

# MIDLANDS ENGINE LEP PROFILES

Coventry and Warwickshire LEP

October 2019



## Introduction

This document profiles the Coventry and Warwickshire Local Enterprise Partnership (LEP) area, providing insight and data across key areas of the economy, namely through the five foundations of productivity outlined in the government’s industrial strategy: Ideas, People, Infrastructure, Business Environment and Places. Benchmarking is provided in the context of the Midlands Engine, allowing comparison between Worcestershire and other LEP areas within the pan-region.

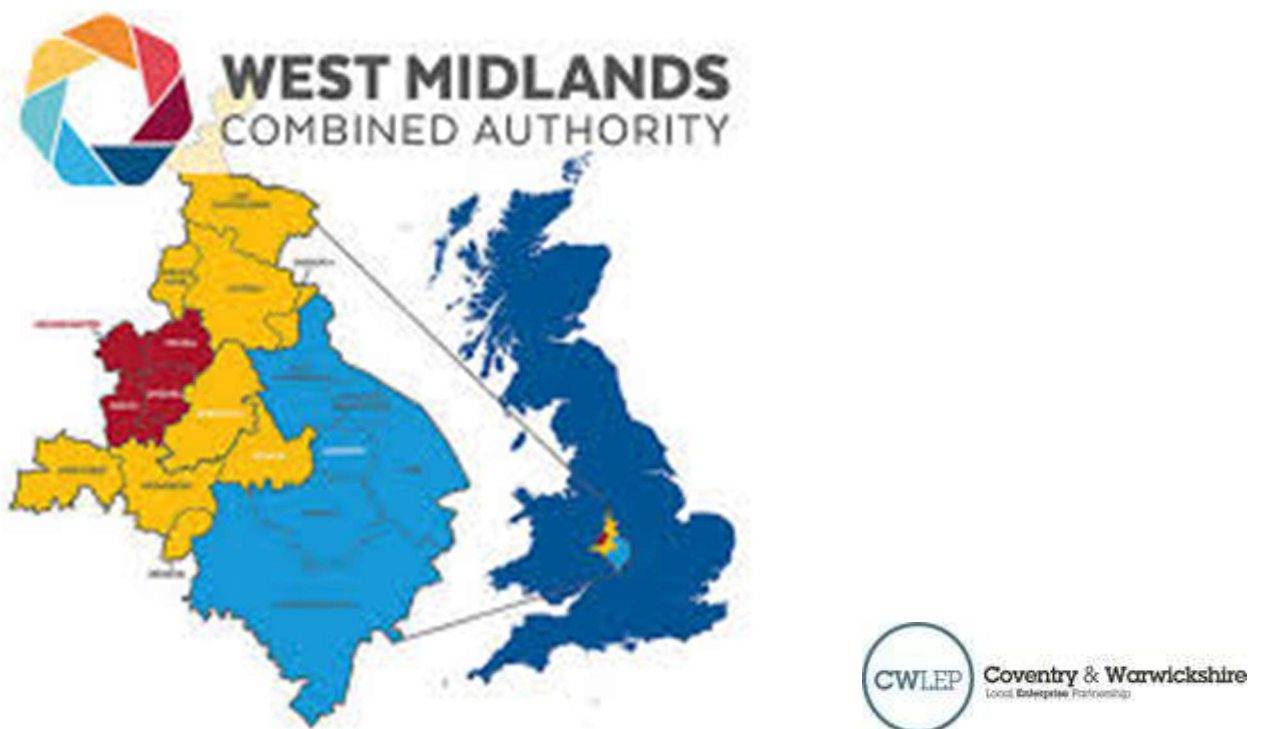
## Coventry and Warwickshire

Coventry & Warwickshire is one of the most accessible LEP areas in the country with excellent air, road and rail networks. It is fourth smallest LEP in the Midlands Engine (at 207,616 hectares) and has the third smallest population in the Midlands Engine (at nearly one million).

The LEP area has significant strengths in innovation, an extremely well educated workforce and the highest average earnings of all the Midlands Engine LEPs. Sectoral strengths identified by the [Coventry and Warwickshire LEP](#) are: Advanced Manufacturing and Engineering, Creative Industries and ICT, Intelligent Mobility, Professional Services and Culture and Tourism.

“Building on its central location, employment sites, distinctive businesses, innovation and cultural assets and highly talented workforce, by 2025 Coventry and Warwickshire will be a high performing economy with our innovative businesses competing internationally, growing and providing better paid employment opportunities for all residents across both rural and urban areas” (Coventry and Warwickshire LEP Annual Delivery Plan).

Coventry and Warwickshire LEP has worked with the Black Country LEP and Greater Birmingham and Solihull LEP and the West Midlands Combined Authority in the development of a Local Industrial Strategy for the West Midlands. The [West Midlands Local Industrial Strategy](#) (WM LIS) was launched on 16th May 2019, making it the first area in the country to publish a LIS.





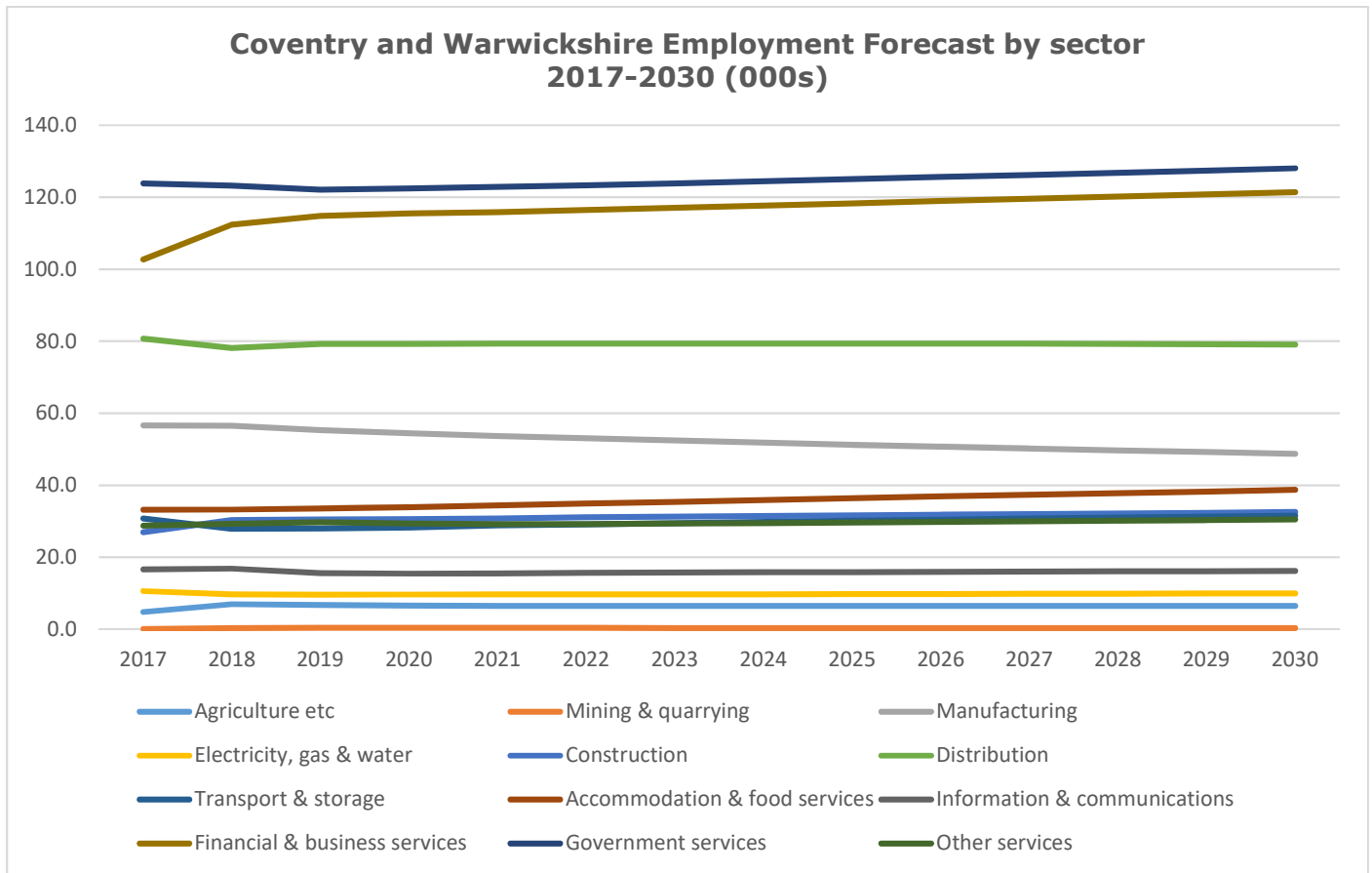
## Contents

This LEP profile collates insight within the five foundations of productivity: Ideas, People, Infrastructure, Business Environment and Places. A section is provided for each of these which can be navigated by the contents table below. A summary of key statistics is presented first, before the full foundation sections begin. Data relating to Coventry and Warwickshire is highlighted in blue in each graph. Infographics at the start of each section present key statistics in the area. The statistics are contextualised in the graphs and text that follows.

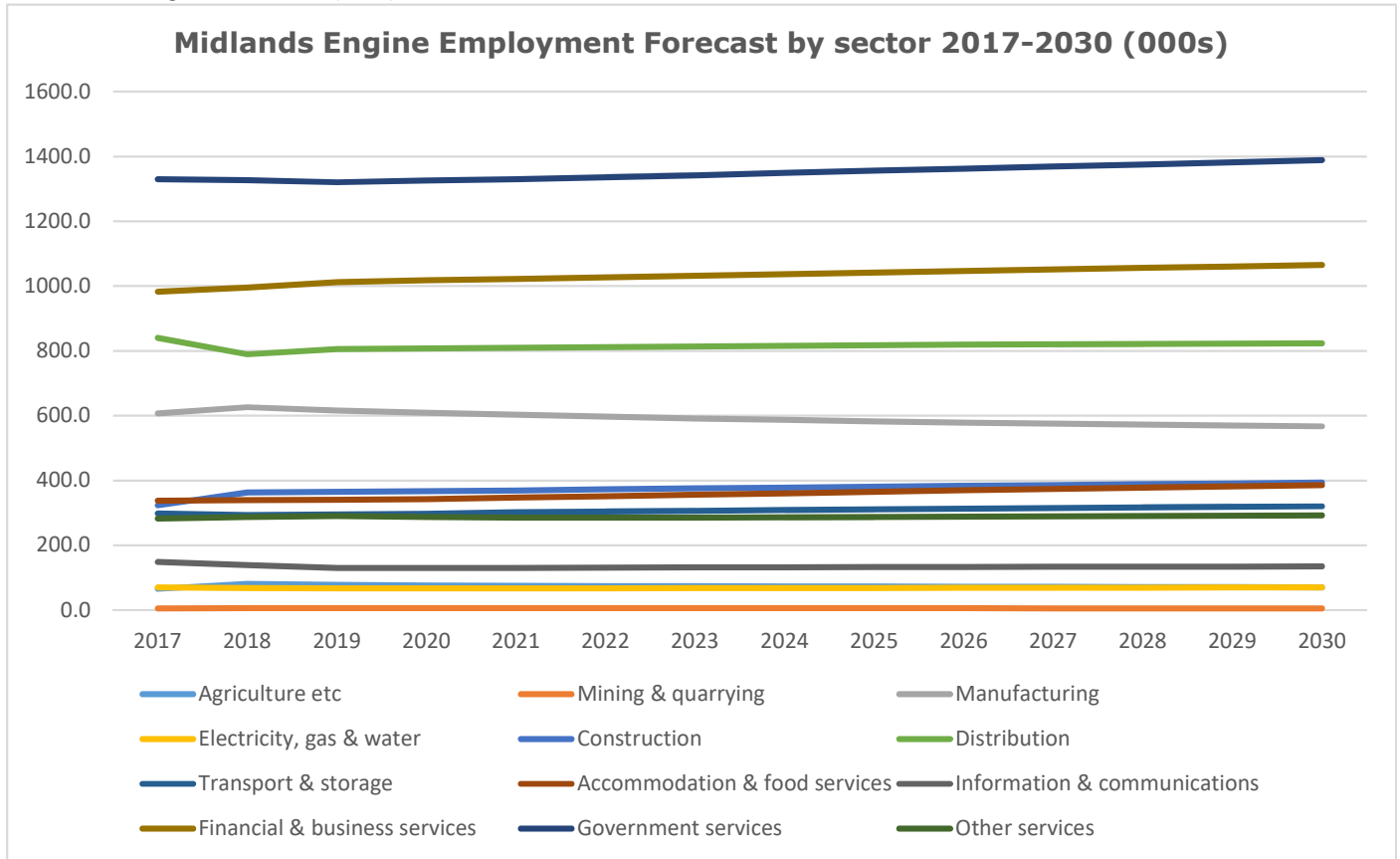
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Coventry and Warwickshire Key Statistics

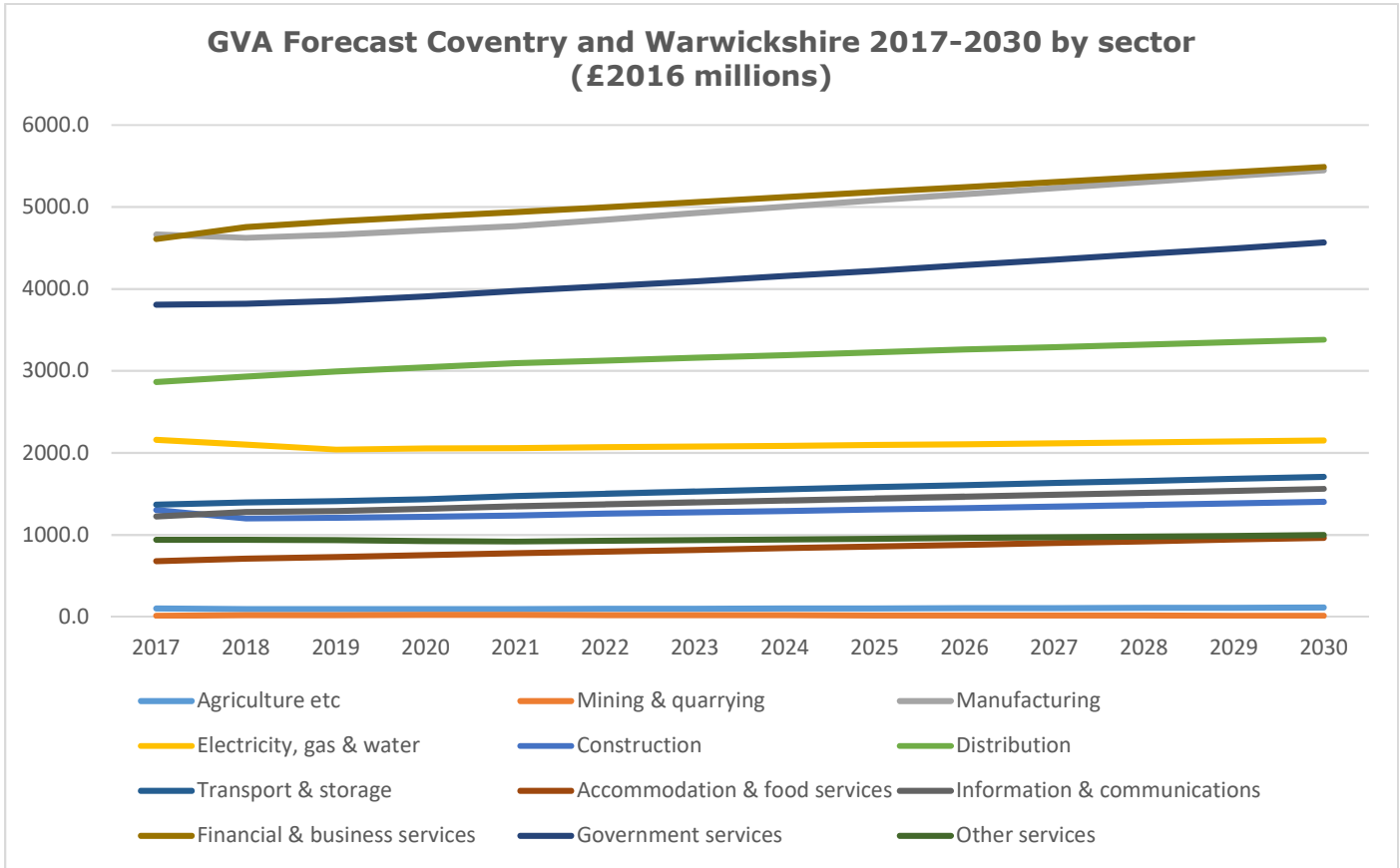




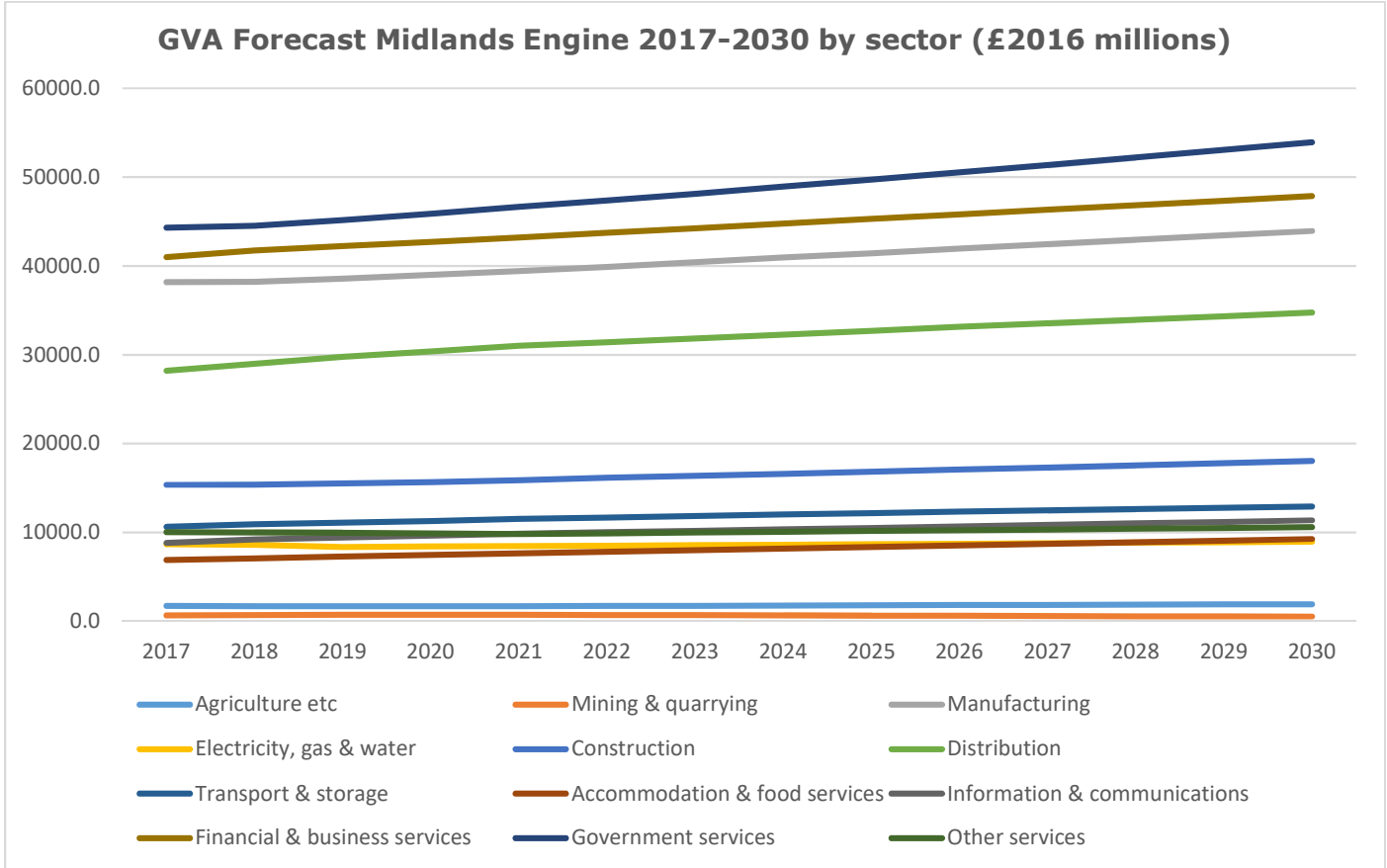
Source: Cambridge Econometrics (2019)



Source: Cambridge Econometrics (2019)



Source: Cambridge Econometrics (2019). Notes: Total GVA includes ownership of dwellings.



Source: Cambridge Econometrics (2019). Notes: Total GVA includes ownership of dwellings.

 **IDEAS**



**3 UNIVERSITIES**



**56,158,404€  
SECURED  
THROUGH  
HORIZON 2020**



**£864,635,745  
SECURED  
THROUGH  
RESEARCH  
COUNCILS/  
INNOVATE UK**



**£3107/FTE  
BUSINESS  
ENTERPRISE  
SPENDING ON  
R&D**

The UK’s Industrial Strategy stresses the importance of the UK being a global leader in science and research. Key policies include:

- a target to raise total R&D investment to 2.4% of GDP by 2027
- increasing the R&D tax credit rate to 12%
- the creation of the £725 million Industrial Strategy Challenge Fund.

The Coventry and Warwickshire LEP area brings significant strengths in innovation to the Midlands Engine particularly in the digital, advanced manufacturing, energy and engineering industry sectors. The area is an important hub for research and development particularly for the automotive sector, connected and autonomous vehicles and battery technology. Figures 1-4 demonstrate the strengths and challenges faced by the Coventry and Warwickshire LEP in translating its research excellence into industrial and commercial practices and, in turn, increased productivity within the Midlands.

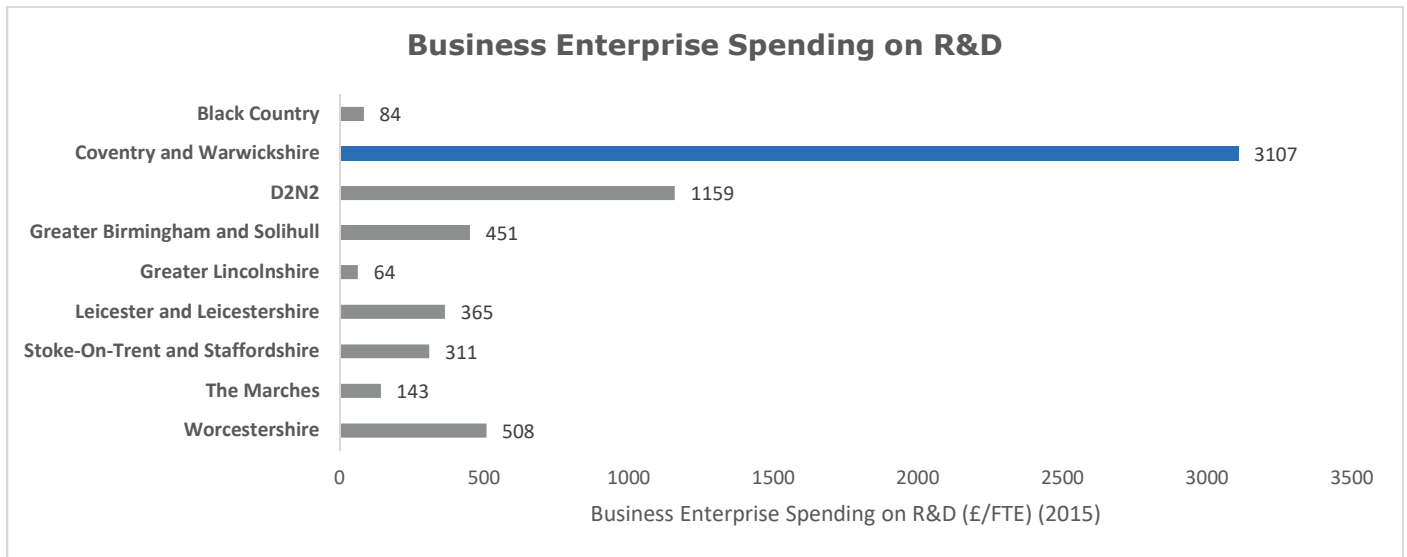


Figure 1 Source: BERD data analysis, Smart Specialisation Hub

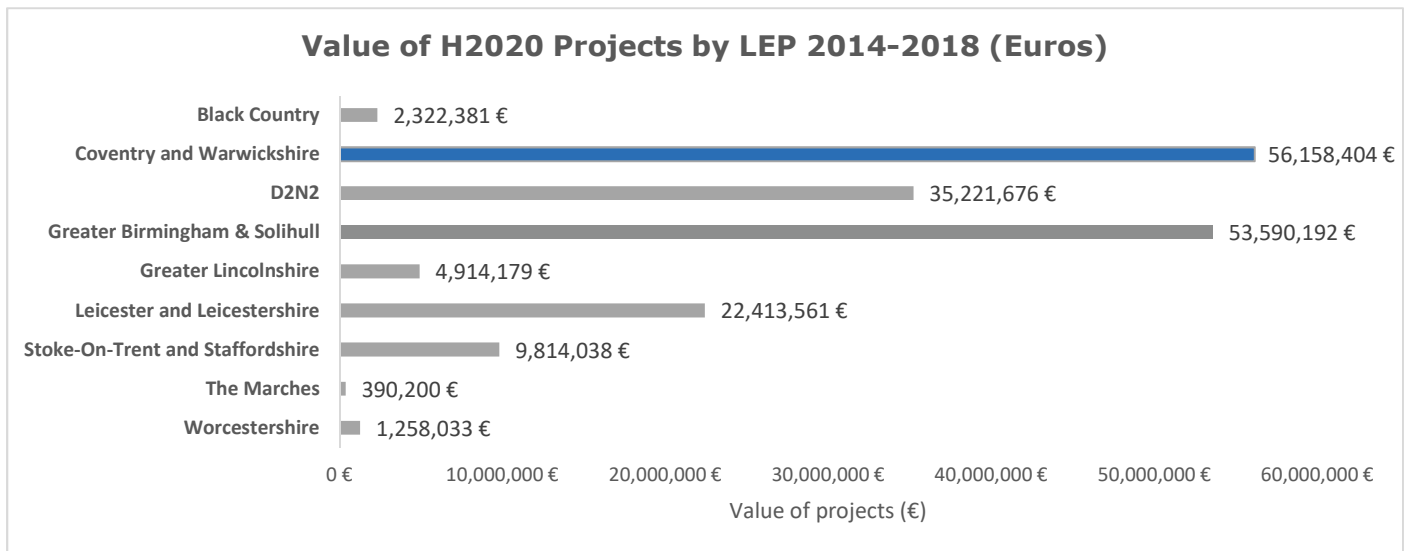


Figure 2 Source: EU Open Data Portal (2018)

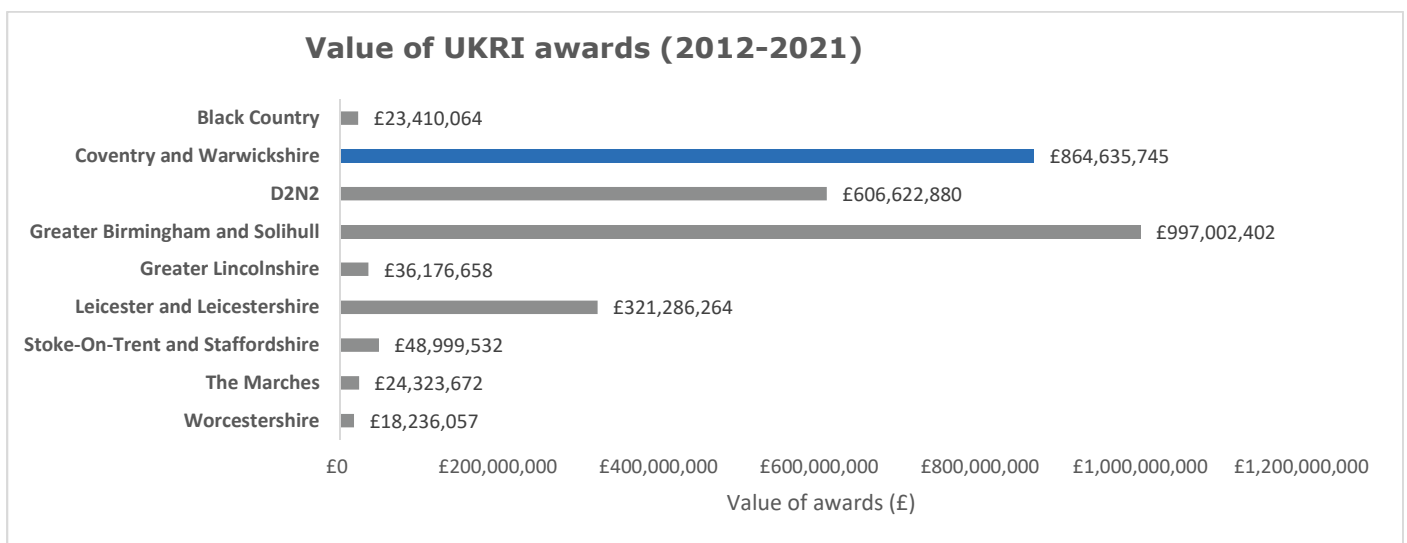


Figure 3 Source: UKRI (2019)





Innovation Benchmarks: 2014-16

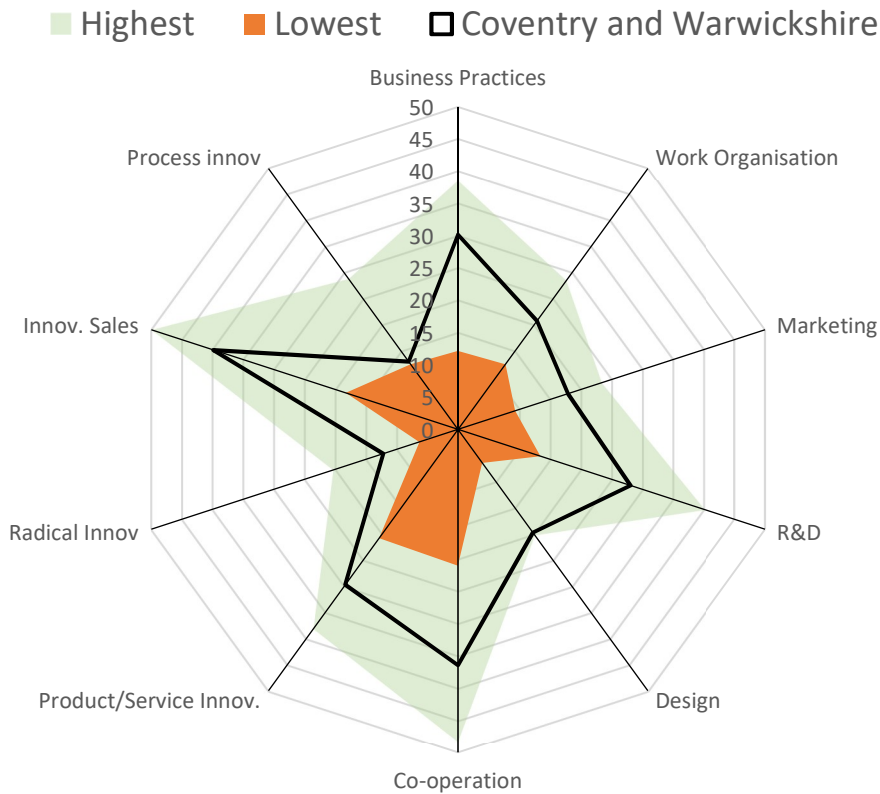


Figure 4 Source: Roper and Bonner (2019)

Charts are derived from the UK Innovation Survey. Details of derivation of data can be found in the [ERC Innovation Benchmarks Report](#). Charts relate to a series of 10 metrics which provide an indication of the proportion of firms in each area engaged in each type of innovation.

**Assets**

The Coventry and Warwickshire LEP area has internationally recognised strengths in research and development, particularly, in advanced engineering, energy, advanced manufacturing, low carbon-technologies, advanced propulsion and digital innovation.

The area is supported in its research and innovation by the two leading universities, Coventry University and the University of Warwick. More than 1,000+ engineering and design students graduate within the LEP area each year. Both universities play a crucial role in terms of the research and development required to produce innovative products and practices as well as in educating the workforce of the future within the Midlands Engine. In addition, Coventry is home to the headquarters of Arden University, a private, for-profit teaching university. It offers a variety of undergraduate and post-graduate programmes with both blended and online distance learning delivery options.

As shown in Figures 2 and 3, universities and businesses within the LEP area have been amongst the most successful within the Midlands Engine at securing Horizon 2020, Research Council and Innovate UK (now both part of UKRI) grants. Between 2014 and 2018 the Coventry and Warwickshire area secured the highest value in grants at 56,158,404€ from Horizon 2020, the European Union’s research and innovation programme. UKRI then provided a further £864,635,745 to support research in the area between 2012 and 2021. Coventry and Warwickshire particularly stands out in terms of the high level of business spend on research and development. £3,107 is spent on R&D per full-time equivalent in the

area. This is five times the Midlands average of £688 FTE. Figure 4 indicates that Coventry and Warwickshire LEP area is good at innovative sales, marketing and co-operation, but is strongest in terms of the percentage of firms undertaking design investment for innovation, relative to the highest and lowest benchmarks. The area is ranked 2nd of 39 LEP areas for this indicator<sup>1</sup>.

A large number of world-class state-of-the-art research and development and innovation assets are located within the Coventry and Warwickshire LEP area. These include:

- [Advanced Propulsion Centre](#) (APC) located at University of Warwick
- [Advanced Manufacturing Training Centre](#) (MTC) in Ansty, Coventry
- [Horiba MIRA](#) in Nuneaton
- [National Automotive Innovation Centre](#) (NAIC) in the Prof. Lord Bhattacharyya Building at University of Warwick
- [National Transport Design Centre](#) (NTDC) at Coventry University
- [UK Battery Industrialisation Centre](#) (UKBIC) in Baginton, near Warwick
- [Warwick Manufacturing Group](#) (WMG), the University of Warwick
- 2,500 digital businesses in the Coventry and Warwickshire area, including the gaming cluster around Leamington Spa known as 'Silicon Spa' with 80 businesses employing over 2,500 staff (c. 15% of the national digital games development workforce)
- [Quinton Rail Technology Centre](#) at Long Marston, near Stratford-on-Avon

### Barriers and potential challenges

However, there is uncertainty surrounding the future of UK participation in Horizon 2020 given that this is funded by the European Union, which the UK is soon expected to leave. The UK government has promised that successful bids submitted before the UK exists the EU will still be funded. Yet, there is uncertainty regarding the value and shape of these funds going forward. Additionally, the UK government is yet to announce its new International Research and Innovation Strategy in conjunction with UK Research and Innovation. If funding is lost, this could have a significant impact on the Coventry and Warwickshire LEP area given the value of funding previously awarded. The loss of this funding could have highly detrimental effects on ongoing projects within the LEP.

Furthermore, because of the preponderance of automotive companies in the Coventry and Warwickshire LEP area, which are [potentially vulnerable when the UK leaves the EU](#), particularly in a no-deal Brexit scenario, thousands of quality jobs in the LEP area may be at risk. Companies may potentially move production to elsewhere in the EU to capitalise on more advantageous trade arrangements, including low tariffs and with greater potential for accessing EU research funding.

Figure 4 shows that firms in Coventry and Warwickshire LEP area do not perform strongly in terms of process innovation. Roper and Bonner (2019) ranked Coventry and Warwickshire 36th of 39 LEP areas and last of the Midlands Engine LEP areas for this measure. The low proportion of firms undertaking process change is likely to hinder flexibility, productivity or cost saving within the firms.

To address this, ERDF funding is supporting the WMG Product Innovation Accelerator at the University of Warwick, to leverage the activities of the WMG centre High Value Manufacturing Catapult. Capitalising on strengths on low carbon mobility, help is provided with systems, materials, product and business improvement activities. This initiative is helping manufacturing SMEs (and those deliver activity that add value to the UK manufacturing supply chain to address technology challenges, exploit market opportunities and unlocking firms' potential.

<sup>1</sup> Based on Midlands Engine 11 LEP geography.

**Opportunities**

The UK Battery Industrialisation Centre (UKBIC) is part of the Government’s Faraday Battery Challenge currently under construction, so far securing investment funding of £126m, it will open in March 2020 as the national centre of excellence in battery technologies – an 18,000m<sup>2</sup> state-of-the-art research and development facility. In addition to training engineers in battery technologies, the Centre will enable industry, via open access, to scale up and commercialise advanced technologies central to the development and manufacture of batteries, initially for the automotive sector but with wider application. It will support the UK to become a world leader in the manufacture of batteries for vehicle electrification, putting the region at the forefront of the growing automotive battery supply chain, forecast to be worth £5bn per year in the UK by 2035. The Centre will significantly boost employment within the LEP area in the OEMs and in the local supply chain, as well as facilitating increased innovation and improved productivity in those businesses. Additionally, Jaguar Land Rover have received a loan guarantee of £500 million from the UK government, to support the development and manufacturing of electric vehicles in the UK. Whilst these vehicles will predominantly be produced at the Castle Bromwich site, increased sales of the electric version of the Jaguar XJ saloon are likely to have a positive impact on securing jobs across the UK, including at the Jaguar Land Rover UK headquarters in Whitley, Coventry.

**Case Study: UKBIC**

Made possible by the strong partnership forged between Coventry and Warwickshire Local Enterprise Partnership, Coventry City Council, WMG, University of Warwick and WMCA, the UKBIC is a new national centre of excellence. This purpose-built 18,000m<sup>2</sup> facility and research technology organisation, will serve the UK automotive industry as whole.

Putting the region at the forefront of the growing automotive battery supply chain, forecast to be worth £5bn per year in the UK by 2035, this investment underlines the backing for our local but world-class knowledge economy.



**Going Forward**

The UKBIC vision is that enabling the development of the next generation of battery systems will allow companies to move to full scale, high volume battery manufacturing (i.e. ‘Gigafactories’) and high volume electric vehicle production as subsequent investments. The potential for the LEP area to host a Gigafactory adjacent to the UKBIC is a key opportunity. Such a large-scale c.125,000m<sup>2</sup> facility could see a further c.1,850 new jobs created, £1.1bn new investment and a turnover of £2,355m. This would also see significantly improved regional productivity and extensive supply chain development.

The area is also leading the way in connected autonomous vehicle technologies. For example, [Aurrigo](#), part of RDM Group and based in Coventry, together with Westfield Technology Group based in neighbouring Dudley in the West Midlands, is building a global reputation in the design, manufacture, testing and deployment of innovative autonomous vehicles, a leader in the first and last mile autonomous technology.



Coventry will also see a new Design and Innovation Studio. Attracting major investment from the [Geely Design](#), part of the Geely Auto Group, as part of a global network of studios including Shanghai, Gothenburg, Barcelona, California and Kuala Lumpur. Geely Design UK will expand to around 100 designers and support staff over the next 5 year and will support the in-house design functions of Geely Auto Group, Lynk &Co, Proton, Lotus, as well as for the London Electric Vehicle Company (LEVC), also head-quartered in Coventry, the leading global manufacturer and retailer of purpose-built commercial electric vehicles, including the iconic black taxi cab.

Work is also continuing on a £130m super-site for the international aerospace defence and energy engineering group, [Meggitt](#), due to open at Ansty Park, Coventry, in 2020.

The Coventry and Warwickshire LEP will continue to support the development of such businesses and the world-class CAV research and development institutes at WMG and Horiba-MIRA, and their collaboration with industry – OEMs and throughout the supply chain and facilitate the translation of innovation into other sectors, to create new market opportunities, and capitalise on future opportunities in the region, for example, Coventry City of Culture, 2021 and Commonwealth Games, 2022.

A key objective for CWLEP is to become a major global centre for R&D in Advanced Manufacturing and Engineering ([CWLEP Annual Delivery Plan, April 2019 – March 2020](#)). Whilst focus will be in automotive, developing further local expertise and innovation assets are providing major opportunities in alternative forms of rail travel including hydrogen-powered trains and Very Light Rail.

 **PEOPLE**




 **4.1%  
RESIDENTS STAY  
FOR STUDY &  
EMPLOYMENT**

 **£30,319  
AVERAGE  
EARNINGS**

 **461,000  
EXISTING  
JOBS**

 **77.0%  
EMPLOYMENT**

 **3.3%  
UNEMPLOYMENT**

 **38.2%  
NVQ4 AND  
ABOVE (16-64)**

Within the UK’s Industrial Strategy, the People Foundation aims to generate good jobs and greater earning power for all. It focuses on improving skills levels, particularly in science, technology, engineering and maths; narrowing disparities between communities in skills and education and removing barriers faced by workers from underrepresented groups in the labour market.

Figures 5-10 illustrate the qualification level of residents in the Coventry and Warwickshire LEP area; the number of apprenticeship starts; the Gross Value Added rate; graduate retention rates and employment and unemployment rates in the area. They demonstrate how the area is performing strongly in relation to key parts of the People Foundation of the Industrial Strategy. It has the highest proportion of residents educated at NVQ level 4+ and the highest average earnings within the Midlands Engine – both important factors in attracting business and higher skilled workers to the area. Coventry and Warwickshire has the lowest unemployment rate of all the Midlands Engine LEP areas. Nonetheless, there are relatively low numbers of apprentice starts in the area and the proportion of students that stay for study and employment is below the Midlands Engine average.

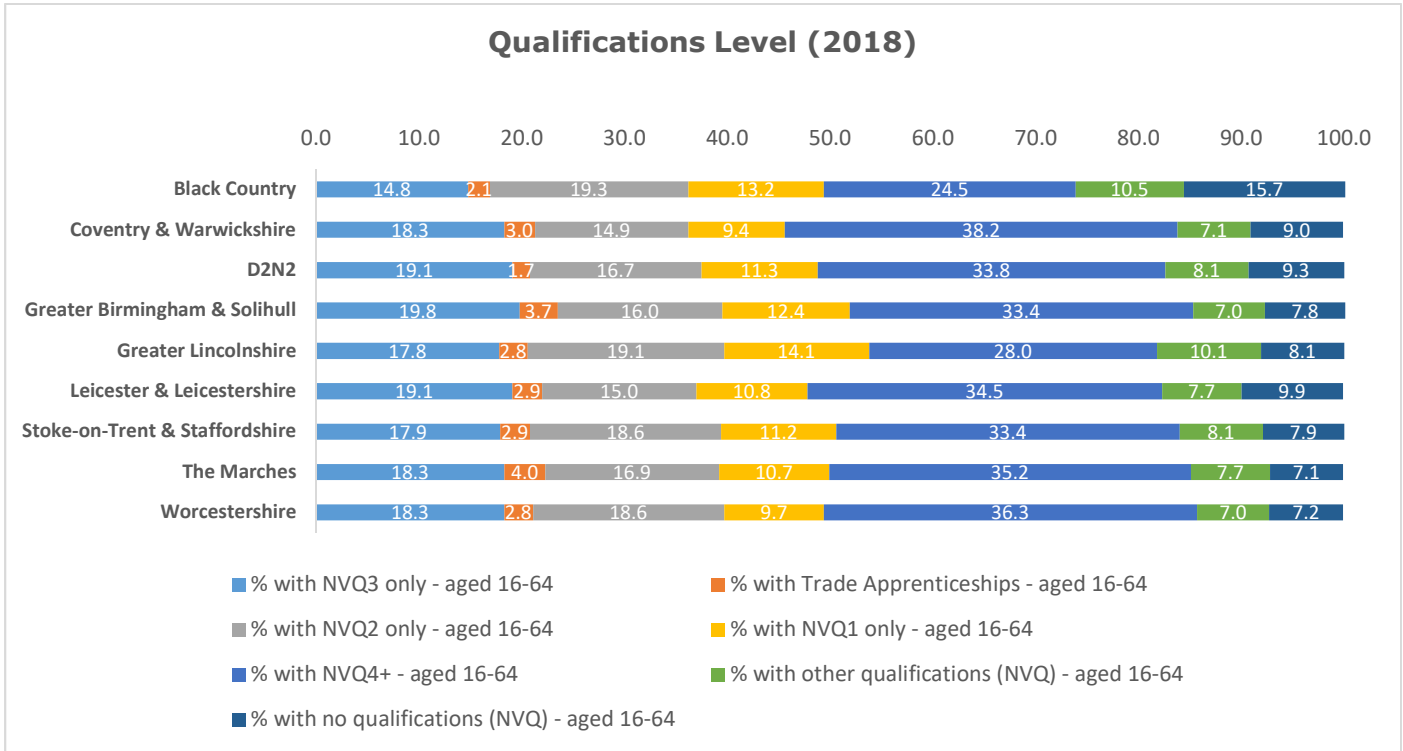


Figure 5 Source: ONS, Annual Population Survey (2019)

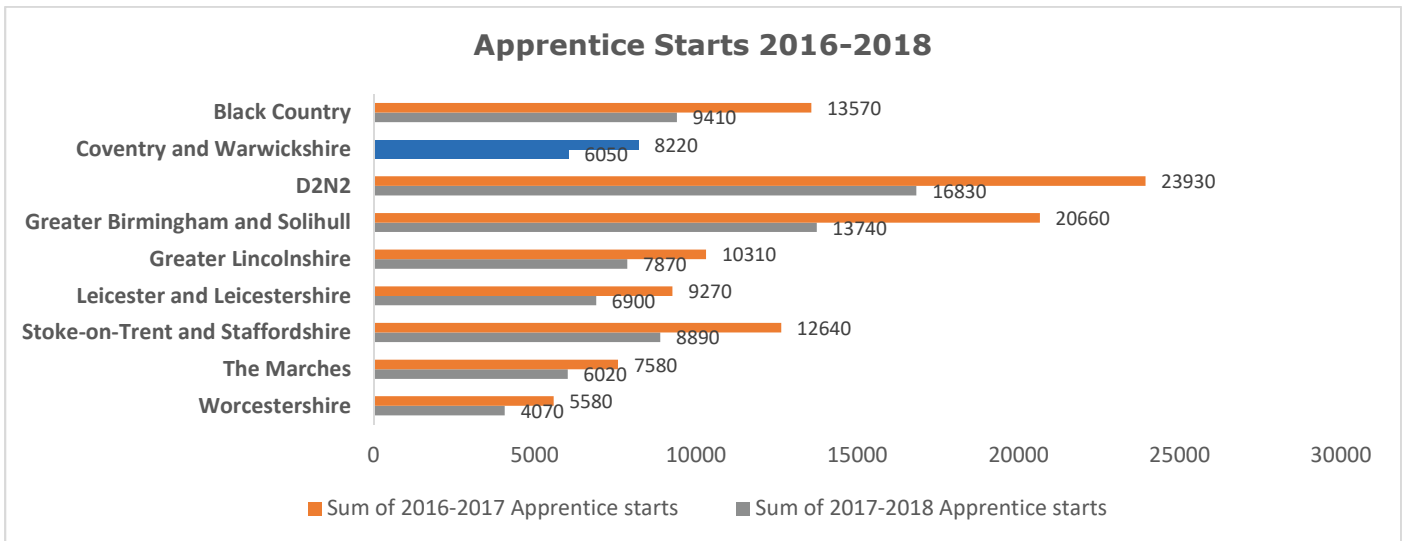


Figure 6 Source: Department for Education (2018)

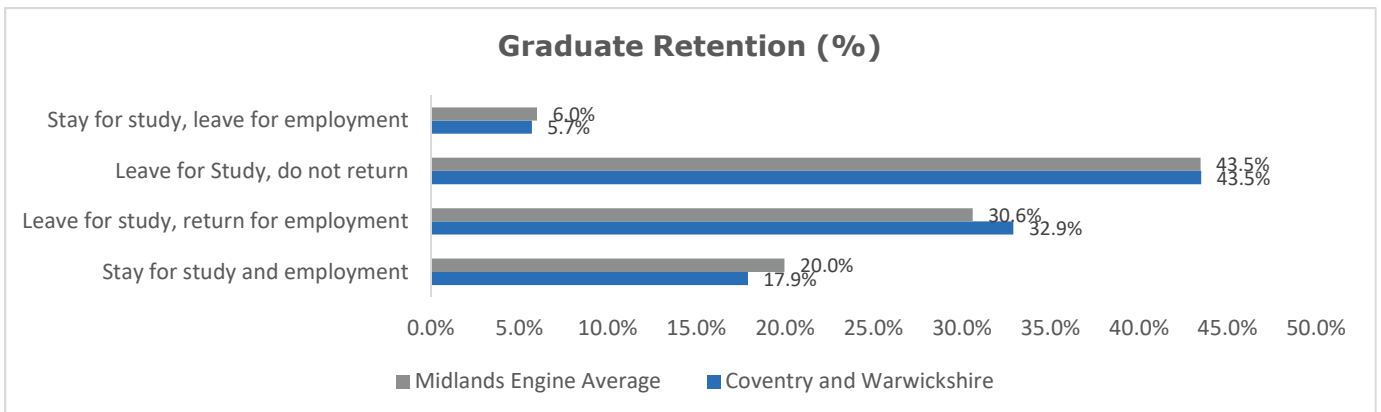


Figure 7 Source: Higher Education Statistics Agency, Destinations of Leavers from Higher Education (2018)

**Employment and Unemployment Rates**

LEP	Employment Rate of Working Age Population (%)	Unemployment Rate of Working Age Population (%)
Black Country	68.7	6.1
<b>Coventry and Warwickshire</b>	<b>77.0</b>	<b>3.3</b>
D2N2	73.6	4.6
Greater Birmingham and Solihull	71.0	6.0
Greater Lincolnshire	74.5	5.3
Leicester and Leicestershire	73.4	5.0
Stoke-on-Trent and Staffordshire	76.4	4.0
The Marches	79.4	3.1
Worcestershire	79.4	3.3
<b>Midlands Engine (LEP)</b>	<b>73.9</b>	<b>4.8</b>

Figure 8 Source: Annual Population Survey (2018)

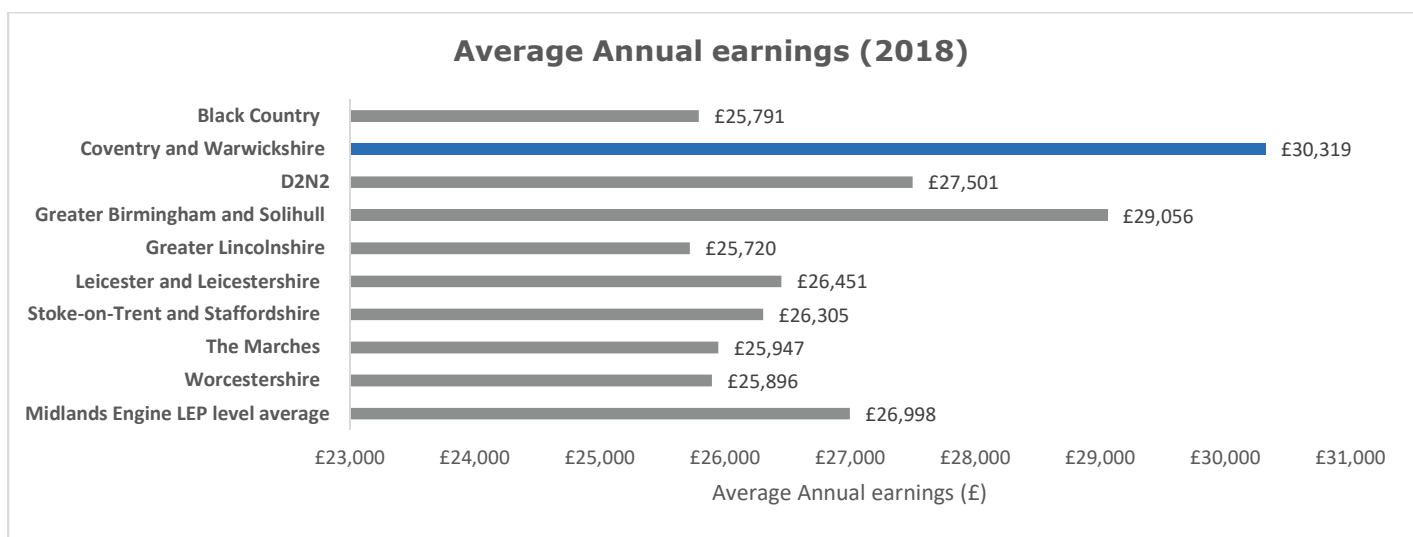


Figure 9 Source: Annual Survey of Hours and Earnings - Workplace Analysis (2018). N.B. data is provisional.

**Assets**

As evident in Figures 5-9, the Coventry and Warwickshire LEP area has many strengths in relation to the People Foundation, and is the highest performing areas within the Midlands Engine.

Coventry and Warwickshire has an extremely well educated workforce with 38.2% of those of working age being to NVQ Level 4 educated or above. The Coventry and Warwickshire area also has a high employment rate at 77.0% compared to the Midlands Engine average of 73.9%. This is important in terms of enabling companies to have the skills needed to be competitive and to develop new products. The unemployment rate of 3.3% is the lowest in the Midlands Engine, compared to average of 4.8%.

Average earnings in the Coventry and Warwickshire LEP area are a further strength. According to the Annual Survey of Hours and Earnings workplace analysis, the average annual salary in the Coventry and Warwickshire LEP area in 2018 was £30,319. This is the highest average earning out of all LEPs within the Midlands Engine, the result being the area is highly attractive to highly skilled labour.

[Warwick Trident College](#) is a facility purpose-built with industry providing workplace-style learning environment, to train advanced and higher apprentices in manufacturing, mechanical, electrical,

electronic, automotive and product creation sectors. The College works in partnership with internationally-renowned companies such as Jaguar Land Rover and Rolls Royce to deliver courses in engineering and motorsport up to degree level. Having been awarded £1.3 million through the Growth Deal, the aim here is support the development of a highly skilled workforce. The College is designed to offer the large volume of highly skilled manufacturing, innovation and design centres a wider range of highly skilled labour in the long term.

[Digital Schoolhouse](#) together with Nintendo UK, uses play-based learning to engage the next generation of pupils and teachers with the Computing curriculum. Through innovative computing workshops aimed at local primary schools across the UK and delivered by lead teachers, pupils experience a unique approach to play-based learning. The workshops are delivered by the UK games industry trade body Ukie through support from the Department of Digital, Culture, Media and Sport (DCMS). In Warwickshire, its introduction has been supported by Warwickshire County Council. Underpinned by evidence-based research and combined with ground-breaking careers education, the programme is designed to successfully bridge the gap between academia and industry, to ensure pupils are aptly equipped for the future digital economy.

### **Barriers and Challenges**

However, Figures 5-9 also emphasise that the labour market within the Coventry and Warwickshire LEP area faces some challenges in terms of low apprenticeship starts and fairly low graduate retention.

Given that the Coventry and Warwickshire LEP area has such a high volume of manufacturing, innovation and design centres, the number of apprenticeship starts within the area appears to be fairly low. Only 6,050 people began apprenticeships in the area in 2017-18. This is the third lowest number of apprenticeship starts in all the Midlands Engine LEP areas in 2017-18. However, this is the highest number of apprenticeship starts per head in the Midlands Engine. Nonetheless, the number of apprenticeship starts decreased by 26% in 2017-2018 compared to in 2016-2017. Whilst, this does align with the decline experienced nationally following the introduction of the apprenticeship levy, it still creates challenges in terms of the availability of vocational skills in Coventry and Warwickshire.

While in terms of graduate retention, the Coventry and Warwickshire area is on a par with the Midlands Engine averages, more could be done to raise this level. Given the predominance of research and development spending in the area and the high average earnings, more focus could be placed on the 49.2% of graduates that leave the region for employment.

It is important that the area prioritises ensuring that high quality jobs are available for graduates within the area. The proportion of residents who stay in the area for study and their employment following graduation is 17.9%. This is below the Midlands Engine average of 20%. Improving graduate retention is important in improving the skills base of the resident population but the continuing focus of creating high quality jobs in the area will in turn attract graduates from other regions and residents who left the region to study back for those opportunities later in their careers. Improving the skills base at other levels, including technician level at Levels 4 and 5 is also important, particularly given the predomination of advanced engineering and manufacturing related occupations in the region.

### **Opportunities**

Developing skills is essential in ensuring that both the region's businesses and universities have access to a highly skilled workforce, enabling them to innovate and compete at an international level. The continuous cultivation of an innovative, skilled and active labour market is an important part of future growth across the region. Currently, the Coventry and Warwickshire LEP has set a target of creating 94,500 new jobs by 2030 by focusing on three main priorities: using skills to drive growth, developing skills to tackle unemployment and continuing to foster further collaboration between business and network of universities, colleges and R & D institutions to increase output and productivity.



Coventry will be the UK City of Culture in 2021. This is likely to provide a significant boost to the local economy especially the culture and tourism sector. 40,000 people already operate within this sector in the area. This figure is expected to increase further as the area holds events and its profile rises both nationally and internationally. The organisers of the bid aim to use the year to [create 2,116 jobs](#).

Opportunities to improve the way in which education providers, local authorities and other stakeholders work in conjunction with businesses to offer high quality and effective education services in a more collaborative, user-led way exist through the [Collaborate to Train](#) programme running from Summer 2017 through to 2020, part-funded through the European Social Fund. The partnership is led by Warwickshire College Group and includes the University of Warwick, Coventry College, Coventry University Social Enterprise, Coventry City Council and Warwickshire County Council. Over 250 small businesses have benefited so far through the project, which enables the partners to act as a gateway to a range of recruitment and training options, connecting businesses with the right partner to access services.

The devolution agreement secured by the West Midlands Combined Authority to manage the Adult Education budget and co-design the Department for Work and Pensions Work and Health Programme offer opportunities to tailor skills and employment support to the needs of residents in the LEP. The *Connecting Communities* employment support programme funded through the Department for Work and Pensions and managed by the West Midlands Combined Authority includes several sites in Coventry and Warwickshire such as Binley and Willenhall, Coventry and Camp Hill, Nuneaton. It offers the opportunity to develop insight into the potential of place-based employment support models to build social capital and support residents into employment.

### **Going Forward**

The Coventry and Warwickshire LEP will continue to support collaboration and cross-sectoral innovation, research and development, and related opportunities for skills development, with a particular focus on STEM and work closely with the West Midlands Local Industrial Strategy's Automotive Sector Skills Plan, as a member of the Automotive Skills Taskforce. This will include re-skilling and up-skilling the wider resident population, to drive up productivity, create more high quality jobs accessible to all and in all parts of the region. This will not only be in OEMs but throughout the supply chains and in new enterprises, aligned to business growth and new market opportunities e.g. through developments in the future of mobility increased digitisation and automation, and opportunities for raising the profile of the region and delivering wider engagement such as the Coventry City of Culture 2021 – projecting to raise graduate retention by at least 10%.

A key objective for CWLEP is to develop an economy which will employ an additional 94,500 people by 2030 ([CWLEP Annual Delivery Plan, April 2019 – March 2020](#)).

From September 2019, CWLEP has established 2 [Careers Hubs](#) in Coventry and Warwickshire to support the continuous improvement of careers education in the sub-region. Through the provision of dedicated resource to support schools on their own careers strategies and ensure the integration of labour market information on both careers experiences and careers in the curriculum, they will better prepare young people for their future careers. This is a schools-focused aspect of the CWLEP skills strategy which will better connect business and education and support the delivery of a whole system change in education and employability.

**Case Study: WMG Degree Apprenticeship Centre, University of Warwick**

Opened in September 2019.

Received £10 million from the Government's Local Growth Fund through the CWLEP.

Delivers courses essential to the effective development of skills in high growth, high value advanced engineering and manufacturing companies.

Provides training programmes up to Level 8 (Engineering Doctorate level) with an initial capacity for 1,000 students on roll at any one time.

The Centre provides a unique, flexible and professional teaching and learning environment with open spaces for collaborative and individual work, state-of-the-art equipment, technology-enabled seminar rooms and purpose-built, multifunctional laboratories, as well as advice and support for apprentices and organisations.

CWLEP support for the initial Feasibility Study facilitated input from design features of other projects, including the HS2 Academy (National College for Advanced Transport and Infrastructure) campuses in Birmingham and Doncaster.



WMG Degree Apprenticeship Centre, University of Warwick

 **INFRASTRUCTURE**



**395,620  
DWELLINGS**



**WITHIN 20  
MINUTES OF  
BIRMINGHAM  
INTERNATIONAL  
AIRPORT**



**7.64  
HOUSE PRICE  
TO INCOME  
RATIO**



**43%  
SUPERFAST  
BROADBAND**

The Industrial Strategy recognises that having modern and accessible infrastructure throughout the UK is essential to future growth and prosperity. It stresses the importance of large scale, long-term investment in transport, housing and digital networks for long-term productivity, through increasing the earning power of Britain’s people, communities and businesses.

The strategy aims to improve access to full-fibre broadband, develop new 5G networks, improve the usage of 5G technologies, create a new high-speed rail network better connecting residents to jobs, regenerate stations and airports, upgrade the road network and improve individual’s lives through better quality housing and the promotion of clean, affordable energy.

The Coventry and Warwickshire LEP area is a key transport hub within the Midlands Engine. It benefits from excellent road, rail and air connections. Birmingham International Airport, which is within 20 minutes of Coventry, is projecting a forecast passenger growth from 13 million to between 18m and 24 million passengers by 2033. It is the busiest part of the West Coast rail line which is set to benefit from HS2, creating much needed additional capacity on existing lines within the region, in addition to faster journey times to and from London and the south east. This will also see major [re-development of Birmingham International Rail Station](#) and the re-generation of the adjacent areas: [UK Central, Europe’s largest single investable development site](#). Midlands Connect are also developing specific strategies to enhance poor east-west rail connectivity in the region, and to develop new services including between Leicester and Nuneaton.

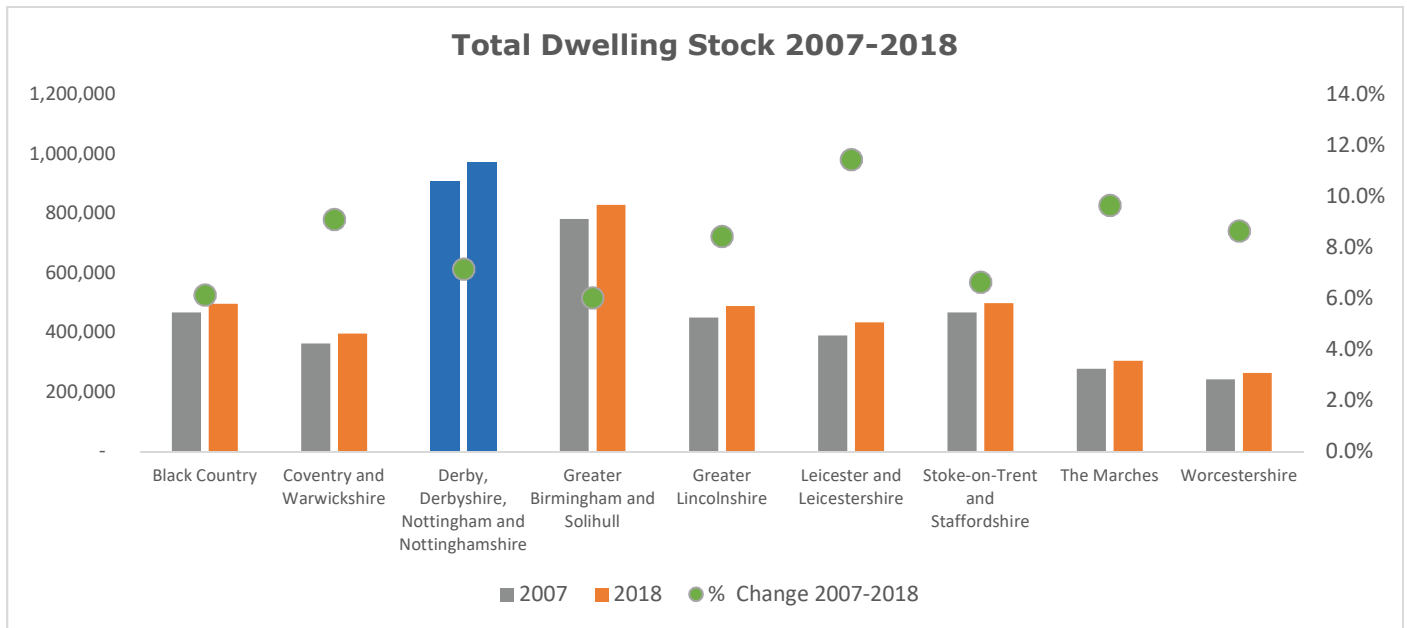


Figure 10 Source: Ministry of Housing, Communities & Local Government, Live Table 125 (2018)

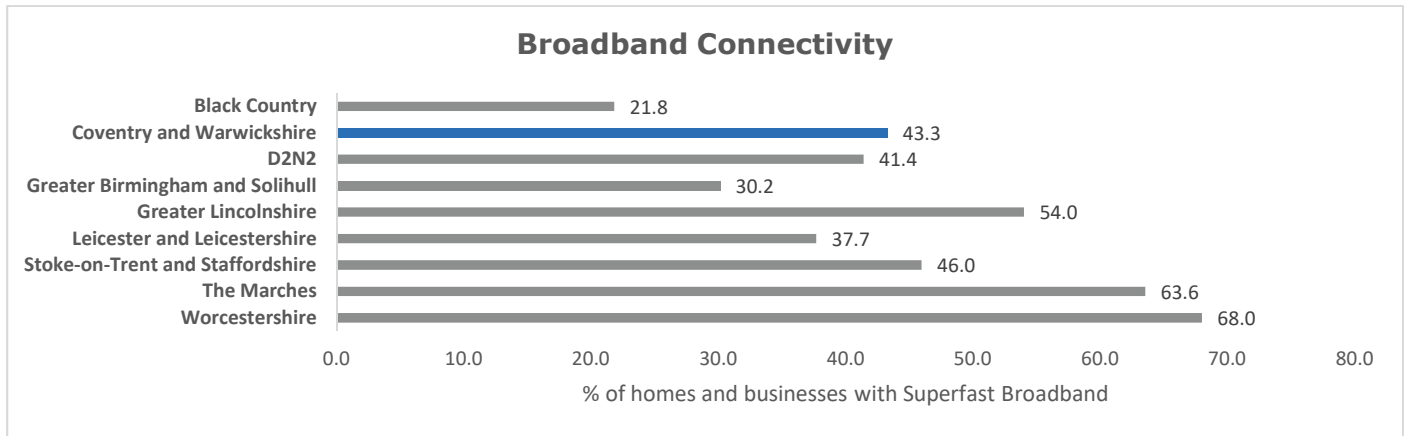


Figure 11 Source: OFCOM, Connected Nations (2018)

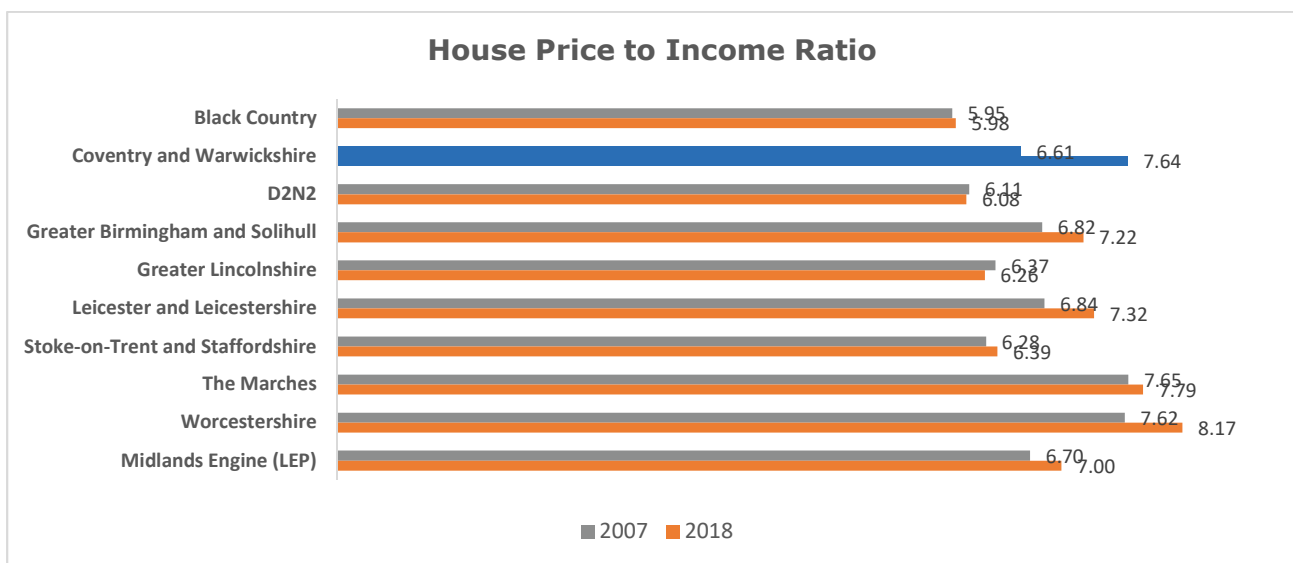


Figure 12 Source: ONS, House price to residence-based earnings ratio (2019)

## Assets

Coventry and Warwickshire is a key transport hub within the Midlands Engine. A range of infrastructure serves the area including the:

- M6, which provides access to the North West.
- M1
- M42
- M40
- M69
- M45
- A46
- A5

Coventry and Warwickshire is within [4 hours travel time](#) of 98% of the UK's population. This enables businesses within the LEP area to be within reach of the vast majority of the UK population making it a prime place for business, particularly distribution facilities.

CWLEP continue to support a range of infrastructure projects, improving connectivity and safety, decreasing congestion, and providing new developments of integrated housing, leisure, business and retail supply. For example: Coventry City Centre South, Friargate and Coventry Rail Station; Europa Way, Leamington Spa; Whitley South; Coventry; A46 corridor, Stanks Island and Birmingham Road Improvement Scheme, Warwick; A444 Coton Arches, Nuneaton; A5 improvements, close to Nuneaton.

## Barriers and Challenges

Despite its enviable location, several issues exist in terms of the capacity of the infrastructure network in Coventry and Warwickshire to support the LEP's growth aspirations.

Total dwelling stock within the area is the third lowest in the Midlands Engine suggesting that unless the housing stock is expanded, the area may not have sufficient housing stock to support continued population growth.

Broadband connectivity is highly variable within the urban city of Coventry and the largely rural communities of Warwickshire, and overall is low compared to the rate of coverage in other Midlands Engine LEP areas. In 2018, superfast Broadband was only available in 43.3% of Coventry and Warwickshire. Other LEP areas within the Midlands Engine have a far higher level of coverage – coverage reached 63.6% in The Marches and 68% in Worcestershire. Therefore, there is potential to considerably improve broadband connectivity within Coventry and Warwickshire LEP area in the future.

Additionally, between 2007 and 2018 according to Figure 12, the house price to income ratio increased from 6.61 to 7.64. This suggests that either incomes fell by a greater percentage than house prices, or house prices grew by a greater percentage than incomes. Coventry and Warwickshire now has the second highest house price to income ratio in the Midlands Engine. If the ratio continues to increase, the area may create issues in terms of affordability and graduate retention.

## Opportunities

The strategic location of Coventry should continue to offer opportunities for economic development in future. In 2019, Warwickshire County Council announced [plans to investigate building a new station between Coventry and Kenilworth stations](#) to better serve the University of Warwick as well as potential

future local housing developments. The proposed station forms part of plans to upgrade rail services in Warwickshire to coincide with the arrival of High Speed 2.

UK Autodrive has selected Coventry as one of two cities (with Milton Keynes) to pilot driverless technology. With this, both the infrastructure and vehicles will be built and developed within the area. The future development of this project will potentially create highly efficient infrastructure for the area, in turn offering opportunities to attract new businesses to the area.

Additionally, the Coventry area will be part of the 5G testbed together with Birmingham and Wolverhampton. Initial proposals for the trials include using 5G technology the West Midlands Combined Authority collaborating with Jaguar Land Rover to test driverless cars. 5G is likely to be especially attractive for digital business or platform businesses who rely on strong internet connection. The presence of the Silicon Spa gaming cluster presents particular opportunities to harness the benefits of 5G to support business growth.

Funded by Central Government, Local Authorities, ERDF and the Coventry and Warwickshire LEP, [CSW Broadband](#) is developing the fibre superfast broadband network across Coventry, Solihull and Warwickshire. Services will be provided on a wholesale basis, so that any provider (who chooses to do so) can offer services to businesses and consumers the project targets are to achieve 98% coverage at superfast speeds (minimum 24Mbps), dependent on funding, by the end of 2019.

The improved coverage will be achieved through the provision of a wholesale network that will cover those areas that will not be reached through commercial providers' broadband roll-out plans. The aim of providing a high quality wholesale network is that it will not only increase superfast broadband coverage, but will also enable a wide range of providers to offer services, thus increasing competition and driving down prices for subscribers. The project will bring about improved connectivity for businesses, allowing them to compete in an increasingly globalised marketplace, with reduced need for travelling and improved educational and training possibilities.

**Case Study: Coventry Very Light Rail (VLR)**

The Local Growth Fund supported Very Light Rail project is to develop and deliver a working demonstrator vehicle, which will be an alternative form of street/urban tramway that is modern, affordable and attractive to users.

The vehicle will be able to operate off existing highways. It will be self-propelled using clean battery technology and no overhead line equipment.

Alongside the redevelopment of Coventry Rail Station, opening in 2021, to provide an integrated multi-modal passenger transport hub, the VLR is an R&D-led manufacturing initiative that will deliver significant economic benefits. The aim is to achieve a total whole system target cost of c. £10 million per kilometre. (The average cost of traditional trams is £35 to £50 million per kilometre).

A partnership will deliver the 4 R&D workstreams:

- Vehicle – WMG: design and construction of a lightweight vehicle prototype, including battery propulsion system;
- Track – WMG: production of an innovative low cost track, for installation with minimal disruption to utilities' equipment;
- Route – Coventry City Council: route development, business case, Transport and Works Act Order;
- Operations – Transport for the West Midlands: system operations, passenger information and communications.



A CGI image of a very light rail vehicle outside Coventry Station



A CGI image of the interior of one of the vehicles

### **Going Forward**

The Coventry and Warwickshire LEP will provide support to enable the area to harness the benefits of the 5G testbeds and the proposed HS2 development. The LEP will provide new integrated transport hub re-development opportunities. For example, the LEP is joint-funding a Very Light Rail research and development project which will use cutting edge automotive expertise developed in the region to deliver an innovative and affordable light rail system in Coventry, which will be fully integrated with the re-development of Coventry's rail station. It will also support improvements to facilities in Leamington Spa where the 2022 Commonwealth Games lawn bowls will be hosted, to enable the venue to handle 60,000 visitors, as a showcase development of zero-emission transport solutions.

A key objective of the CWLEP is to ensure strong road, rail and broadband connectivity across the entire LEP area ([CWLEP Annual Delivery Plan, April 2019 – March 2020](#)).





# BUSINESS ENVIRONMENT



**40,550  
BUSINESSES**



**4,645 BUSINESS  
BIRTHS**



**-16.8%  
BUSINESS BIRTHS**



**8.9% OF JOBS IN  
BUSINESS  
ADMINISTRATION  
& SUPPORT  
SERVICES**



**8.2% OF JOBS  
IN PROFESSIONAL,  
SCIENTIFIC &  
TECHNICAL  
SECTOR**

The Business Environment Foundation of the Industrial Strategy aims to support the UK to be the best place to start and grow a business. The key challenge identified in the strategy is how to ensure all businesses adopt best practice from the UK's most productive businesses. It aims to address how, on average, managers in the UK are less proficient than managers are in other competitor countries. Overall, the strategy aims to drive productivity in all businesses regardless of size through increasing collaboration, improving skills levels and improving access to good and well-paid employment. Key policies include:

- The launch and rollout of partnerships between government and industry to increase sector productivity through Sector Deals in the life sciences, construction, artificial intelligence and automotive sectors.
- Over £20 billion in investment in innovative and high potential businesses including the establishment of the £2.5 billion Investment Fund.
- The commissioning of a review into what actions may be most effective in raising productivity among SMEs.

Coventry and Warwickshire is an important place of business in the Midlands Engine, with particular strengths in the Professional, Scientific and Technical sector, the Information and Communication sector and the Transport and Storage sector. It is in line with the Midlands Engine average for the proportion of firms born before 2013 earning between £1million and £3million in 2017. However, challenges exist in terms of the proportion of firms born prior to 2014 with a turnover of £1-2 million in 2014 whose turnover reached £3 million in 2017.

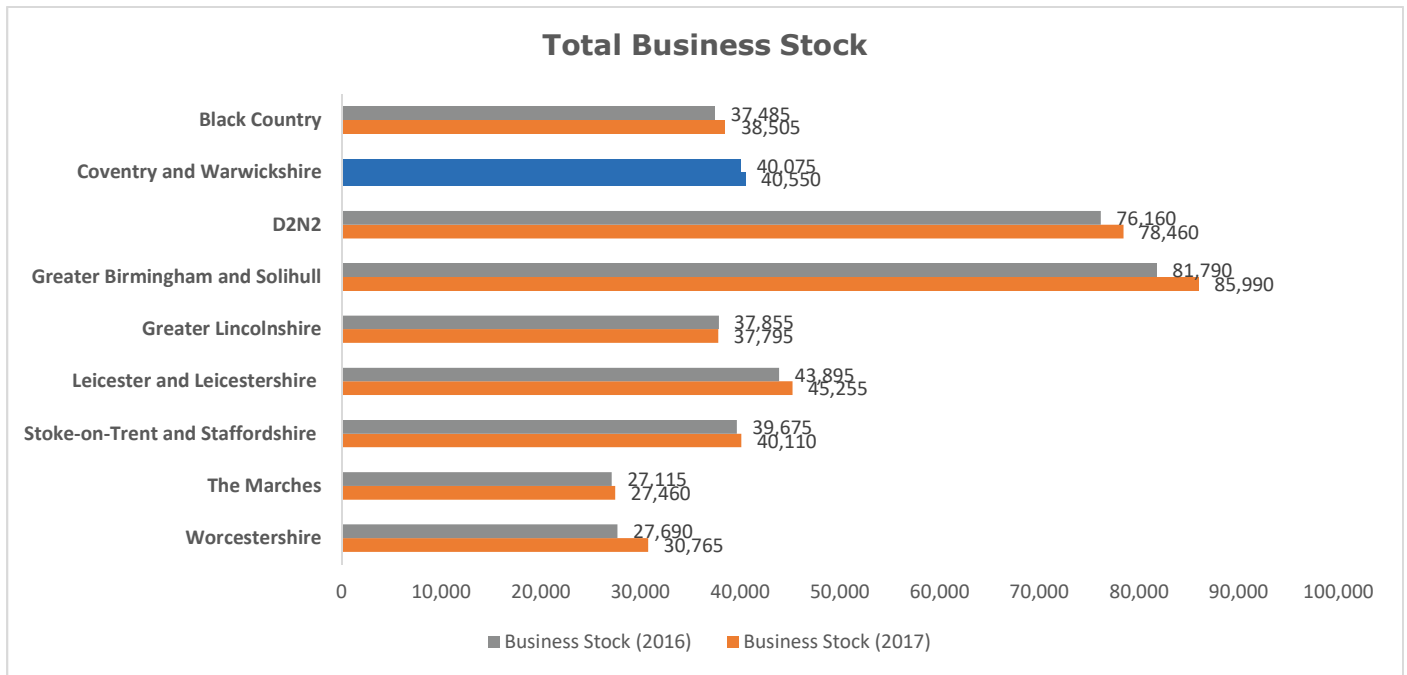


Figure 13 Source: ONS Business Demography (2018)

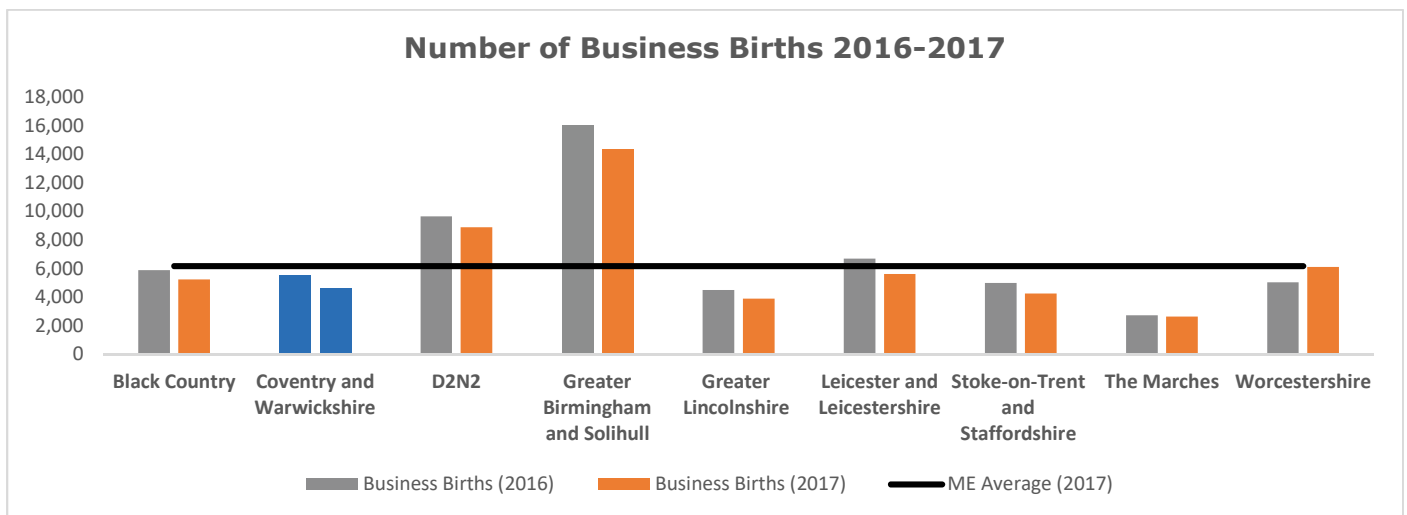


Figure 14 Source: ONS Business Demography (2018)

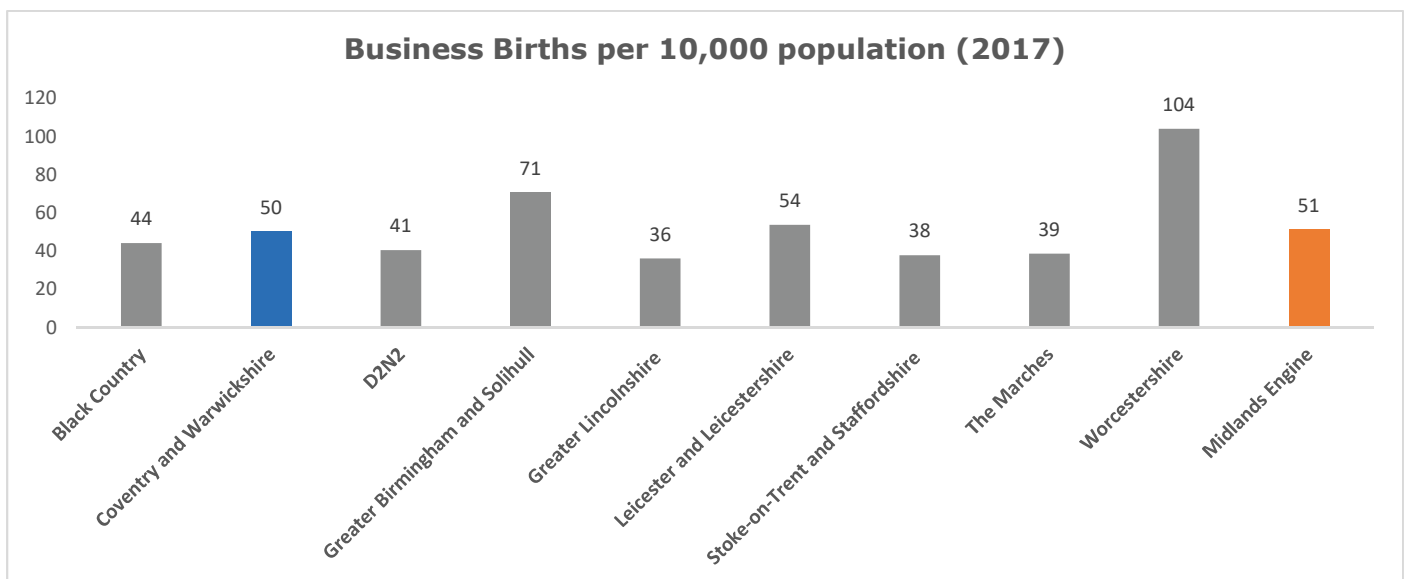


Figure 15 Source: ONS Business Demography (2018)

**Proportion of Start-ups Generating £1m+ Revenues after 3 Years in the UK (2017)**

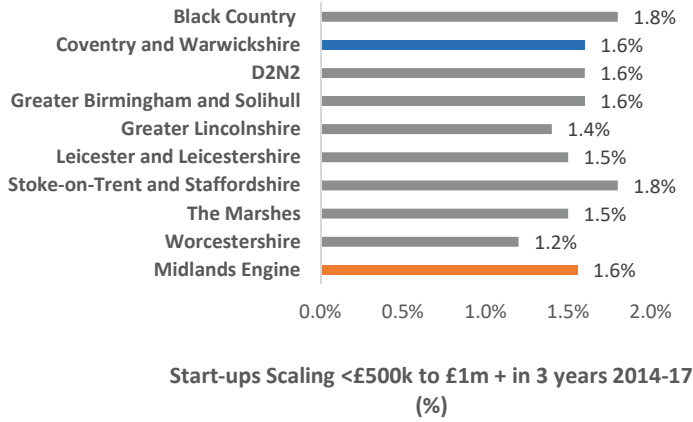


Figure 16 Source: Enterprise Research Centre UK Local Growth Dashboard, 2018

**Firms (born<2013) turnover £1-2m in 2014 and reaching £3m+ in 2017 in the UK**

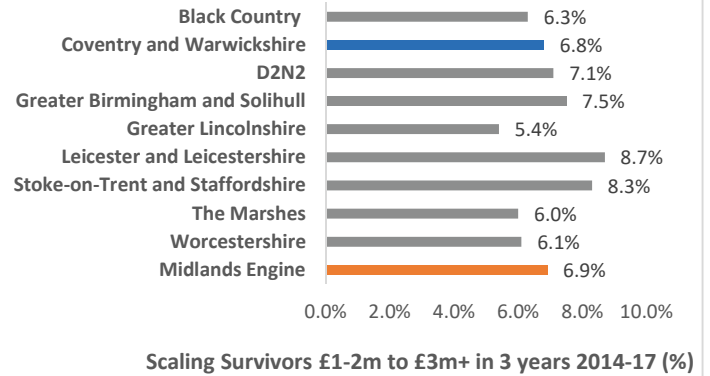


Figure 17 Source: Enterprise Research Centre UK Local Growth Dashboard, 2018

**Jobs by broad sector (%)**

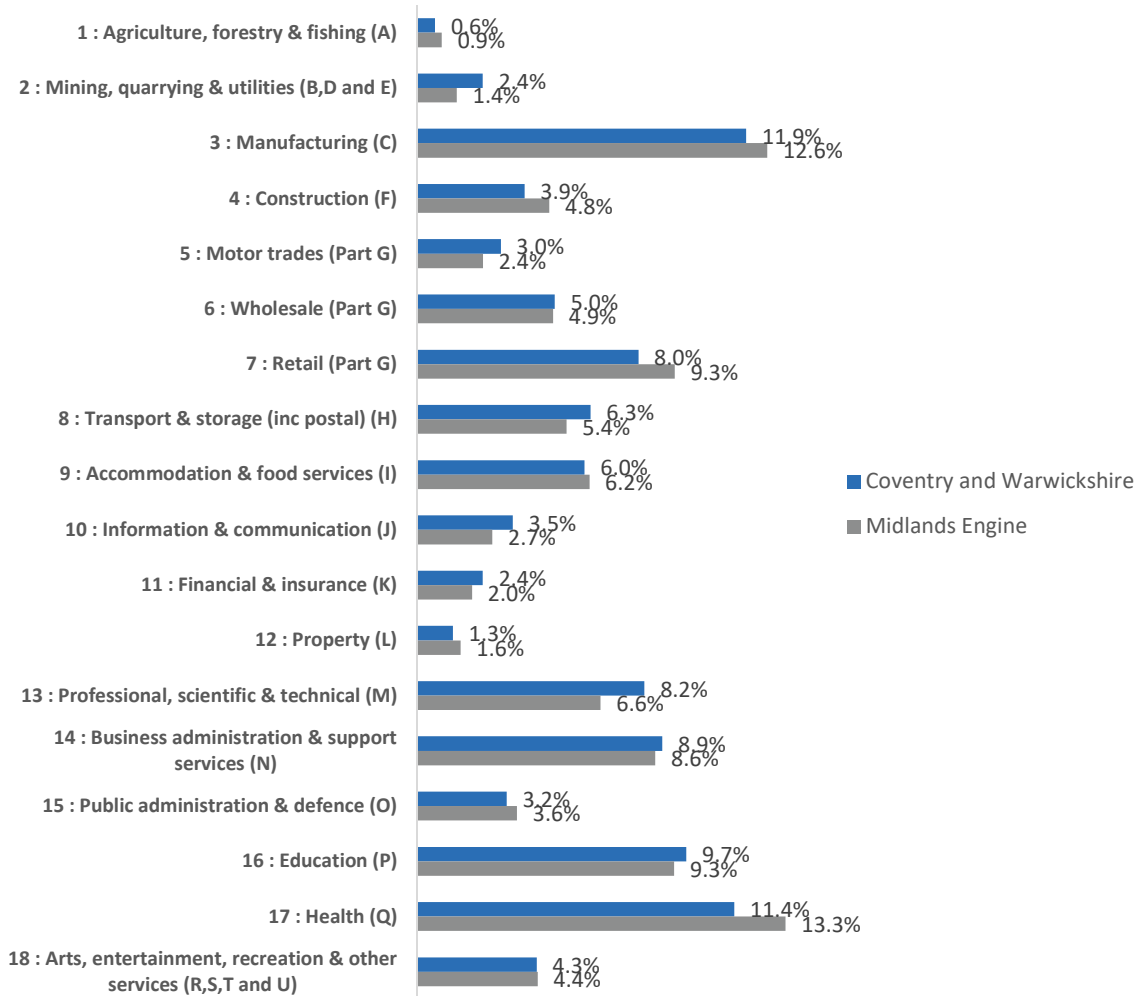


Figure 18 Source: Business Register and Employment Survey (2019)

## Assets

Figure 18 outlines jobs by broad sector in 2018. It indicates that Coventry and Warwickshire exceeds the Midlands Engine average in terms of the number of jobs in several sectors including the Professional, scientific and technical sector (8.2% of jobs compared to the Midlands Engine average of 6.6%), the Information and Communication sector (3.5% compared to 2.7%), and the Transport and Storage sector (6.3% compared to 5.4%).

Figure 16 shows that Coventry and Warwickshire LEP is in line with the Midlands Engine in that 1.6% of start-ups are earning £1million+ within 3 years, being the average within the Midlands Engine. This demonstrates that business success levels are average compared to the rest of the Midlands Engine. The timespan for the data crosses Brexit and so business success levels may have been affected by sensitivities to Brexit. Figure 17 indicates that firms can then continue and develop this success with 6.8% of firms born before 2013 earning between £1million and £3million by 2017, in line with the Midlands Engine average of 6.9%.

The Coventry and Warwickshire Growth Hub established in 2014 delivers all the key CWLEP business support schemes utilising, for example, Local Growth funds and ERDF, providing a wide range of practical and strategic advice for business growth, including access to finance, premises, grant applications, exporting and marketing strategies, managed through a network of Account Managers and Business Navigators.

## Barriers and Challenges

Figure 14 demonstrates the number of business births in 2016 and 2017. In 2017, there were 50 business births per 10,000 population as shown in Figure 15. Whilst in 2017 the number of business birth per 10,000 population was only marginally below the Midlands Engine average, it was considerably below the birth rate in other LEPs such as Greater Birmingham and Solihull and Worcestershire. This suggests that there is potential to prioritise attracting new businesses into the area. However, it should be caveated that much of the increase in business births in Worcestershire and Greater Birmingham and Solihull is likely to be related to a management company in Bromsgrove registering large numbers of businesses at a single address, this error will be corrected in the next data from ONS. Given that Worcestershire LEP area has the smallest population in the Midlands Engine, the impact of this company on the overall number of business births per 10,000 of the population is likely to be high. It should also be pointed out that Birmingham also benefits from agglomeration and conglomerations effects.

## Opportunities

Important opportunities to improve the business environment in Coventry and Warwickshire exist stem from the Midlands Engine [Business Investment Fund](#). The Fund aims to provide sustainable new business start-ups and business expansions, creating at least 97 new jobs for the local economy by 2020 and creating £11.2 million in GVA within Coventry and Warwickshire.

The Coventry and Warwickshire Growth Hub was invited to lead the West Midlands Growth Hub Cluster, on support for Brexit readiness preparation and support, particularly for those, mainly SMEs that were feared to be unprepared. A huge data capture exercise, giving valuable business insight and intelligence is providing a valuable evidence base for future delivery of business resilience support and growth, both nationally by feeding this back to Government but also very practically, locally, expanding engagement and active involvement of many more regional businesses including rural enterprises.

Opportunities also exist through the Coventry and Warwickshire Green Business programme to support businesses with fewer than 250 employees based in the area who want to save money on energy, waste and water bills and maximise low carbon opportunities. Support available includes grants and free

energy and resource efficiency audits to help identify where energy, water and waste savings can be made, as well as low carbon product development.

Opportunities for future growth in Coventry and Warwickshire will be delivered through the West Midlands Local Industrial Strategy. In particular, the strategy identifies new market opportunities and sectoral strengths.



West Midlands Combined Authority (2019)

**Case Study: Venture House**

Venture House Business Centre, in the heart of Stratford-upon-Avon provides flexible and innovative co-working, office and meeting spaces to new and growing businesses. The Centre aims to provide the type of facilities and services that entrepreneurs and new businesses just starting out want and need. It also supports micro-businesses making their first move into commercial premises and more established businesses in need of short-term office space as well as homeworkers and university students needing flexible workspace.

Situated close to the town centre and major road and rail networks, Venture House offers free business advice and support, workshops and networking, a staffed reception, free on-site parking and a secure cycle shed, Wi-Fi, refreshment facilities, a Chill Zone and lockers.

Part-funded by Local Growth Funds, a vacant, redundant council building was transformed into a 244m2 state-of-the-art facility for new micro business start-ups – for incubation, growth, innovation, training, conferencing and meetings.

**Going Forward**

Coventry and Warwickshire LEP will continue to build on and further develop the recognised strength of the Coventry and Warwickshire Growth Hub, leading the West Midlands cluster to support businesses with Brexit readiness and resilience. The Growth Hub will continue to engage in highly effective collaboration with Coventry Chamber of Commerce, the FSB, local authority inward invest teams in Coventry and in Warwickshire, to attract inward investment, support business incubation and start-ups (for example, with the Coventry University Technology Park and the University of Warwick’s multi-site Science Park), business growth and relocation to the region.

Coventry and Warwickshire LEP are leading in the West Midlands on the Local Industrial Strategy on the development of sector action plans for Automotive and Logistics/Transport Technologies, as integral to the Future of Mobility market opportunity, and contributing significantly to the development of Creative and Tourism sector action plans.

A key objective for the Coventry and Warwickshire LEP is to facilitate a growth rate of 3.3% per annum to remove output gap by 2030 and a GVA per annum increase of £15.823bn by 2030 ([CWLEP Annual Delivery Plan, April 2019 – March 2020](#)).



Venture House, Stratford-upon-Avon



 **PLACE**



**79.1%  
URBAN  
POPULATION**



**21/38  
LEP AREAS IMD  
AVERAGE RANK**



**1.6 MILLION  
VISITOR TRIPS**



**3.5 MILLION  
VISITOR  
NIGHTS**

The Place Foundation within the Industrial Strategy aims to create prosperous communities across the UK, as competitive cities, towns and rural areas are crucial to shaping the UK’s economic future. It acknowledges that whilst the UK has world-leading businesses across the UK, greater disparities in regional productivity exist than in other European countries, shaping people’s pay, work opportunities and life chances.

Key policies introduced to support delivery of the Place Foundation include:

- The requirement for Local Enterprise Partnerships and Mayoral Combined Authorities to agree Local Industrial Strategies, which build on local strengths to deliver on economic opportunities.
- Establishing the Transforming Cities fund providing £1.7 billion to support intra-city transport projects driving productivity by improving connections within city-regions.
- The piloting of a £42 million Teacher Development Premium to test the benefits of a £1000 budget supporting the professional development of teachers working in areas that are struggling.

This Foundation connects to the other Foundations in terms of improved skills, better-connected infrastructure, strengthened cultural assets and identification of suitable land for housing growth across the country. The Coventry and Warwickshire area benefits from having a competitive business environment as evidenced in the area having the highest Competitive Index score in the Midlands Engine in 2019. However, visitor spending and the number of visitor stays are low when compared to the value and number of visits in the other Midlands Engine LEPs. There is an opportunity to change this however by boosting both national and international tourism in the local area when Coventry is the UK City of Culture in 2021.

**RURAL POPULATION**

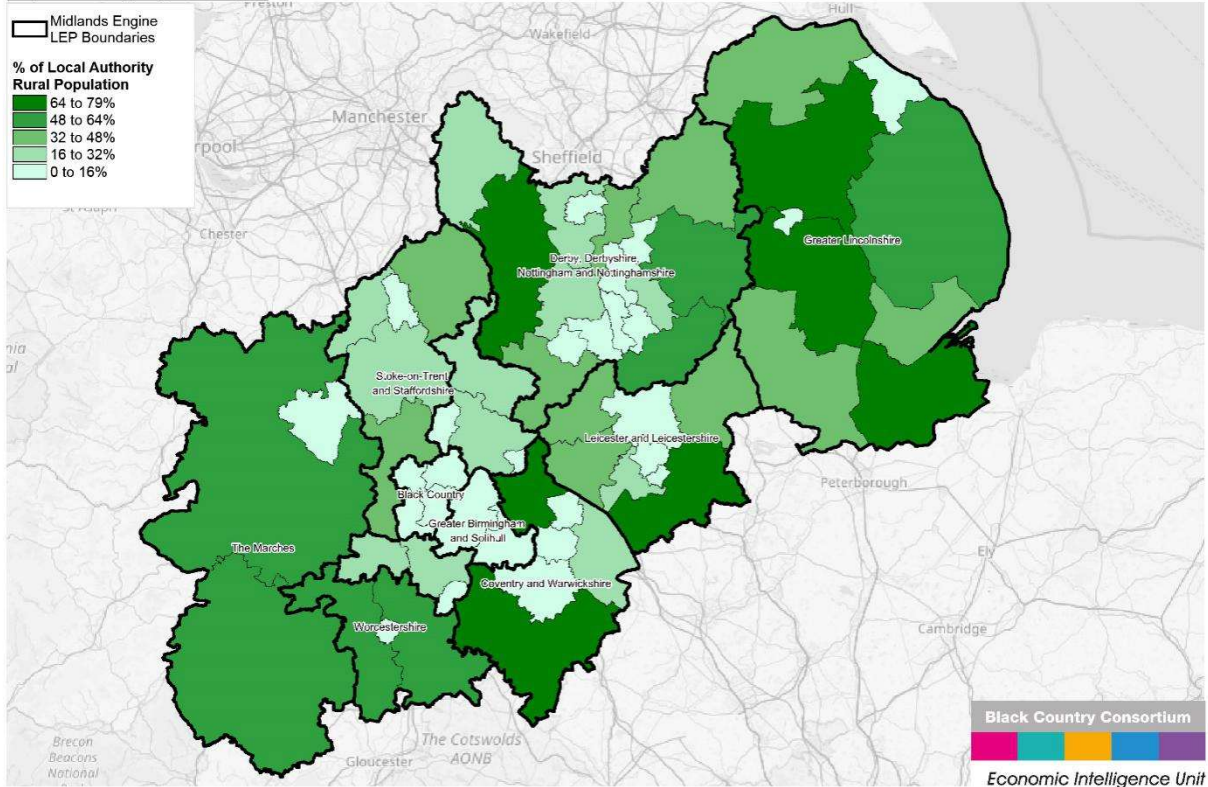


Figure 19  
Source:  
Huggins et al (2019)

This map shows the distribution of people classified as “rural” within each local authority – i.e. the darkest shading is “where most of the farmers live” in a local authority area.

**INDICES OF MULTIPLE DEPRIVATION**

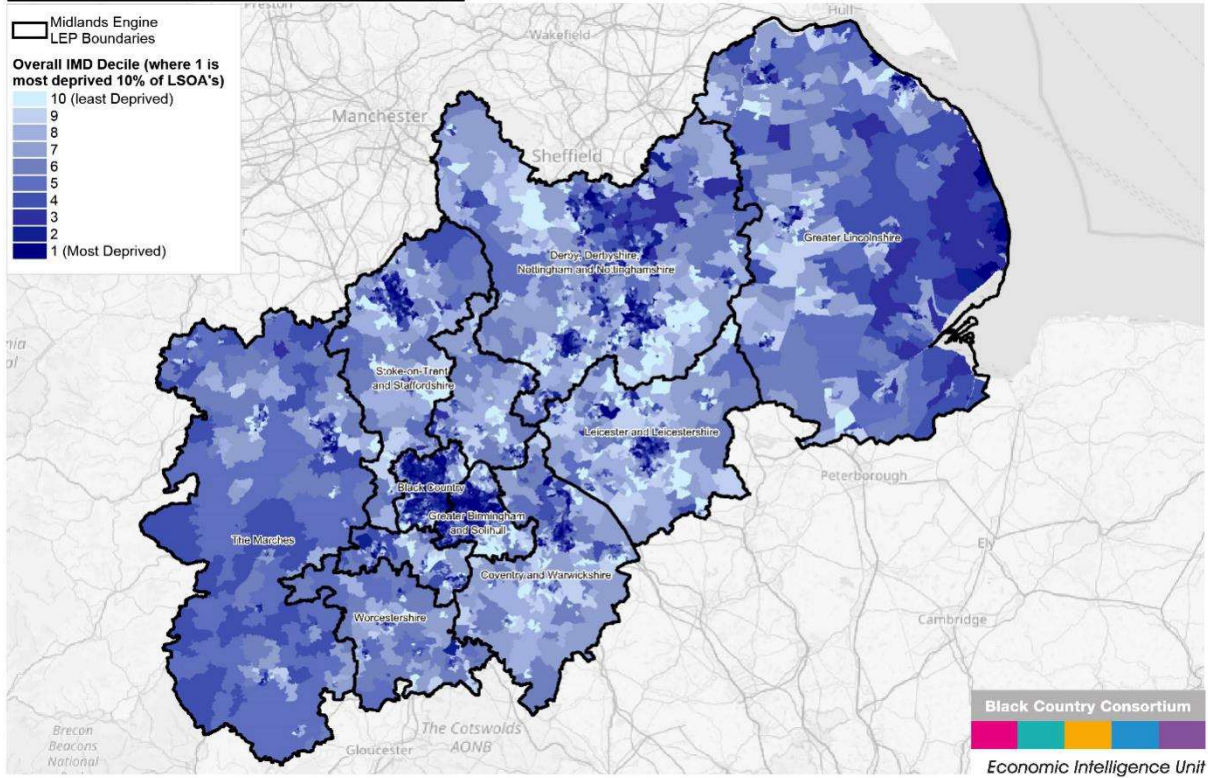


Figure 20  
Source:  
Gov.uk (2011)



**UK COMPETITIVENESS INDEX**

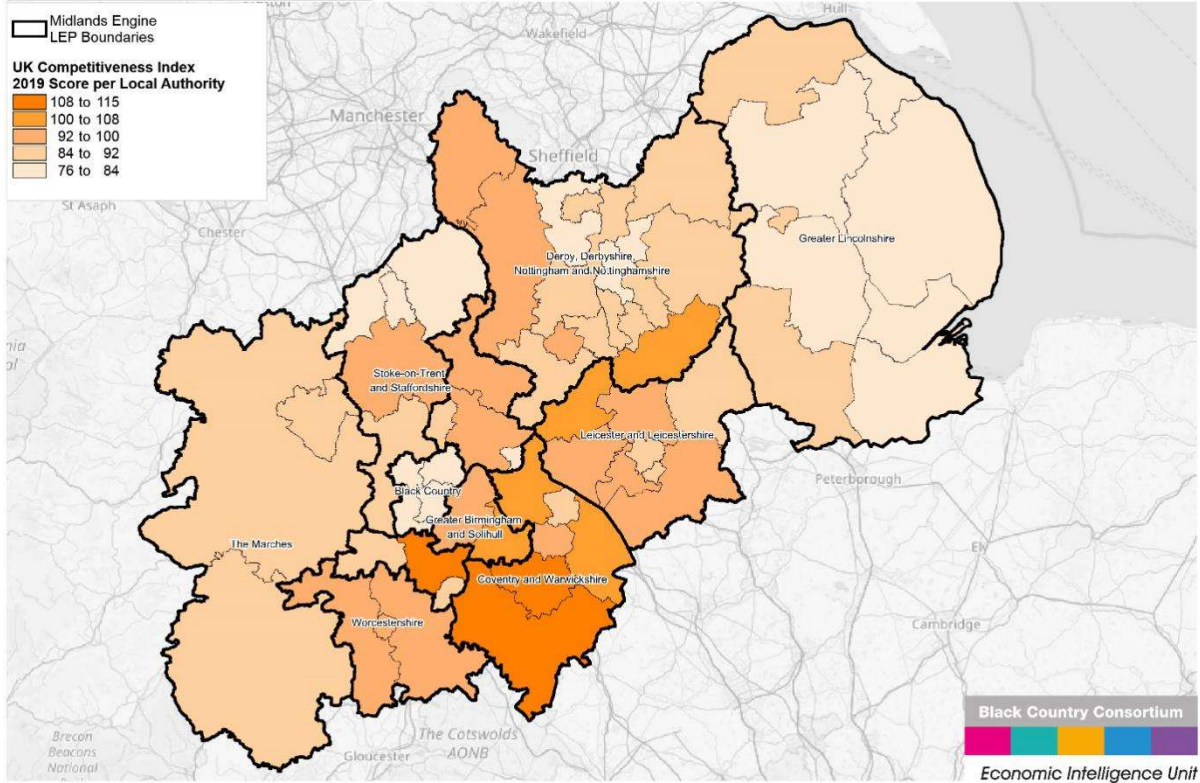


Figure 21  
Consumer Data Research Centre (2017)

The UKCI benchmarks the competitiveness of the UK’s localities based on an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals.

**INDEX OF ACCESS TO HEALTH ASSETS AND HAZARDS - PHYSICAL ENVIRONMENT**

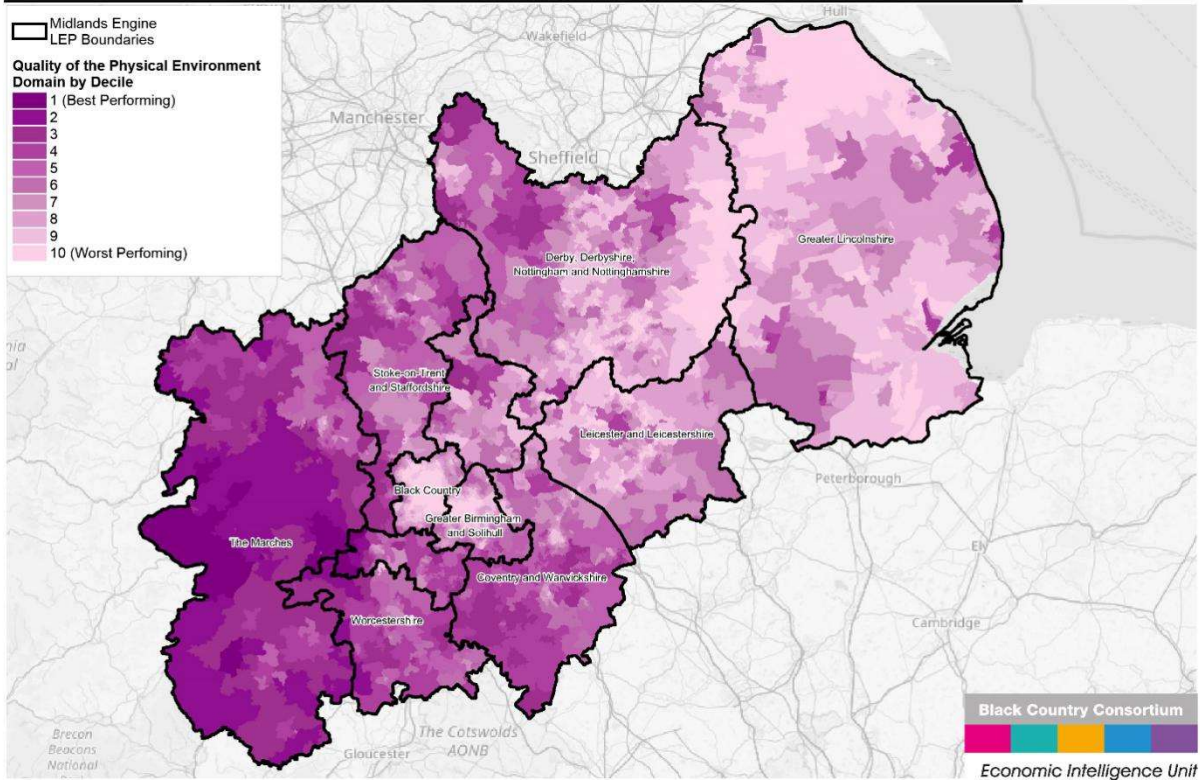
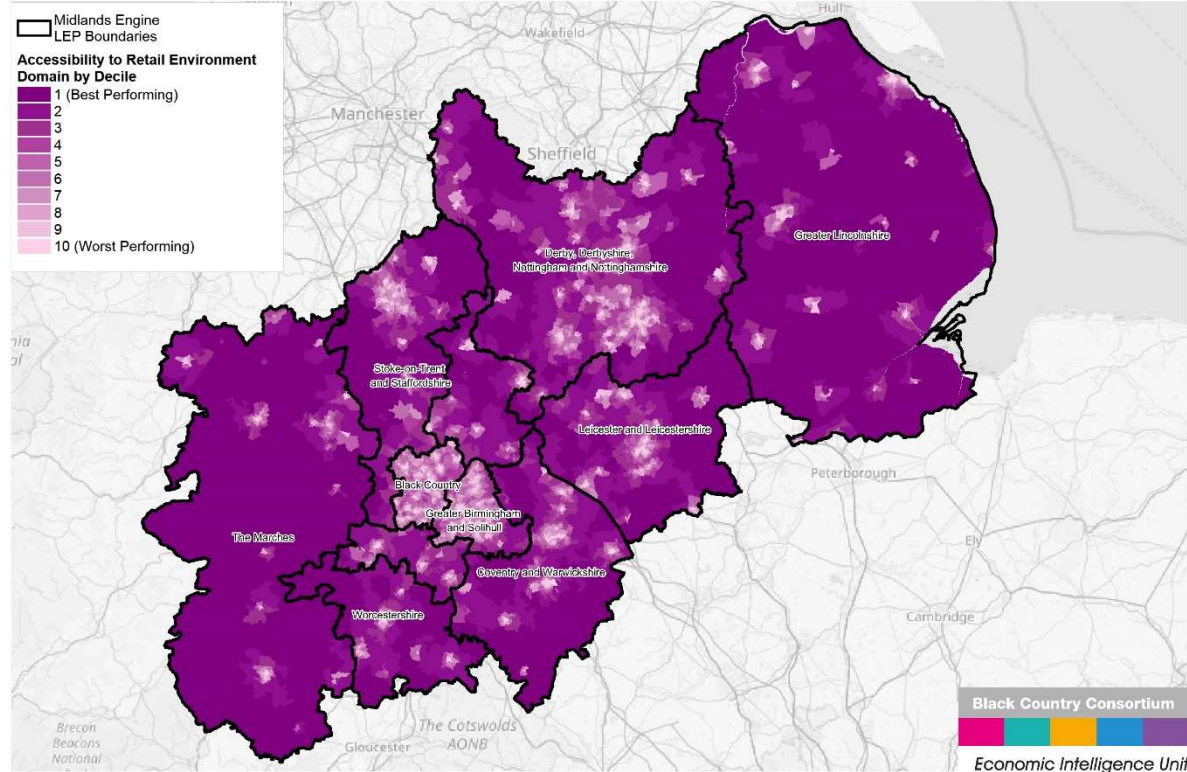


Figure 23  
Source: Gov.uk (2015)

The Index of ‘Access to Health Assets and Hazards’) measures how ‘healthy’ neighbourhoods are. The domain of physical environment relates to the presence of green space and three air pollutants.

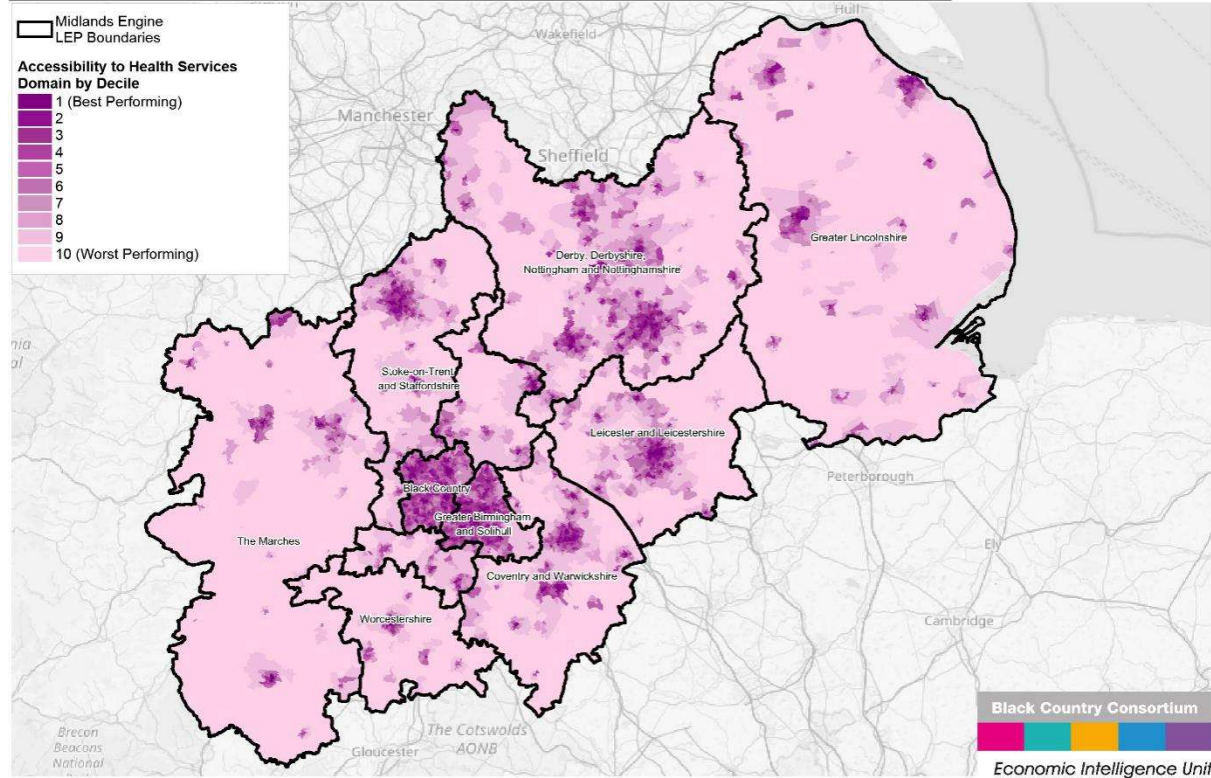
**INDEX OF ACCESS TO HEALTH ASSETS AND HAZARDS - RETAIL ENVIRONMENT**



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The domain of accessibility for Retail Environment relates to specifically access to fast food outlets, pubs, off-licences, tobacconists and gambling outlets. A healthy area perspective better / more access would equate to worse score.

**INDEX OF ACCESS TO HEALTH ASSETS AND HAZARDS - HEALTH SERVICES**



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Figure 25  
Source: Gov.uk k  
(2015)

The domain of Health services relates to access to GPs, hospitals, pharmacies, dentists and leisure services.

INDEX OF ACCESS TO HEALTH ASSETS AND HAZARDS

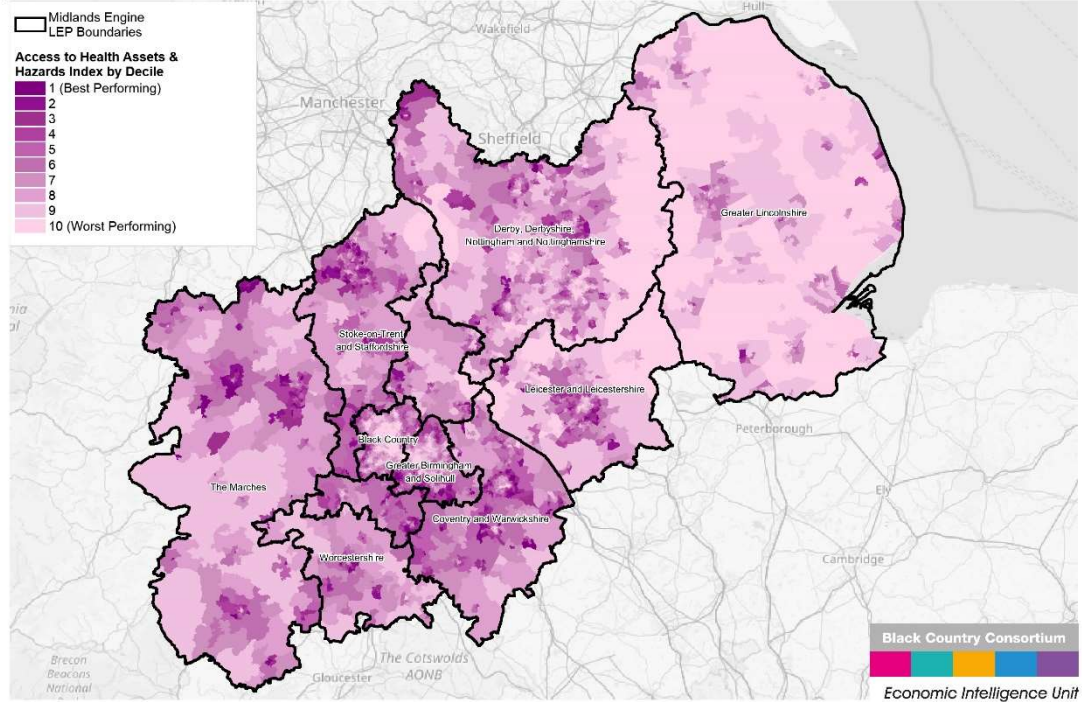


Figure 25  
Source: Gov.uk (2015)

This graph shows the overall multi-dimensional index score for each area in the Access to Health Assets and Hazards Index, combining the indicators under the three different domains of accessibility shown above: retail environment, health services and physical environment.

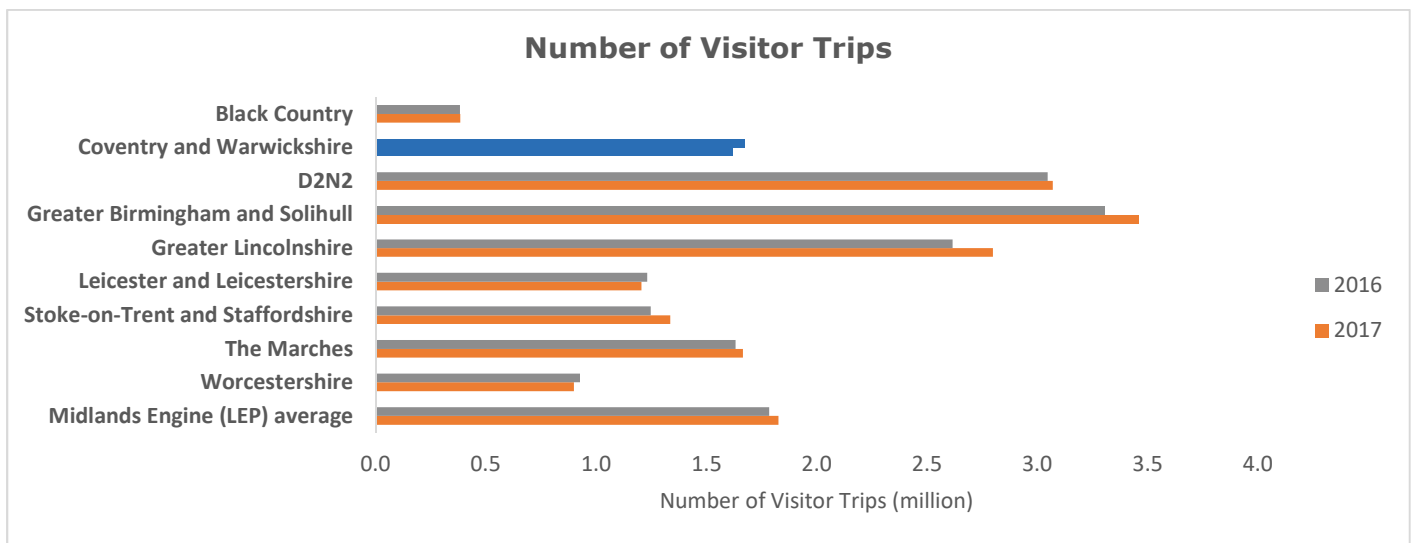


Figure 26 Source: Visit Britain: Great Britain Tourism Survey (2018)

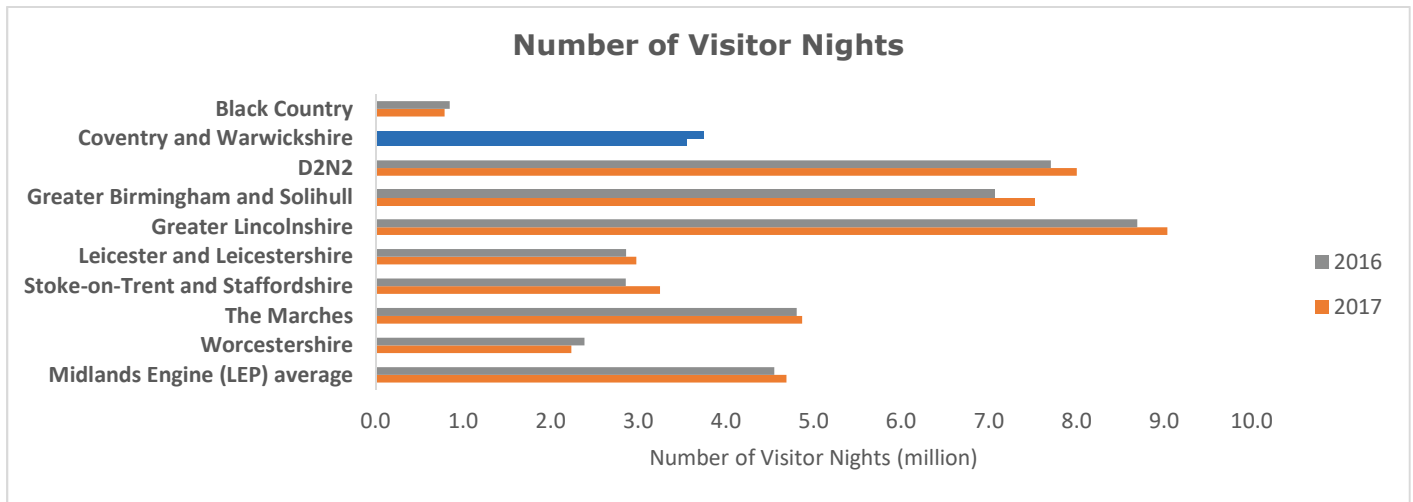


Figure 27 Source: Visit Britain: Great Britain Tourism Survey (2018)

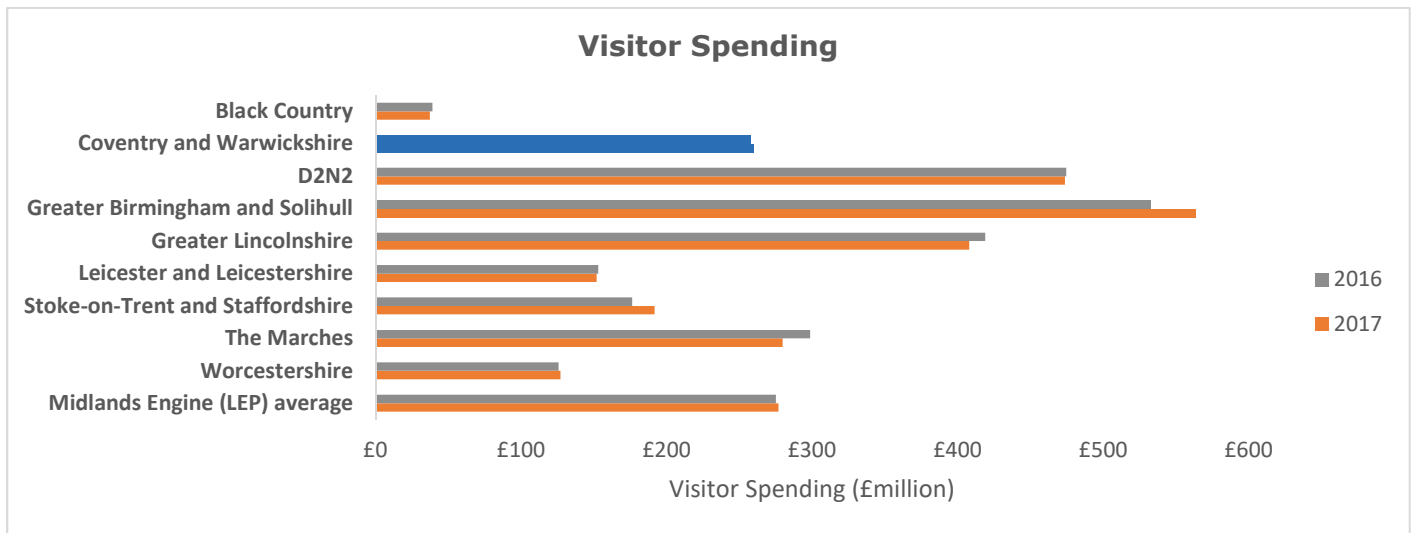


Figure 28 Source: Visit Britain: Great Britain Tourism Survey (2018)

**Number of dwellings started and completed 2017-2018**

	Dwellings started				Dwellings completed			
	Private Enterprise	Housing Associations	Local Authority	All	Private Enterprise	Housing Associations	Local Authority	All
Black Country	1890	190	130	2210	2890	200	90	3160
<b>Coventry and Warwickshire</b>	<b>2530</b>	<b>900</b>	<b>0</b>	<b>3390</b>	<b>2680</b>	<b>930</b>	<b>0</b>	<b>3570</b>
D2N2	4910	680	30	5630	4580	620	200	5410
Greater Birmingham and Solihull	3230	910	30	4170	2940	820	50	3780
Greater Lincolnshire	2980	420	20	3390	2250	420	20	2700
Leicester and Leicestershire	2540	560	0	3140	2770	700	0	3440
Stoke-on-Trent and Staffordshire	2980	670	0	3640	2600	610	10	3180
The Marches	2470	440	60	2970	2220	310	90	2590

Figure 29 Source: Gov.uk (2019)

**Assets**

The UK Competitiveness Index which benchmarks the competitiveness of the UK’s cities and Local Enterprise Partnerships based on a measure integrating both the development and sustainability of businesses and the economic welfare of individuals, shows that Coventry and Warwickshire is competitive in the Midlands Engine. Coventry and Warwickshire is the Midlands Engine LEP area with the highest UKCI score in 2019 (100.0) with Worcestershire close behind at (97.2). By contrast, London had the highest LEP score (128.5) and Cornwall and Isles of Scilly the lowest (81.3). Coventry and Warwickshire LEP area therefore, has a very high UKCI score both nationally and regionally demonstrating that the LEP contributes strongly to the Midlands Engine through providing a thriving business environment within the LEP.

Figure 25 suggests Coventry and Warwickshire benefits from a high quality of physical environment compared to other areas such as Greater Lincolnshire, a factor which can be highly important in terms of attracting visitors and residents to the area. The area boasts the city of Coventry, a number of historic and distinctive market towns including Leamington Spa, Nuneaton, Rugby, Stratford-upon-Avon and Warwick, in addition to cultural, heritage and leisure assets, large rural areas and attractive green spaces.

Figure 29 shows that Coventry and Warwickshire has the third highest number of dwellings completed.

**Barriers and Challenges**

From Figures 28 and 29, it is clear that compared to other areas within the Midlands Engine both the number of visitor nights and the level of spending by visitors in Coventry and Warwickshire is just below the Midlands Engine average. Greater Lincolnshire for instance saw an average of nine nights per stay by visitors in both 2016 and 2017 compared to the average of four nights in Coventry and Warwickshire. Visitor spending was £260 million in Coventry and Warwickshire between 2016 and 2017 compared to Lincolnshire’s £419 million and over £500 million in Greater Birmingham and Solihull.

This is slightly below the Midlands Engine LEP average of £563 million but considerably below the spending in other neighbouring LEP areas such as Birmingham and Solihull and D2N2.

The 2015 [Coventry and Warwickshire Employment Land Use Study](#) identified a significant shortfall of employment land required in the area to meet forecast demand up to 2031. However, it should be noted that the report mentions that this estimate will change based on the economy and other factors. Given

that the report was written before Brexit existed, the estimates are likely above what is needed, particularly given the main sectors in Coventry and Warwickshire LEP area.

### Opportunities

Whilst it is clear from Figures 27 and 28 that the number of visitor trips per year is low (1.6 million) in 2017 compared to the number of trips made to other LEPs in the Midlands Engine such as, Greater Birmingham and Solihull (3.5 million visits per year), there is an opportunity to improve on this with Coventry and Warwickshire LEP winning city of Culture 2021. Following the award of City of Culture 2017 to Hull in 2013, the city saw a 14% increase in hotel occupancy and a 17% increase in train journeys between 2013 and 2017. For 2021, [Coventry City of Culture Trust](#) is projecting 2.5 million visitors, a 20% increase in visitor spend and an increased contribution of the creative industries from 3.57% of total GVA to 5%.

The Coventry and Warwickshire area will also be part of the [West Midlands Future Mobility Zone](#). Following a £20 million funding announcement, the area will pioneer innovative new transport schemes to make journeys quicker, cheaper and cleaner and potentially draw on strong clusters of R&D intensive firms, especially automotive industries, as they take advantage of new technological innovations. This has the potential to play an important role in increasing people's ability to visit the area, thus increasing tourism.

Other opportunities relate to major regeneration schemes in the region including the £200m Coventry City Centre South regeneration scheme, a major retail, leisure and residential development planned in the southern half of Coventry City Centre. The 560,000 ft<sup>2</sup> complex includes shops, restaurants and a cinema, adjacent to the UK's biggest wave pool in the new water park and health spa, [The Wave](#), transforming city living.

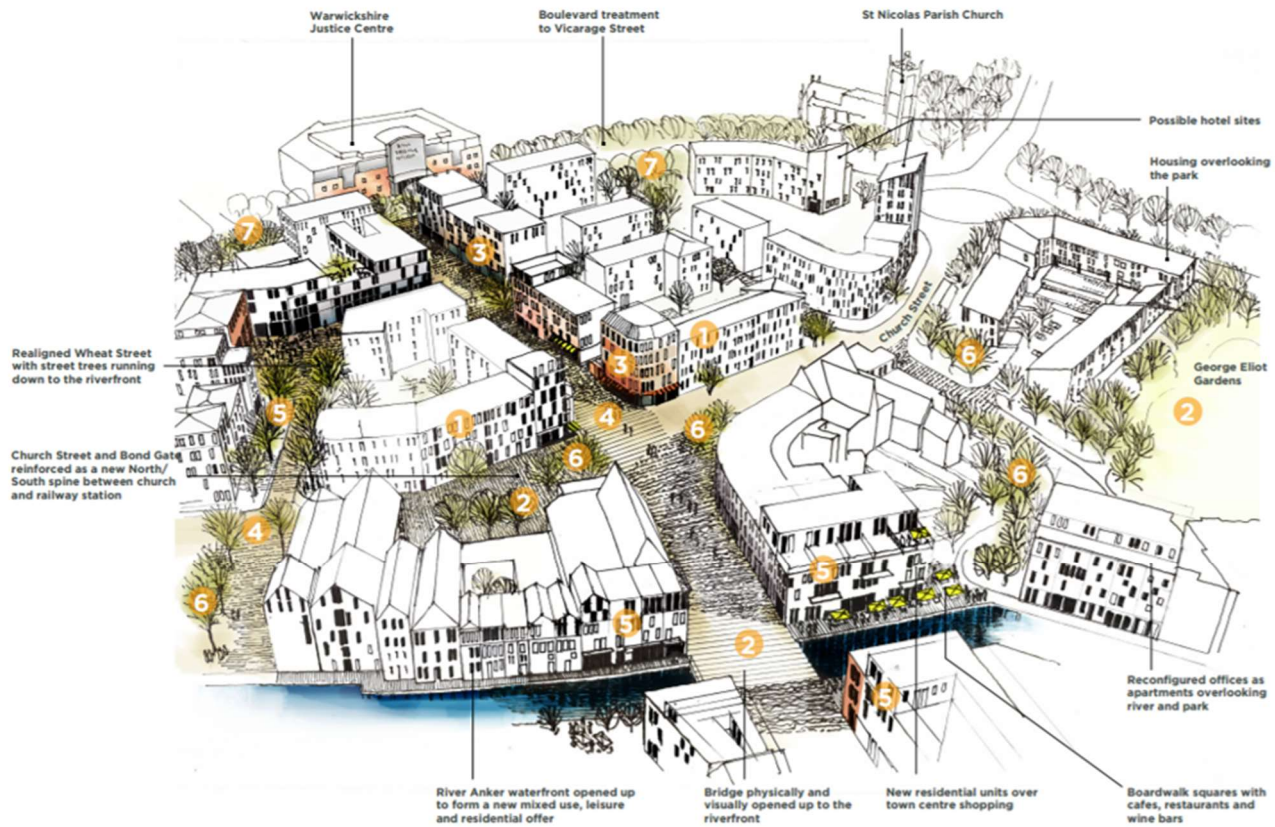
### Going Forward

CWLEP will continue to champion innovative and inclusive development within all its communities, including focussing on strategic packages of integrated, collaborative projects that will transform high streets and towns across Warwickshire. For example, the [Transforming Nuneaton](#) initiative will see development of:

- a thriving cultural and leisure offer (cinema and restaurants),
- a residential offer in the town centre (with excellent connections to employment and leisure opportunities),
- a new economic base for business from the growth at Horiba-MIRA and Bermuda Park employment site
- new and improved rail links to enhance connectivity in the North-South Corridor (NUCKLE). This includes direct links to Birmingham, London, Manchester and Leicester.

The CWLEP will continue to unlock the region's growth potential through identifying and developing new employment and housing sites and support the growth of the culture and tourism sector, key to delivering the [West Midlands Regional Tourism Strategy](#) and seeking a major role on the bid for status as a regional Tourism Zone to extend the season, increase international business events and visitor stays, and translate good practice and experience from existing major internationally recognised attractions (e.g. [Shakespeare's Stratford](#) and [Warwick Castle](#)) to re-develop and enhance venues in other parts of the region e.g. [George Eliot Museum in Nuneaton](#).

A key objective for the CWLEP is to ensure the provision of 75,000-76,000 homes by 2030 ([CWLEP Annual Delivery Plan, April 2019 – March 2020](#)).



**Coventry and Warwickshire LEP area has two upper tier local authorities and five Warwickshire Districts:**

- **Coventry City Council – unitary authority**
- **Warwickshire County Council – upper tier authority covering**

North Warwickshire Borough Council

Nuneaton and Bedworth Borough Council

Rugby Borough Council

Stratford-on-Avon District Council

Warwick District Council

Hinkley and Bosworth Borough Council (Associate Member)



**Prepared on behalf of the Midlands Engine by:**



**UNIVERSITY OF BIRMINGHAM**

BIRMINGHAM BUSINESS SCHOOL



*Economic Intelligence Unit*



**NOTTINGHAM BUSINESS SCHOOL**  
NOTTINGHAM TRENT UNIVERSITY

**SQW**

