STATE OF THE REGION 2023

STRATEGIC DRIVERS KEY FACTS

Key findings from the Midlands Engine Observatory State of the Region 2023 report, framed within the five key sectors and four strategic drivers to accelerate growth, agreed by Midlands Engine partners.

The Observatory's evidence base is continuously expanding to provide partners and government with a deep understanding of the region's economy.

INCREASING PRODUCTIVITY

- ▲ **£252.6bn** GVA in 2021, an increase of 7.4% since 2020
- ▼ Despite this, forecasts predict low economic growth for all devolved nations and English regions, with the Midlands not reverting to pre-pandemic levels of GVA until 2025.
- ▲ GVA per head was **£24,346** in 2021, an increase of 7.7% since 2020
- ▼ Despite this growth, a **gap** with other UK regions persists, with a shortfall of £6,097 compared to the UK figure (£30,443)
- ▼ The Midlands has a productivity gap of **£86.3bn** in 2021, an increase of nearly £4bn (+4.8%) since 2020.
- ▼ GVA per-hour-worked fell by **0.5%** to £33.80 between 2020 and 2021 (UK-0.8%), leading to a shortfall of £4.88 to the national figure (£38.68)
- ▲ Experimental data shows that locally for the first time since Q2 2021 there are more enterprise creations than closures (in Q3 2023)
- ▼ **22.4%** of the working age population are economically inactive
- ▼ **39.3%** of the working age population had RQF4+ qualifications in 2022. This was below the UK average of 45.5%, meaning there was a shortfall of 373,936 people
- ▼ **7.7%** of working age residents had no qualifications. This was above the UK average of 7.0%. To match the UK proportion, approximately 41,931 residents would need to gain a qualification

INNOVATING ACROSS SECTORS

- ▲ Out of ten defined sectors, the Midlands Engine has higher than the national proportion in seven sectors for GVA, six sectors for enterprises and five sectors for jobs
- ▲ 6 'super-clusters'
- ▲ At least 10 'established clusters'
- ▲ At least 14 'new economy clusters'
- ▲ Over 30 significant hotspots of innovative firms (out of 344 nationally)
- ▼ Spatial inequalities relating to innovation and R&D exist, both regarding the level of R&D funding awarded and the innovation of businesses in different places

INCREASING GLOBAL INVESTMENT

- ▲ Goods exports increased by **£11.6bn** (+24.1% vs +12.2% UK) since the year ending Q2 2022, (totalling £60.0bn in the year ending Q2 2023)
- ▲ **22%** of England's exports – above London and the South East
- ▲ **265** FDI projects created **11,091** new jobs in 2022/23

INFRASTRUCTURE FOR GROWTH

- ▲ **75.4%** of premises in the Midlands have access to gigabit broadband, above the UK-wide proportion of 73.6%
- ▼ There have been years of underinvestment in the transport infrastructure. The shortfall in transport expenditure amounts to more than **£6.5bn** in the last five years alone for the Midlands

STATE OF THE REGION 2023

KEY SECTORS KEY FACTS

MIDLANDS ENGINE

GREEN GROWTH

- **60,602 Kt** carbon dioxide (CO_2) emissions were produced in 2021, an increase of 4,994 Kt CO_2e (+9.0%) since 2020.
- The Green & Hydrogen Jobs in the Midlands report finds **41%** of those employed were in occupations classified as green. **17%** of all hydrogen-related vacancies in the UK are in the Midlands
- The greening of jobs in non-green sectors should be encouraged. This can be achieved through training that delivers up-skilling and re-skilling
- Clusters of green growth strength include net zero transport, offshore wind, modern and low carbon utilities and nuclear

MED-TECH & LIFE SCIENCES

- Contributes an estimated **£6bn** in GVA
- Healthcare in the Midlands is worth over **£30bn**
- Employing over **32,000** people in total, the Midlands life sciences sector leads the way nationally
- Ranking in the top two performing regions over the past decade for the number of life science businesses
- Clusters for health & life sciences and data-driven healthcare innovation identified

NEW MARKET OPPORTUNITIES

The Midlands Engine continues to work with partners to map the modern, emerging and innovative economy. Areas of focus identified include hydrogen, smart energy, nuclear, artificial intelligence and quantum technologies

ADVANCED MANUFACTURING

- Second largest sector in the Midlands Engine region in terms of GVA at **16.1%** (9.8% of the UK total)
- Over **25%** of all manufacturing jobs in England
- Contributed **£40.4bn** to total UK manufacturing output, 22.1% of the total. This is considerably larger than all other regions
- Leading sub-sector clusters include aerospace, automotive, food & drink, ceramics metals and materials, rail, and textiles

FOOD & AGRI-TECH

- Highest concentrations of agricultural production, food processing and the UK's largest logistics and distribution centre for food and drink supply chains
- **21%** of jobs in agriculture, food and drink manufacturing and packaging in Great Britain (in 2021)
- Over **850,000** food chain jobs, contributing an estimated £32bn in GVA
- **17.6%** of all jobs are related to the food chain, above the national average of 16.2%
- Clusters for food and drink and agri-tech identified