Delivery	7	2.10	3.46	2.21	1.38	1.19
Legal Services: Housing/Business premises issue	6	1.04	0.00	0.64	3.98	0.00
Photonics: Industry 4.0	6	1.34	3.43	0.82	0.00	0.89
MedTech: Imaging	6	1.38	0.00	1.69	4.22	0.00
MedTech: Photonics	6	1.98	0.00	1.22	7.59	0.00
EdTech: Devices	5	0.78	0.00	0.00	2.15	1.24
Energy Storage: Uninterruptible power supply	5	1.17	1.80	2.59	0.00	0.00
Space Economy: Location and Connectivity	5	1.18	3.63	0.00	1.08	0.00
Autonomy and Robotics: Robotic Mobility	5	1.21	2.80	0.89	0.00	0.96
FinTech: Insurtech	5	1.24	2.87	0.92	1.14	0.00
AdTech: Advertisers	5	1.39	2.14	1.03	2.56	0.00
Advanced Materials: Optics and Photonics	5	1.70	0.00	5.02	0.00	1.35

Source: EIU Analysis of the Data City

### RTIC Verticals with Most Business Counts in Black Country and % difference in total share compared to UK overall



Source: EIU Analysis of the Data City

*Note that the RTIC analysis from The Data City is only based on companies that The Data City have aligned to specific RTICs; not all companies are assigned to an RTIC:*

- To map the modern, emerging and innovative economy, The [DataCity](#) have produced over 400 'Real-Time Industrial Classifications' (RTICs). This aims to support a better understanding of what companies do (via their websites) on a self-updating basis, while helping identify more specific clusters of activity in local areas.
- The Data City platform includes 81,085 companies with a registered Dudley address and 94,370 including those with a Black Country trading addresses (but not headquartered). Of this total, 4,619 companies are identified as working in one of the 400+ RTICS defined by DataCity. 2,574 of these have a registered addresses in the Black Country, identified by businesses working in high-growth, innovative and emerging sectors in the economy. This is the cohort of companies used in the analysis above
- These companies contribute over £8.2bn in turnover and 30,000 jobs across their operations, an estimated 37,820 in the Black Country itself. 291 of these companies were incorporated since 2021, while 5 have been rated as having 3 stars for innovation within the DataCity platform. 163 of these companies are identified as having an estimated 20% average growth per year.