



**MIDLANDS
ENGINE**

STATE OF THE REGION



Sir John Peace Midlands Engine Chairman

Foreword

Unleashing opportunities for growth and resilience in the Midlands

The annual *Midlands Engine State of the Region* reports have become an essential and much-anticipated resource for those working to support economic growth in the Midlands – and the fifth edition is no exception.

Produced by the Midlands Engine Observatory, the 2024 report delves into data across all aspects of the regional economy. It offers a clear, evidence-based picture of how the Midlands is performing in a pivotal year, marked by the arrival of a new Government.

This year, our Partnership has united the region in many exceptional ways. From showcasing investment opportunities at UKREiiF to celebrating the ingenuity of the Midlands' SMEs through the inaugural Midlands King's Awards Network, and highlighting the innovation of our universities through a new investment campaign, we have demonstrated the strength of regional collaboration.

Throughout these efforts, the Midlands Engine Observatory has remained committed to its mission: presenting a robust evidence base and equipping policymakers, local authority leaders, researchers and many others with the regional data they need.

This year's report also reflects our drive to improve accessibility and usability, following a significant refresh of the Midlands Engine Observatory website.

By enhancing how data and insights are presented, it is easier than ever to explore the valuable insights our Observatory provides.

The report covers everything from the latest employment statistics to the number of new businesses, tracks the region's persistent productivity gap and examines the activity of enterprises across the Midlands. Once again, it highlights the enduring issues our partners have worked tirelessly to address.

These challenges – the need for public and private sector investment, raising productivity, equipping the workforce with future-ready skills, fostering innovation and supporting business growth through infrastructure – remain critical priorities for the region.

I encourage you to explore this report and the Observatory's refreshed website, which features interactive data maps and dashboards that bring the data to life.

The *State of the Region* and the Midlands Engine Observatory continue to deepen our understanding of the region's challenges and opportunities, enabling us to drive inclusive, sustainable economic growth for the Midlands. ▲

Sir John Peace

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Increasing productivity

Regional economy

For the second consecutive year, there has been an increase in Gross Domestic Product (GDP) in the Midlands Engine, growing to a total of **£314.2bn in 2022**. However, the latest annual change shows that the Midlands Engine growth was behind the national average for the same period (+8.2% compared to +9.7%) and also when compared directly to 2020 (+18.6% compared to +19.1%).¹

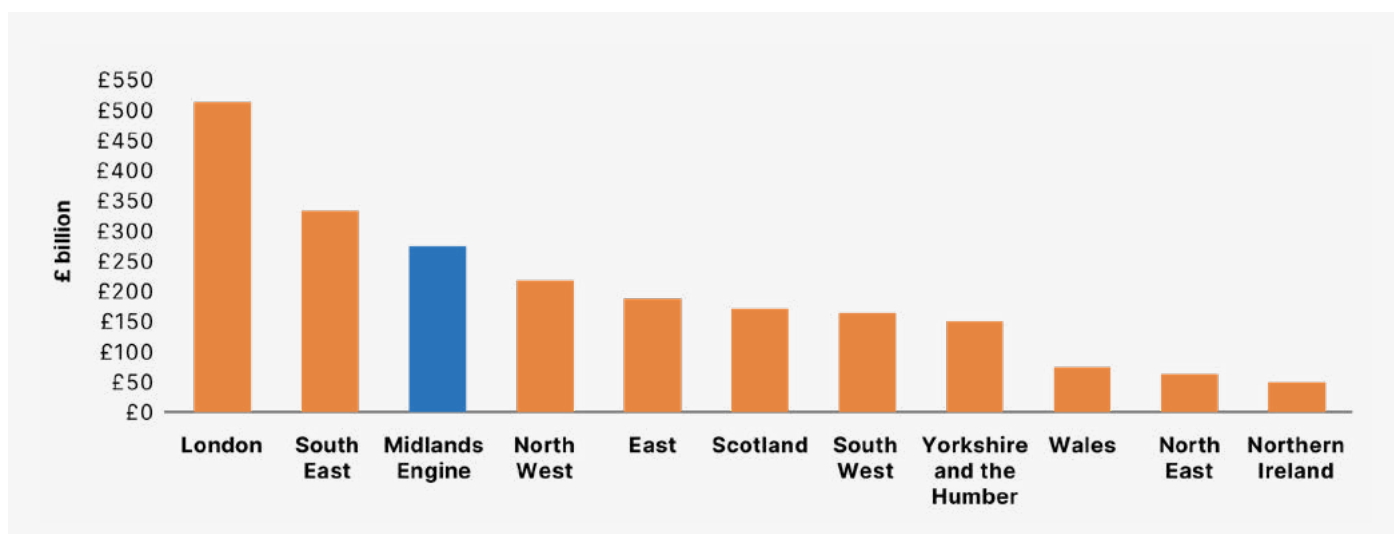
In 2022, the Gross Value Added (GVA) produced by the Midlands Engine area was higher than any other UK region outside of London and the South East, accounting for 12.3% of the UK total.

The latest figures show that the Midlands Engine **GVA totalled £277.2bn**. Since 2021, this is an increase of 8.3% (+£21.1bn) compared to an increase of 9.7% UK-wide.²

The Midlands Engine GVA per head increased from £24,675 in 2021 to **£26,421 in 2022**. This equates to a **7.1% (+£1,747) increase**, whereas the UK increased by 8.8%.

The gap to the UK continues to widen and there was a **shortfall of £6,805** to the UK figure (£33,227).³

GVA by UK region and Midlands Engine area (2022):

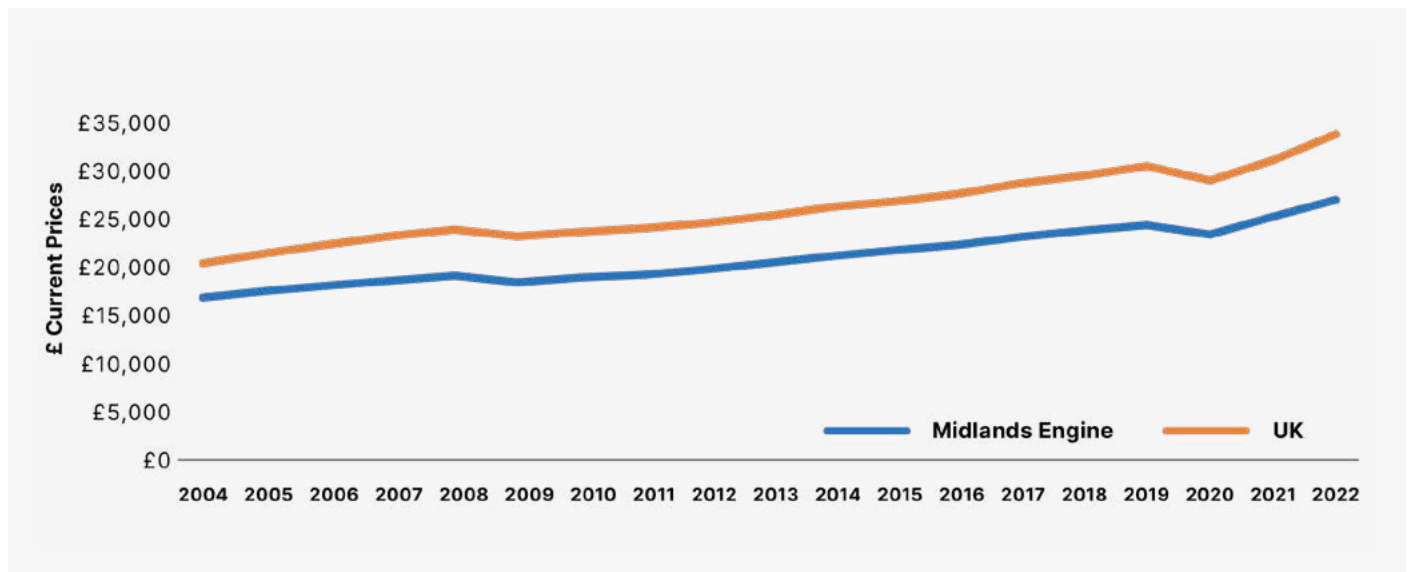


¹ Office for National Statistics (ONS), Regional Gross Domestic Product (GDP), April 2024

² ONS, Regional Gross Value Added (balanced) by industry: local authorities, April 2024

³ ONS, Regional Gross Value Added (balanced) by industry: local authorities, April 2024

GVA per head trends:



Economic outlook

The Oxford Economic Model (OEM) baseline forecasts show that **GVA in the Midlands Engine is projected to grow by 27.4% between 2021 and 2040** – an annualised growth rate of 1.6%, compared to 1.9% nationally.

GVA per capita is expected to grow by £5,420 between 2021 and 2040, with an annualised growth rate of 1.5% (£23,080 in 2021 and £28,500 in 2040), compared to an annualised growth rate of 1.7% nationally.

Between 2021 and 2040, unemployment in the Midlands Engine is expected to rise by 0.2pp (4.2% in 2021 and 4.4% in 2040), compared to an expected national decrease in unemployment of 0.1pp.

PwC expect national output to grow by around 1% this year, 1.7% next year and even faster in 2026. **Whilst this year the economy in the West Midlands is predicted to grow by 0.7% and the East Midlands is estimated to grow by 0.9%.**

The latest regional economic outlook from [NIESR UK \(Summer 2024\)](#) shows:

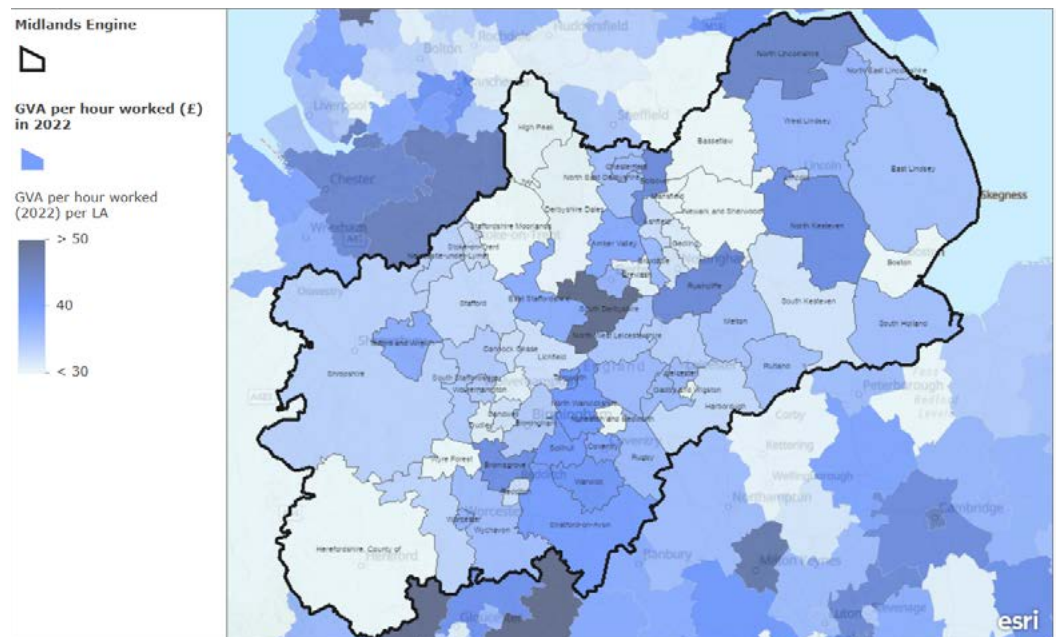
- **Economic outlook** – The West Midlands and the South East are projected not to reach their respective pre-pandemic levels over the next year and a half. This is especially concerning for the West Midlands which in 2019 had half the economic output of the South East.
- **Employment** – The East Midlands continues to lag behind the other English regions, however, it is expected to show marginal signs of growth relative to its pre-pandemic level over the next year and a half.

Productivity

The Midlands Engine productivity gap increased from £83.9bn in 2021 to £97.1bn in 2022 (+15.7% or +£13.2bn). The steep rise is primarily due to the increase in population over the period (+114,190 residents between 2021/22 compared to an increase of 42,033 residents in the previous year).

In 2022, unsmoothed GVA per hour for the overall Midlands Engine area was £35.45.⁴ Since 2021, this has increased by 3.3% (+£1.14) while the UK increased by 5.7% (+£2.20). The latest change makes the UK unsmoothed figure £41.00, meaning the Midlands Engine area had a shortfall of £5.55 per hour.

GVA per hour (2022):



⁴ ONS, Regional and subregional labour productivity, UK: 2022, June 2024.

Disposable income and earnings

GVA is the measure of goods and services produced in an area, whereas Gross disposable household income (GDHI) is the amount of money that individuals in households have available for spending or saving after they have paid taxes and received benefits. GDHI is a standard measure of the economic activity taking place in the households sector. Used together, the statistics allow comparison between what is produced in an area and how much of that value remains in the area in the form of income.

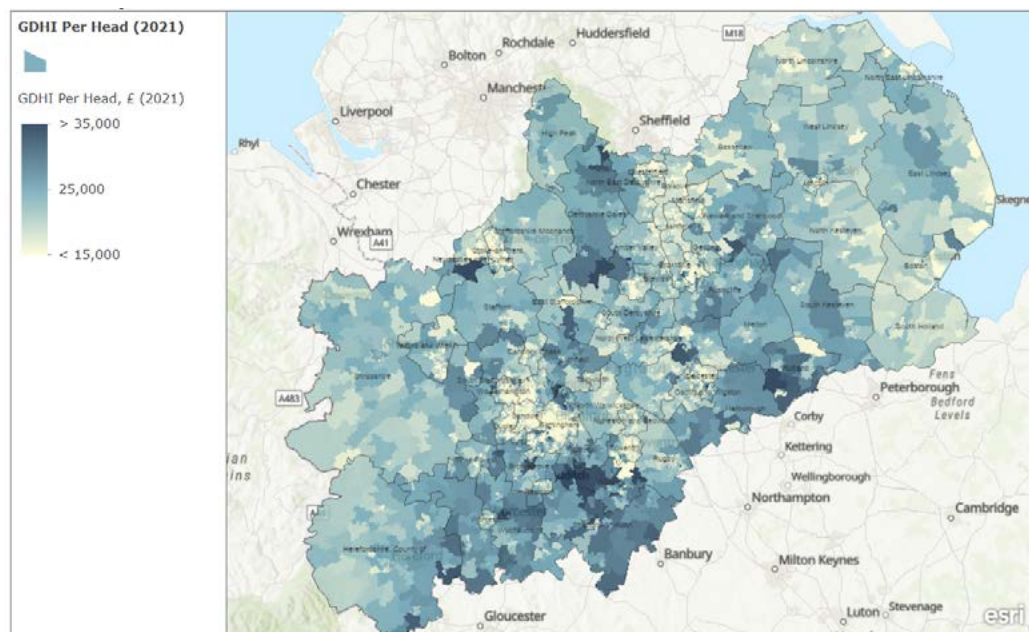
The Midlands Engine GDHI per head has increased from £18,512 in 2021 to £19,460 in 2022. This equates to a 5.1% (+£948) increase, while the UK increased by 5.3% (+£1,154), indicating a shortfall of £3,329 to the UK figure (£22,789).⁵

There is a time-lag in lower geographical data, however, the following map shows an indication of the picture across the Midlands Engine area.

Average full-time median annual earnings⁶ for Midlands Engine residents were £33,455 in April 2023. This is an increase of 6.2% (+£1,964) compared to the UK increase of 5.8% since April 2022. In 2023, residents in the Midlands Engine earned £1,508 less than the UK-wide figure (£34,963); meaning resident earnings stood at 95.7% of the UK average.

Estimates suggest that for the 2023 period, 35,000 (1.8%) of East Midlands jobs and 34,000 (1.4%) of West Midlands jobs were paid below the National Minimum Wage / National Living Wage.⁷ When compared to 2022, this is an increase from 25,000 (1.3%) in the East Midlands but a decrease from 39,000 (1.6%) in the West Midlands.

GDHI per head (2021):



⁵ ONS, regional gross disposable household income, September 2024

⁶ ONS, Annual Survey of Hours and Earnings (ASHE), employee earnings in the UK, October 2024

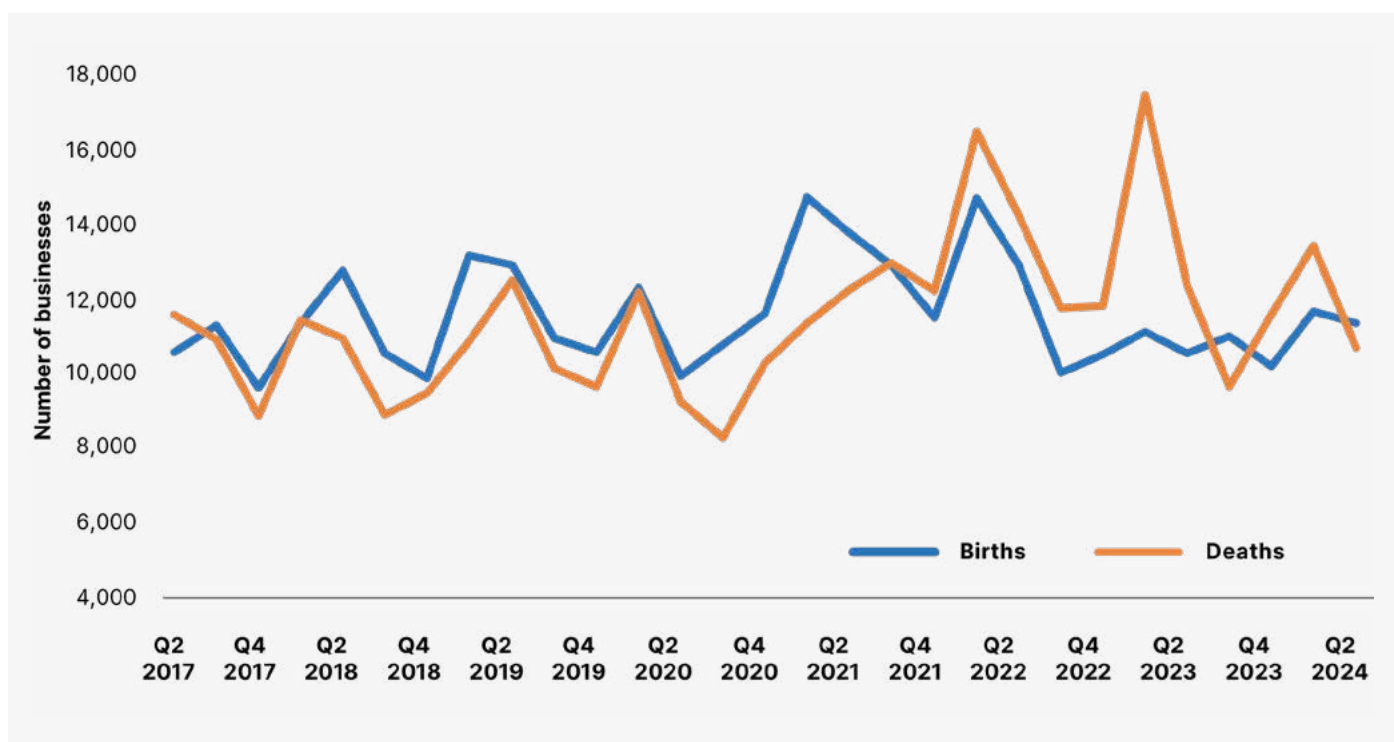
⁷ ONS, ASHE, low and high pay in the UK, October 2024

Enterprises

In 2023, there were **395,935** enterprises⁸ in the Midlands Engine area. This was a decrease of 2.2% (-9,020) which follows the national trend (-1.9%) since 2022. Also in 2023, there were **43,230** enterprise births in the Midlands Engine area. This was a decrease of 10.7% (-5,165) compared to a decrease of 6.2% UK-wide since 2022.

Experimental, more up-to-date data shows in Q2 2024, there are **more enterprise creations (11,135) than closures (10,480)**.⁹ However, quarter-on-quarter analysis shows enterprise births in the Midlands Engine decreased by 2.9% (while deaths fell by 20.7%). Comparing Q2 2024 to the same quarter in the year before, enterprise births increased by 7.9% (deaths fell by 13.8%).

Trends in Midlands Engine business births and deaths:



⁸ ONS, Business Demography, November 2024

⁹ ONS, Business Demography, quarterly, low-level geographic breakdown, October 2024

Skills for the future

Population and health

In 2023, the Midlands Engine area was home to **10.6 million residents**. The area has a **higher than national average proportion of residents aged 0 – 15 years old (18.7% of total compared to 18.5%) and aged 65 years and over (19.5% compared to 18.7%)**. 61.8% (nearly 6.6 million) of the population were aged 16 – 64 years old, below the national average of 61.9%.¹⁰

As mentioned in the previous section, the population is growing and impacting the productivity gap. When compared to 2022, **the Midlands Engine population overall increased at a slightly faster rate than in England as a whole (+1.1% vs +1.0%)**. There were faster than national growth rates in population bands such as 0 – 15 years olds (+1.2% vs +0.8%) and 25 to 49 years olds (+1.4% vs +1.2%).

OEM baseline forecasts show that the Midlands Engine population is **projected to grow by 3.0% between 2020 and 2040** (from 10.39m people in 2020 to 10.71m people in 2040), compared to 4.2% growth nationally.

For the 2020 to 2022 period, **male healthy life expectancy (at birth)¹¹ was 61.4 years for the East Midlands and 61.2 years for the West Midlands**. This was 12.8 months and 14.4 months respectively lower than the England male average (62.4 years). Compared to the previous period (2017 to 2019), the East Midlands decreased by 11.4 months, the West Midlands decreased by 5.5 months, with the national figure falling by 10.1 months.

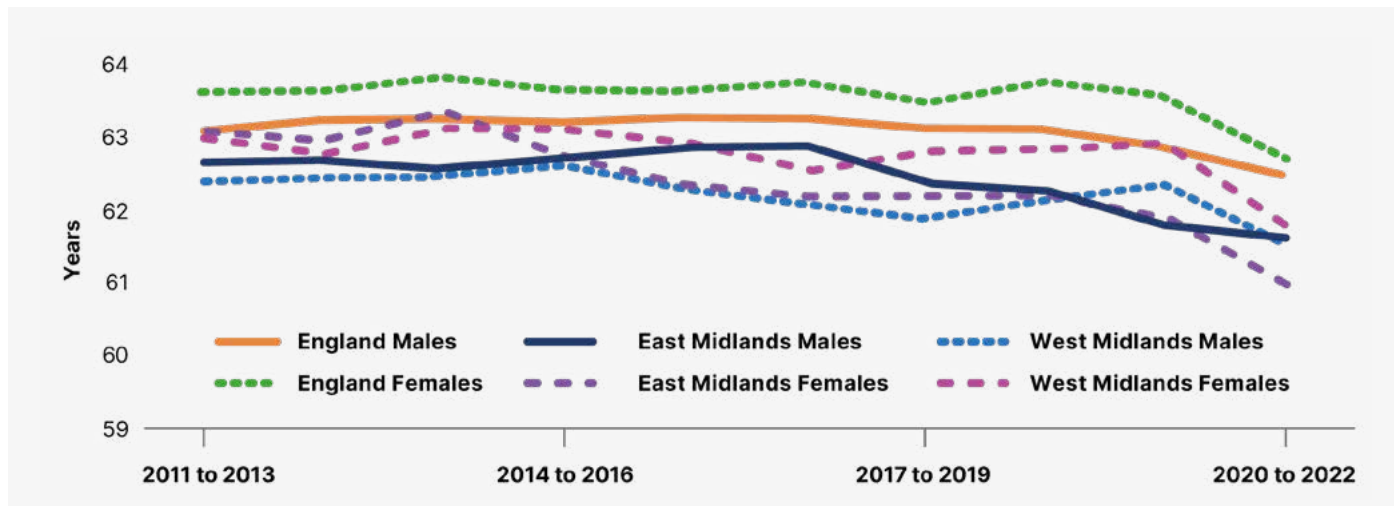
Female healthy life expectancy was 60.5 years for the East Midlands and 61.5 years for the West Midlands for the 2020 to 2022 period. This was 25.9 months and 14.0 months respectively lower than the England female average (62.7 years). Compared to 2017 to 2019, the East Midlands decreased by 18.7 months, the West Midlands decreased by 16.0 months, with the national figure falling by 11.9 months. Notably, the East Midlands had the largest decrease (31.8 months) across all regions when compared to 2011 to 2013.



¹⁰ ONS, Population estimates - local authority, July 2024

¹¹ ONS, Health state life expectancies, March 2024. Please note, healthy life expectancy is an estimate of lifetime spent in “very good” or “good” health, based on how individuals perceive their general health

Trends in healthy life expectancy at birth:

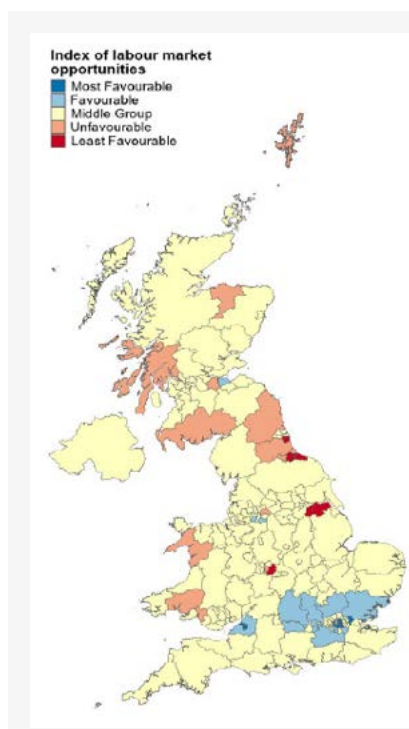


Social mobility

The Social Mobility Commission have recently published [State of the Nation 2024: Local to National Mapping Opportunities for All](#). A person experiences social mobility when they have different life outcomes from their parents, for example, in income, occupation, housing, education or wealth.

The Social Mobility Foundation has developed new composite indices of intermediate outcomes (mobility outcomes earlier in life) and drivers (the enablers of mobility). Across the three composite indices of drivers (conditions of childhood, labour market opportunities and innovation and growth), the Midlands scored unfavourable 10 times and favourable once.

Index of labour market opportunities:



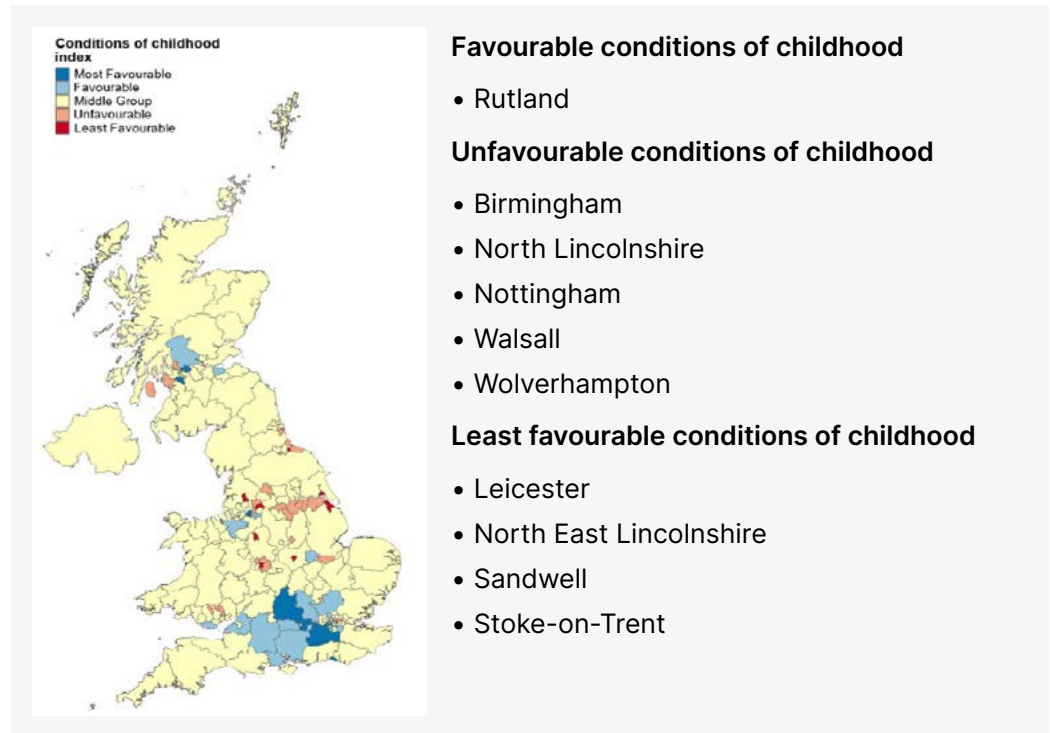
Unfavourable labour market opportunities

- Sandwell

Least favourable labour market opportunities

- Birmingham
- North Lincolnshire

Conditions of childhood Index:



Labour market

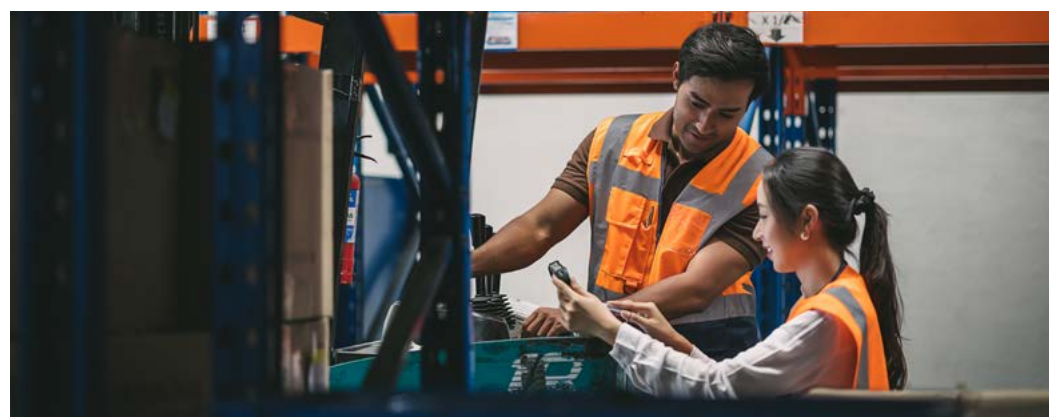
In the year ending March 2024, the **employment rate in the Midlands Engine area was 74.8%**, compared to 75.4% for the UK overall.¹²

When compared to the year ending March 2023, the Midlands Engine area **increased by 0.9 percentage points (pp)** while the UK remained unchanged.

For the Midlands Engine area **to reach national proportions requires a further 39,832 working age residents to be employed.**

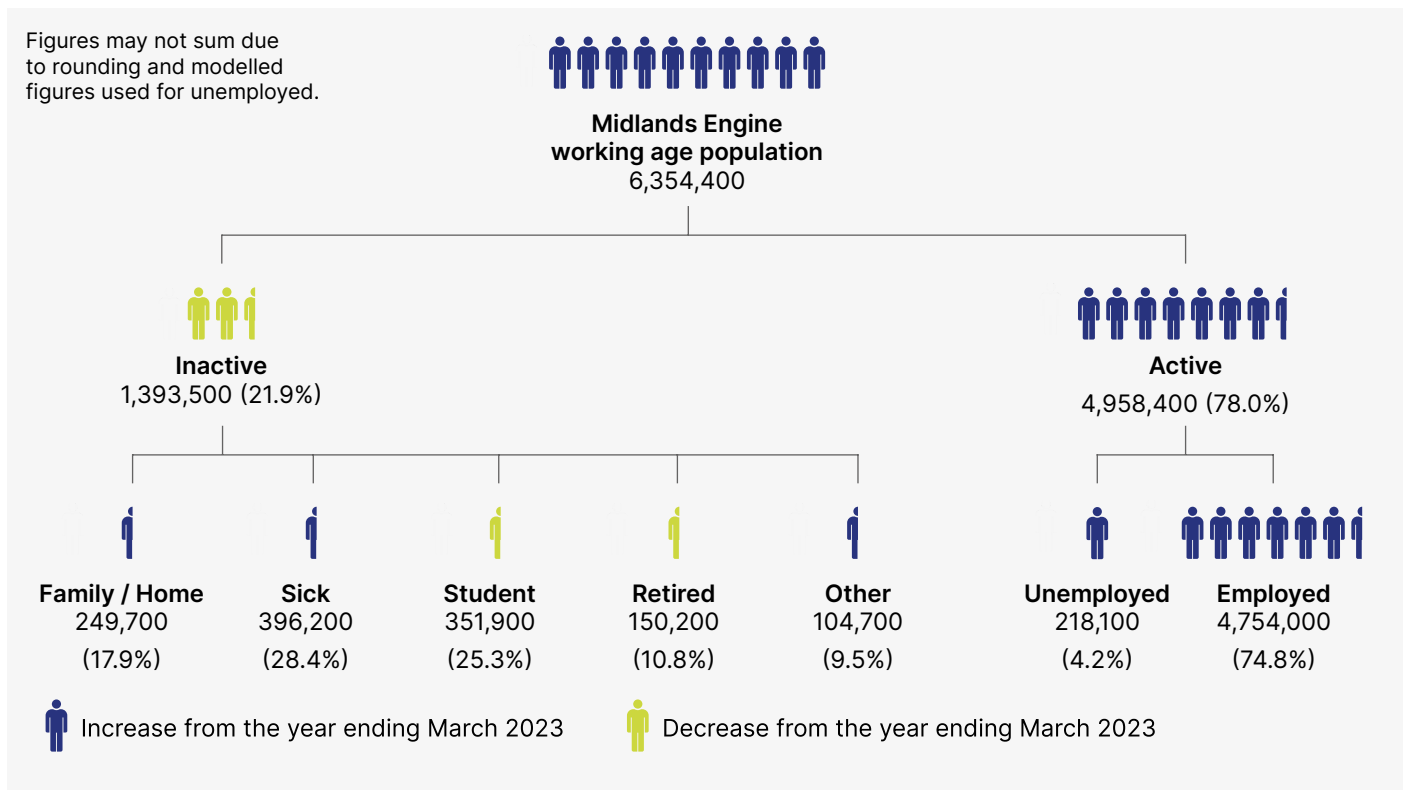
For economic inactivity in the year ending March 2024, the Midlands Engine rate was 21.9% compared to 21.5% for the UK overall.

Since the year ending March 2023, for the Midlands Engine area, this decreased by 0.9pp while the UK decreased by 0.2pp. As seen on the following page, there was an increase in economic inactivity for those classed as sick (+1.0pp).



¹² ONS, Annual Population Survey, April 2024

Labour market activity for the Midlands Engine in the year ending March 2024:



There are approximately **321,000 people in the Midlands Engine claiming benefits looking for work**. This equates to 3.8% of the population aged 16 years and over, with the national rate at 3.3%. Youth claimants (aged 16-24) also remain above the national average (Midlands Engine rate of 5.0% compared to 4.2% nationally).¹³

Nationally, labour market data presents a mixed picture. September figures show improvement from weak growth earlier in the year, with employment rising and unemployment down. However, **the ongoing volatility in employment estimates means these short-term gains should be viewed with caution.**

Conversely, **concerning trends are emerging for certain groups, particularly those under 35, and for young people not in full-time education or employment, reaching its highest level since the early 1990s.**

Vacancies also continue to decline, now at a three-year low, driven by fewer jobs in lower-paying service sectors and health and care. Nevertheless, there are still around 860,000 unfilled jobs, and wage growth remains robust at 5% year-on-year.

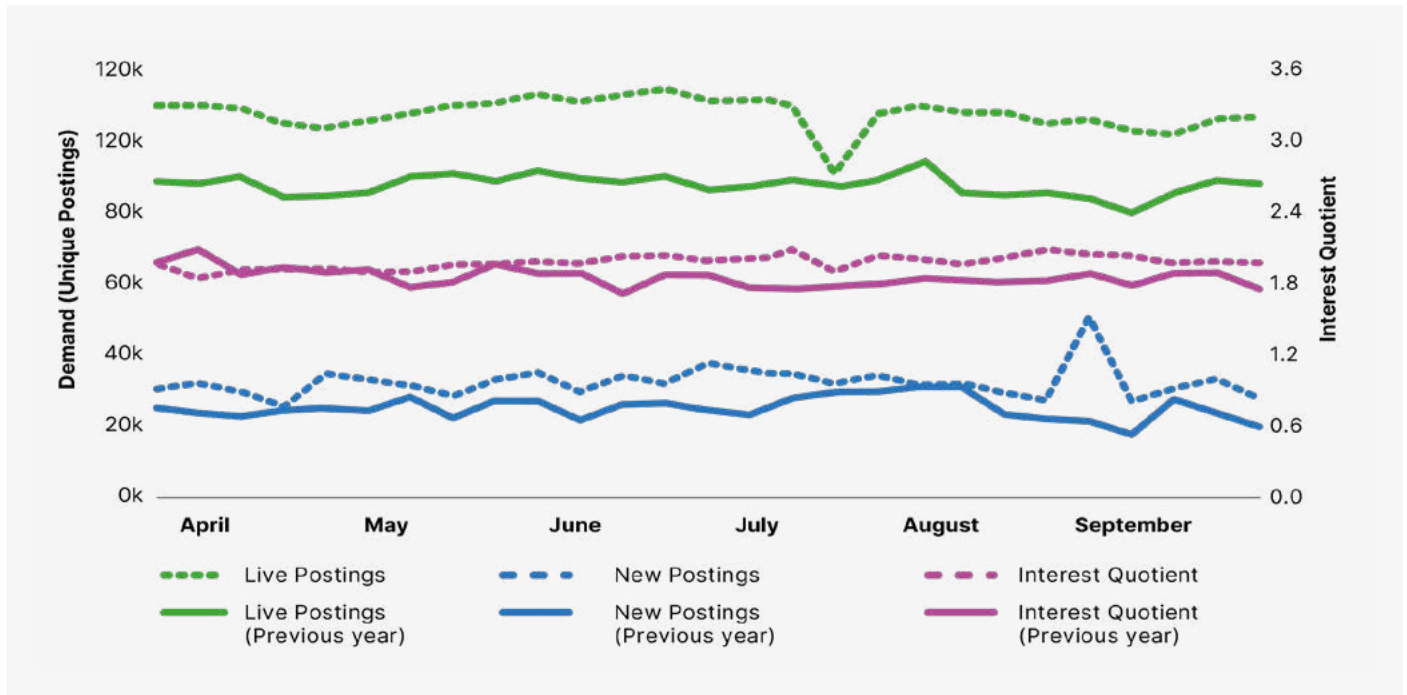
Job postings across the Midlands Engine dropped 22.7% over the last six months to 736,864, however, the number of postings is high compared to the average for all regions. The number of new job postings fell by 23.5% to 638,574, again the number of new job postings was high compared to other regions.¹⁴

Despite employer demand narrowing, those seeking work – wanting a job, currently remains heightened (1.9 Interest Quotient). In addition, job posting demand was greatest for roles in engineering, teaching and sales. These sectors accounted for **approximately 34% of all job postings in the last six months.**

¹³ ONS / Department of Work and Pensions (DWP): claimant counts, October 2024

¹⁴ Adzuna Intelligence, accessed October 2024

Overall demand and interest for the Midlands:



Qualifications

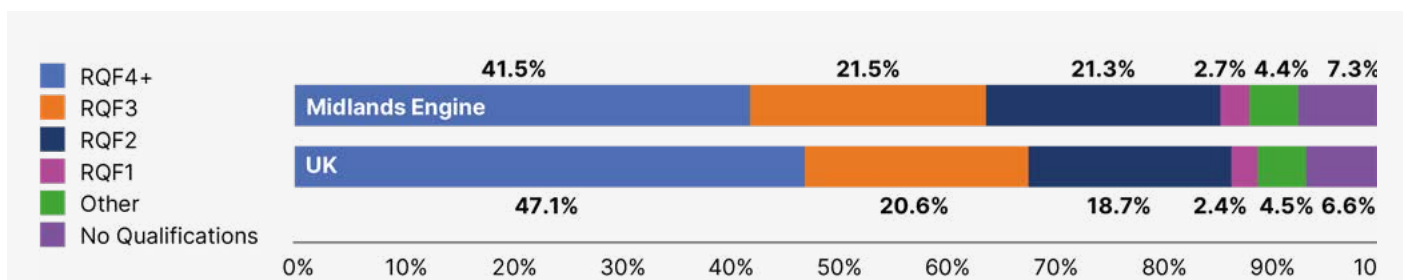
41.5% (just over 2.55m) of working age residents in the Midlands Engine area were educated to RQF 4+ levels compared to 47.1% UK-wide in 2023. Since 2022, this was an increase of 8.5% (+201,000) which was above the national increase of 5.9%. Despite this improvement, a **further 345,411 of the working age Midlands Engine residents are required to obtain an RQF 4+ qualifications to equal the UK average.**¹⁵

Approximately 7.3% (447,500) of working age residents in the Midlands Engine area had no formal qualifications compared to 6.6% UK-wide in 2023.

Since 2022, this was a decrease of 2.9% (-13,500) which matched the UK rate. **To eradicate the gap with the UK average, 38,808 working age Midlands Engine residents are needed to obtain at least one qualification.**

Skill and qualification suitability in the labour market shows for the Midlands Engine area that overall, **50.0% (2.2m) had qualifications that matched the average for their occupation, 21.0% (928,870) were more qualified than average and 29.0% (nearly 1.3m) were less qualified than average.**¹⁶

Qualification profile, 2023:



¹⁵ ONS, Annual Population Survey, April 2024

¹⁶ ONS, Understanding skill and qualification suitability in the labour market, August 2024

Building infrastructure for growth

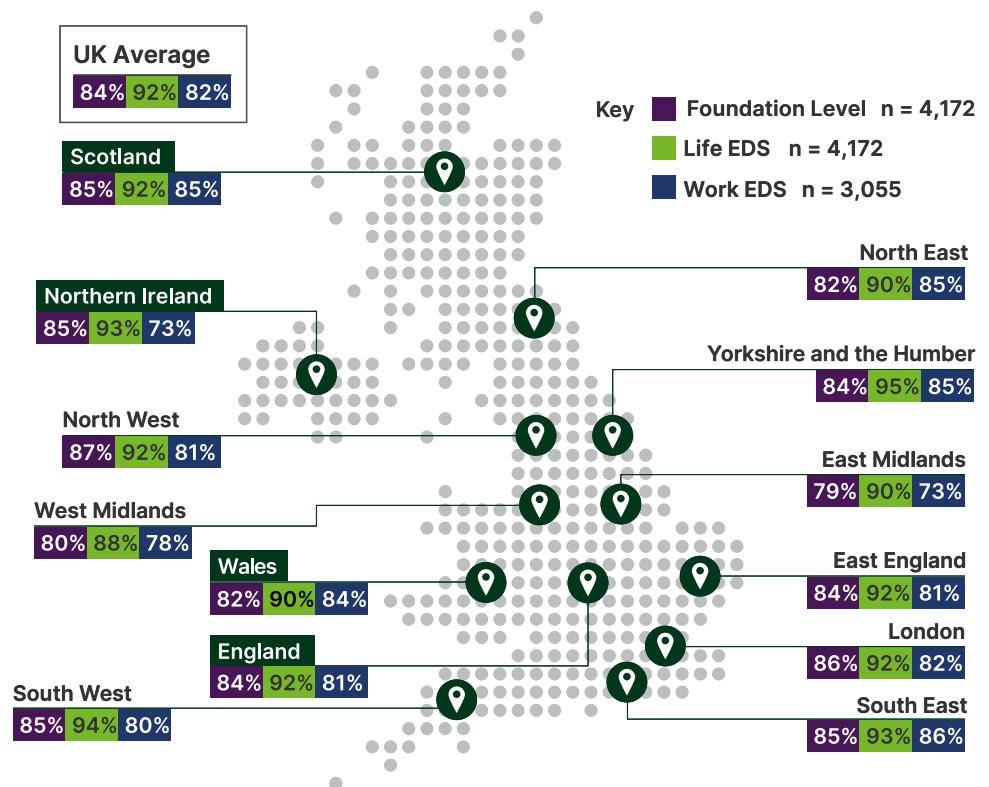
Digital

As of January 2024, **80.5% of Midlands Engine premises had access to gigabit broadband**,¹⁷ which was above the UK-wide proportion of 78.5%, although there are still pockets where gigabit connectivity is poor.

Almost a fifth (19%) of labour force adults in the East Midlands have zero work skills (an increase from 5% in the previous year). The Midlands falling behind may be linked to reasons such as a lack of education, training, and financial resources.

The [Lloyds 2023 UK Consumer Digital Index and Essential Digital Skills \(EDS\) report](#) shows the Midlands is falling behind in all three levels – foundation level, life EDS and work EDS (see the following map).

Percentage of adults who have foundation level, life EDS and work EDS (2023):



When it comes to digital engagement and internet usage, only 2% of people were offline in the West Midlands, while the figure stood at 4% in the East Midlands with the latter matching the UK average.

For both Midlands regions, 26% had very low digital capacity, slightly above the UK average of 25%. In terms of very high digital capacity, the figure for the Midlands is 25%, below the UK average of 27%.

¹⁷ Ofcom, Connected Nations, Spring 2024

Employment land and homes

As of March 2023, there was a total of **120.2 million sqm of employment floorspace** in the Midlands Engine area. **An annual increase of 0.8% (+937,000 sqm)** which was above the national growth rate of 0.1%.¹⁸

Employment floorspace can be split into four main sectors:

- **Industrial - 82.0 million sqm (68.3% of the total)**, an annual increase of 1.0% (+814,000 sqm) compared to an increase of 0.8% nationally.
- **Retail - 18.1 million sqm of floorspace**, following the national trends (-0.8%), there was an annual decline of 0.2% (-32,000 sqm).
- **Office - 10.6 million sqm of floorspace**, an annual increase 0.2% (+25,000 sqm) compared to a national decrease of 1.8%.
- **Other - 9.5 million sqm of floorspace**, an annual increase of 1.3% (+117,000 sqm) while nationally there was an increase of 0.8%.

The Midlands Engine landscape also includes **over 4.6 million homes** to accommodate the growing population. Since 2023, homes **increased by 0.9% (+40,010)**, matching the national growth rate.¹⁹

In the year ending March 2024, **average (median) house prices for the Midlands Engine area were £241,700**, £45,800 lower than the national average (£287,500). When compared to the year ending March 2023, reflecting national trends (-3.5%), this has decreased by 2.0%.²⁰

Where energy efficiency Band A is very efficient and Band G is very inefficient, data shows that for the Midlands Engine area **40.3% of houses were rated at Band D, above the national average of 38.7%**. This was followed by 28.4% of houses in Band C, with the national average at 31.1%.²¹

In 2022, **17.7% (824,528) of households in the Midlands were in fuel poverty**, significantly above the national average (13.1%). Since 2021, this has increased by 8.7% (+66,052) while nationally the proportion remained unchanged, but the number of households increased by 0.4%.²²



¹⁸ Valuation Office Agency (VOA), Non-domestic rating: stock of properties including business floorspace, May 2023.

¹⁹ VOA, Council Tax: stock of properties, October 2024

²⁰ ONS, House affordability in England, September 2024

²¹ ONS, Energy efficiency of housing, February 2024

²² Department for Energy Security & Net Zero, sub-regional fuel poverty, April 2024

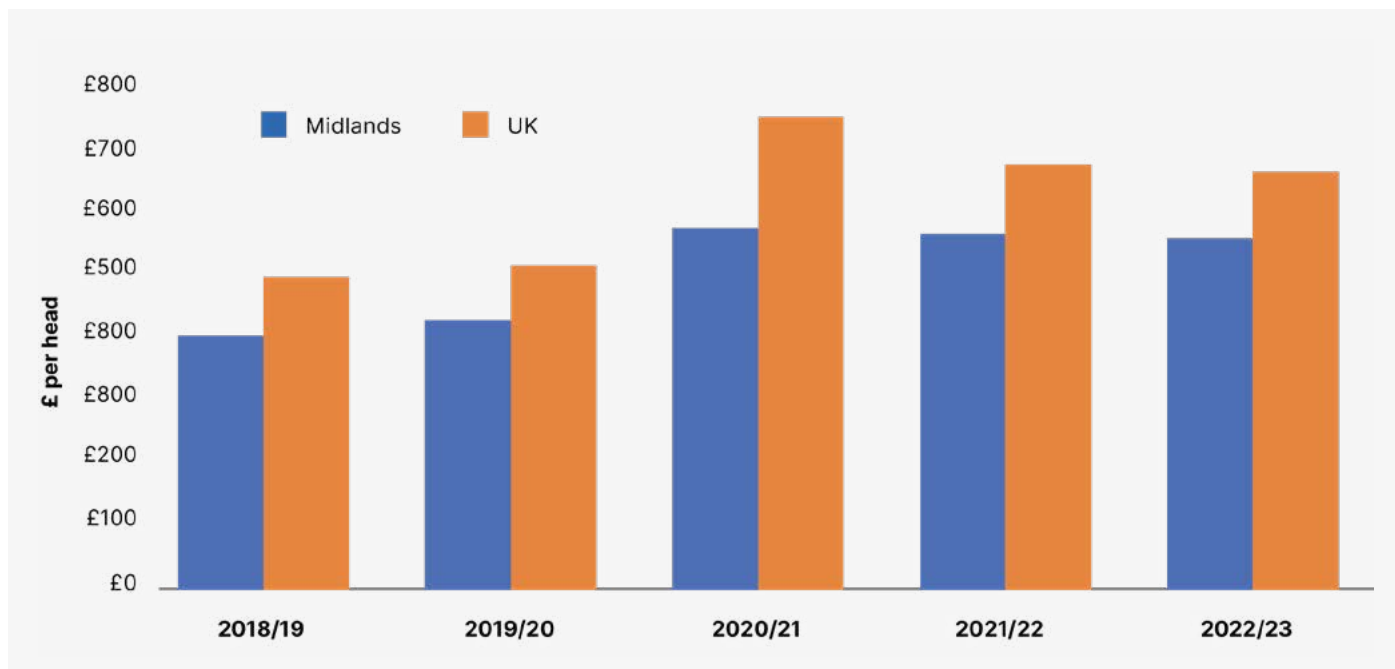
Transport

In 2022/23, the Midlands accounted for 13.6% (nearly £6.0bn) of the UK total identifiable expenditure on transport;²³ behind London which accounted for 25.7% (£11.3bn). Since 2021/22, the Midlands total expenditure on transport has slightly decreased (by -0.1%) which followed the overall national trend (-0.8%). The Midlands decline is linked to the East Midlands (falling for a second consecutive year from £1.9bn to £1.8bn).

Expenditure per head on transport was £544 in the Midlands in 2022/23 (£361 per person in the East Midlands which is the lowest UK region and £694 in the West Midlands), compared to the UK average of £648.

There have been years of underinvestment in the transport infrastructure in the Midlands, with the shortfall in transport expenditure amounting to more than £6.0bn in the last five years alone.

Trends in transport expenditure per head for the Midlands:



²³ HM Treasury: Country and regional Analysis, November 2023

Increasing global and domestic investment

Midlands Engine published the third edition of the [Global and Investment Scorecard](#) in July 2024. It provides a high-level summary of how the Midlands is performing across five key themes: trade, business, investment, higher education and tourism.

Trade in goods

In the year ending Q2 2024, the Midlands area exported²⁴ £62.7bn worth of goods and imported £74.3bn. This represents a trade in goods deficit of £11.6bn, a decrease from the trade deficit of £16.3bn in the year ending Q2 2023.

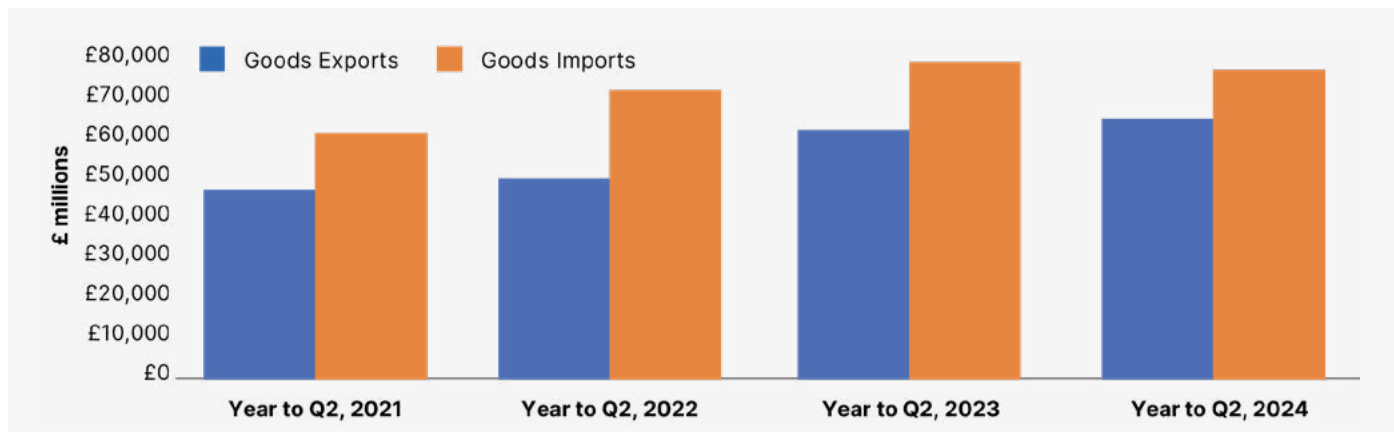
Goods exports from the Midlands area increased by £2.8bn (+4.6%) since the year ending Q2 2023 while the UK decreased by 6.7% to £356.8bn. Notably, the Midlands regions were two of the four regions to increase. Longer-term, when compared to pre-pandemic impact (year ending Q2 2019), goods exports from the Midlands were £7.2bn higher. Goods imports to the Midlands area decreased by £1.9bn (-2.5%) since the year ending Q2 2023. UK-wide total imports decreased by 8.2% to £576.7bn.

The Midlands area accounted for 24.1% of England's exports which was above London and the South East.

The largest SITC section for goods exports in the Midlands area was machinery and transport at £44.9bn (71.5% of total). Within this SITC section, nearly 17.6bn of exports were road vehicles (including air cushion vehicles) and £14.4bn were in power generating machinery & equipment.

In the year ending Q2 2024, five countries accounted for 46.1% (£28.9bn) of total exports from the Midlands: USA (£11.6bn), Germany (£5.8bn), France (£4.8bn), China (£3.5bn) and Hong Kong (£3.3bn).

Latest trends in Midlands goods exports and imports:



²⁴ HM Revenue & Customs, UK Regional Trade in Goods Statistics Quarter 2 2024, September 2024

Investment

There were **206 Foreign Direct Investment (FDI)²⁵ projects** into the Midlands area in 2023-24, a decrease of 22.3% (-59 projects) compared to 2022-23. The UK overall decreased by 6.0% (from 1,654 to 1,555). Looking at the 206 FDI projects into the Midlands by project type, approximately **59.4% were new investments**, 31.0% were expansion projects and 9.6% were mergers and acquisition projects. In 2023-24, the Midlands area accounted for **13.2% of total FDI projects** – only behind London (32.3%).

In the Midlands, **there were 10,282 new jobs** created from FDI projects in 2023-24. This is a decrease of 7.3% (-809 new jobs) from 2022-23. The UK decreased by 10.1% (from 79,549 to 71,478).

Of the 10,282 new jobs created in the Midlands, approximately 67.8% were linked to new investments and 32.2% were linked to expansions. In 2022-23, the Midlands accounted for **14.4% of new jobs created from FDI projects in the UK – the second highest area.**

The Midlands accounted for the highest number of FDI projects for net zero at 39 (19.0% of total), which created 2,722 new jobs in 2023-24. Also, there were 63 FDI projects which created 3,024 new jobs linked to R&D.

The [EY Attractiveness Survey](#) found that Birmingham recorded a rise of 139% on 2022 to a record 67 projects in 2023, second only to London and more than double the total achieved by any other UK city.

Birmingham's success was driven by the technology sector, with the city recording a 50% rise in digital FDI projects in 2023 compared to 2022. Three other cities in the Midlands ranked in the top 16 UK cities in terms of largest recipients of investment (excluding London). Warwick ranked 9th with 12 projects, Coventry ranked joint 11th with 10 projects and Leicester ranked 16th with 7 projects.

In 2023-24, [Research England](#) allocated **£362.3m (13.7% of the total) to the Midlands**, equating to £33.1 per capita. In comparison, London received £742.6m (28.0% of the total) with £83.8 per capita – more than double that of the Midlands – despite the Midlands having some of the world's leading higher education providers.



²⁵ Department for Business & Trade (DBT) inward investment results 2023 to 2024, June 2024

Innovation across sectors

Innovation and Research & Development

There is a shortfall in research councils, Innovate UK & cross-funding UKRI funding for the Midlands which equated to £64 per capita compared to £80 per capita for the UK in 2021/22.²⁶

Estimates of R&D performed and funded by businesses (£6.2bn), higher education (£1.7bn), government, UK Research & Innovation (£183m), and non-profit organisations (£18m) for the Midlands totalled £8.1bn in 2022 (11.5% of UK total overall).²⁷

Results from the [2023 Innovation Survey](#) shows that in 2020-2022, 36.3% of UK businesses were innovation active. This is a decrease compared to 44.9% in 2018-2020. Following national trends, **35.1% of East Midlands businesses were innovation active, a decrease from 46.8%. For the West Midlands 35.4% of businesses were innovation active, a decrease from 48.6%.** The following table highlights the barriers to innovation, with the most responses for the Midlands citing issues arising from the coronavirus pandemic and recent increases in energy prices.

Barriers to innovation:

	East Midlands	West Midlands	UK
Excessive perceived economic risks	20.5%	20.5%	19.0%
Direct innovation cost too high	15.9%	20.2%	17.3%
Cost of finance	22.3%	22.2%	20.5%
Availability of finance	23.7%	22.4%	21.2%
Lack of qualified personnel	16.6%	23.8%	20.8%
Lack of information on technology	10.1%	11.3%	6.9%
Lack of information on markets	9.4%	6.8%	7.0%
Market dominated by established businesses	10.7%	12.6%	10.6%
Uncertain demand for innovative goods or services	13.9%	12.5%	13.6%
UK Government regulations	16.4%	15.5%	16.5%
EU regulations	8.9%	9.4%	10.5%
Withdrawal of United Kingdom from the EU	19.9%	13.8%	19.3%
Meeting technical, industry or service standards	6.4%	9.9%	9.9%
Issues arising from the coronavirus pandemic	33.8%	33.9%	33.4%
Recent increases in energy prices	30.3%	31.3%	29.7%

²⁶ UK Research and Innovation (UKRI), Geographical distribution of funding, May 2024

²⁷ ONS, Gross domestic expenditure on research and development, August 2024

For the 2022/23 competition year, [Innovate UK](#) offered funding to **nearly 1,000 businesses totalling almost £447m across the Midlands**. Roll Royce was offered nearly £36m in funding across three projects and UK Battery Industrialisation Centre was offered nearly £81m in funding across two projects.

An inclusive, supportive business environment has the potential to drive innovation and economic growth, and the [Gender Index 2024](#) report shows **the West Midlands has the highest percentage of female-led companies across the UK at 20.8%, while the East Midlands ranks 3rd at 20.1% behind London with 20.4%**.

Health, wellbeing and social care is the sector with the highest percentage of female-led companies in the Midlands at 39.3% (13,307 companies).

Wholesale and retail has the most female-led companies with 20,543, however this is only 20.1% of the companies in the sector.

In 2024, **the Midlands had 49,676 ethnic minority female-led companies (7.7% of all companies)**. In 2023, the **West Midlands and the South West had the highest proportion of active ethnic minority female-led companies** despite these regions experiencing declines over the past year. The **East Midlands was the only region to see an increase over this period, rising by 2.6%**.

The [Innovation Clusters Map from the Department for Science, Innovation and Technology](#) presents the most comprehensive picture to date of firm-level innovation activity across the UK, with analysis showing there are **395 clusters** across the Midlands Engine area.



Traditional sector composition

When it comes to traditional sectors the Midlands has some clear strengths. This is reflected mostly by looking at the proportions of GVA, enterprises and jobs in key sectors compared to the national average.²⁸ Out of 10 defined sectors, the Midlands Engine has a **higher than the national proportion in 7 sectors for GVA and 6 sectors for both enterprises and jobs** (these are shaded in green in the following table).

On top of the traditional sectors, the Midlands Engine Partnership recognises **four priority sectors** (more detail on the following four pages) and continues work on **clusters**, examples include **aerospace** and **artificial intelligence**.

Proportions of GVA, enterprises and jobs per sector:

	Midlands Engine GVA percentage of total	UK GVA percentage of total	Midlands Engine Enterprises percentage of total	UK Enterprises percentage of total	Midlands Engine Jobs percentage of total	England Jobs percentage of total
Advanced Manufacturing	15.4%	9.4%	6.4%	4.9%	11.4%	7.4%
Business, Professional & Financial Services	28.1%	35.9%	29.7%	32.4%	18.5%	23.5%
Construction	7.3%	6.9%	15.6%	15.9%	6.7%	7.1%
Creative, Design & Digital	3.9%	6.5%	4.7%	6.9%	2.9%	4.8%
Energy & Low Carbon Activities	4.2%	3.9%	6.1%	5.8%	2.2%	1.6%
Healthcare & Life Sciences	8.8%	7.8%	4.5%	4.2%	14.0%	13.5%
Public Sector inc. Education	11.8%	11.1%	2.2%	2.0%	13.3%	12.9%
Retail	12.2%	10.4%	16.6%	14.6%	15.2%	13.7%
Transport Technologies & Logistics	4.4%	3.5%	6.0%	4.3%	6.2%	5.1%
Visitor Economy	3.9%	4.5%	8.3%	9.1%	9.7%	10.4%

²⁸ ONS, Regional Gross Value Added (balanced) by industry: local authorities by ITL1 region, May 2023, ONS, UK Business Counts, September 2023 and ONS Business Register and Employment Survey, October 2023

Green growth

The Midlands Engine area has a higher proportion than nationally in GVA, enterprises and jobs in the energy and low carbon activities sector. Notably, **1 in 5 of England’s energy and low carbon jobs are in the Midlands** Engine area.

[Department for Transport data](#) shows that, as of July 2024, there were **8,627 publicly available electric vehicles charging devices** across the Midlands –3,107 in the East Midlands and 5,520 in the West Midlands. Overall, this only accounts for **13.3% of the UK total** or 63.0 per 100,000 population in the East Midlands and 91.7 per 100,000 population in the West Midlands (UK: 95.6 per 100,000 population).

The PWC [Green Jobs Barometer](#) measures the relative performance of UK’s regions, nations and industry sectors on their progress developing green jobs over time.

The Barometer aims to support a fair transition to net zero emissions by building an evidence base of the impact on jobs and communities across the country. As seen in the following table, **overall the West Midlands and East Midlands ranked among the lower regions (8th and 11th respectively).**

Despite progress much more needs to be done in order to drive the Midlands to net zero. A [publication](#) from the ONS reported that around **one in five workers living in either the East Midlands or West Midlands were employed in the UK’s highest-emitting industries in 2021**. This means that these two regions had a higher proportion of workers employed in those industries than the rest of England and Wales.

In 2022, the Midlands Engine area produced a total of 56,956 Kt carbon dioxide (CO₂e) emissions.²⁹

Emissions in the Midlands Engine area were equivalent to 5.4 tonnes CO₂e per capita, compared to 4.5 tonnes CO₂e per capita in the UK. Emissions were equivalent to 2.1 KtCO₂e per km² in the Midlands Engine area, compared to 1.2 KtCO₂e per km² in the UK.

Since 2021, carbon dioxide emissions for the Midlands Engine area decreased by 6.2% (-3,735 Kt CO₂e,) while UK-wide there was a decrease of 5.8%. Longer term (since 2005), the Midlands Engine area decreased by 38.6% while the UK decreased by 43.4%.

2023 Green jobs barometer, regional ranking:

	Overall ranking	Pillar 1: Green job creation	Pillar 2: Additional jobs impact	Pillar 3: Sunset jobs to disappear	Pillar 4: Carbon intensity of jobs	Pillar 5: Green workplaces
Scotland	1	1	2	8	8	3
London	2	5	1	12	1	1
South West	3	2	9	6	3	9
South East	4	6	3	11	2	2
Northern Ireland	5	4	5	1	12	11
Wales	6	8	8	2	11	5
East of England	7	12	4	5	6	6
West Midlands	8	9	6	7	5	7
Yorkshire and The Humber	9	10	7	3	7	8
North West	10	3	12	9	4	10
East Midlands	11	7	10	4	9	12
North East	12	11	11	10	10	4

²⁹ Department for Energy Security and Net Zero, UK local and regional greenhouse gas emissions, June 2024

Advanced manufacturing

Advanced manufacturing is the **second largest sector in the Midlands Engine with £42.8bn GVA translating to £79,277 GVA per employee**. The sector is composed of **approximately 24,600 enterprises employing a total of 539,375 people**. The sector represents 15.4% of the Midlands Engine economy, and a mammoth **20.3% share of the UK's advanced manufacturing sector**.

According to the [Make UK Regional Manufacturing Outlook](#), the **East Midlands manufacturing sector is primarily made up of food & drink (20.6%), transport equipment (12.7%), and rubber & plastics (12.1%)**. The sector is the UK's fifth-largest region for manufacturing in terms of GVA. 15.9% of the region's total output is accounted for by manufacturing, well above the UK's average of 9.4%, providing 258,000 manufacturing jobs in 2024, accounting for 10% of the region's total workforce and 0.7% of the UK total workforce. Moreover, in 2023, the East Midlands accounted for 7% of the UK's total goods exports. One of the drawbacks facing the sector

was low overall productivity, with the region being ranked 9th best in the UK, at 85.8%, with a manufacturing productivity at 94.8% of the UK average, putting it in 8th place across all regions and nations.

The West Midlands manufacturing sector is primarily made up of transport equipment (20.7%), metal products (18.1%) and machinery equipment (12.0%). The sector is the UK's sixth largest region in terms of GVA. 13.1% of its regional output is from manufacturing, well above the UK average of 9.4%, providing 296,000 manufacturing jobs in the West Midlands in 2024, accounting for 10% of the region's total workforce and 0.8% of the UK's total workforce. In 2023, the West Midlands accounted for 8% of the UK's total goods exports. Similarly to the East Midlands, the sector had low productivity, ranking 8th in overall productivity in the UK, at 86.1%, with a manufacturing productivity at 83.4%, ranking the lowest of all regions and nations.



Food & agri-tech

The Midlands food system is large with clusters of larger firms and SMEs extending across the whole region. The [Midlands Engine Food White Paper](#) highlights this sector employs **857,000 people in the Midlands with a GVA of £32bn** including: 214,000 jobs in core commercial production & supply chains, 485,000 jobs in retail, catering & hospitality and 159,000 jobs in enabling activities (including inputs, distribution and technology).

The Midlands is an important part of the food sector as **more food is produced in the Midlands than in any other UK region**, and the Midlands is the hub for UK food distribution and

logistics. Goods consolidated in the Midlands can be **within 125 miles of a port of entry** and within **four hours of over 90% of UK mainland destinations**.

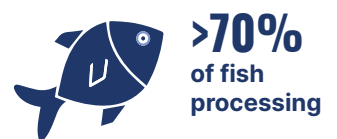
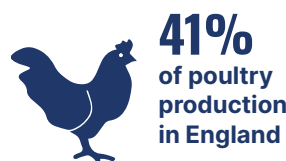
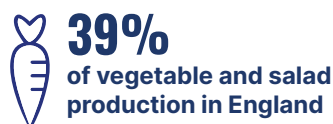
52% of larger food and drink manufacturing companies (£100m+ turnover) and a fifth of agri-tech businesses in the UK are based in the Midlands.

The Midlands food system makes an important contribution to UK trade and investment, generating over £2bn of goods exports and accounting for over a quarter of FDI into UK food and drink manufacturing.

Midlands food system at a glance:



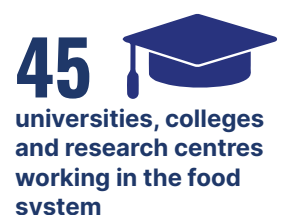
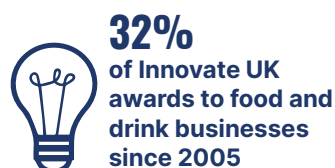
Leading production clusters



Trading and investing at scale



Food supply chain & innovation leadership



Med-tech & life sciences

Estimates suggest for the med-tech & life sciences sector that there are **3,753 businesses**, and of the 62 businesses with turnover of over £100m, nearly 50% had a presence in the Midlands Engine area.³⁰

There are **296 high growth businesses**. As well as approximately **68,500 jobs** in this sector, equating to **GVA per employee at £53,402**.

The sector is estimated to contribute to 18% (£15.8bn) of the UK med-science & life sciences economy.

Med-tech and life sciences businesses have received 27.9% (£536m) of Innovate UK funding and **total funding of nearly £2bn**.

The **engineering biology cluster**, which is the design, scaling and commercialisation of biologically-derived products and services, has the potential to revolutionise the way diseases are treated and feed a growing global population.

In the Midlands Engine area there are **200 businesses**, 10.3% of the UK total. Since 2013 **businesses have grown by 96%**.

In this cluster there are also **5,200 jobs**, **21 high growth companies** and 8% (over 11,000) of Midlands studied subjects relevant to engineering biology – including from 11 of the top 25 UK universities.



³⁰ The Data City, October 2024



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The Midlands Engine is a coalition of local authorities, universities and businesses across the region, actively working with government to build a collective identity, to enable us to present the Midlands as a competitive and compelling offer that is attractive at home and overseas.
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