MIDLANDS ENGINE LEP PROFILES

Worcestershire LEP

October 2019

WORCESTERSHIRE LEP

Introduction

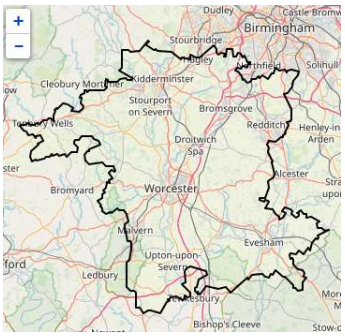
This document profiles the Worcestershire Local Enterprise Partnership (LEP) area, providing insight and data across key areas of the economy, namely through the five foundations of productivity outlined in the government's industrial strategy: Ideas, People, Infrastructure, Business Environment and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

Worcestershire

Worcester LEP is the second smallest LEP within the Midlands Engine at 174,051 hectares. It also has the smallest population of the Midlands Engine LEP areas (nearly 600,000). The LEP area stretches from Bromsgrove, Kidderminster and Redditch in the north, to Evesham in the east and the Malvern Hills in the south. The urban heart of the LEP is the beautiful and historic city of Worcester.

The LEP's vision for the County in 2040 is: "A connected, creative, dynamic economy for all" (2019 LIS Consultation Prospectus). The Worcestershire LEP is working to create 25,000 jobs, increase Gross Value Added (GVA) by £2.9bn and contribute towards the delivery of 21,500 new homes by 2025.

The LEP has identified the following sectors as having particularly strong potential for growth in Worcestershire: advanced manufacturing, cyber security and defence, and agri-tech/agri-food.

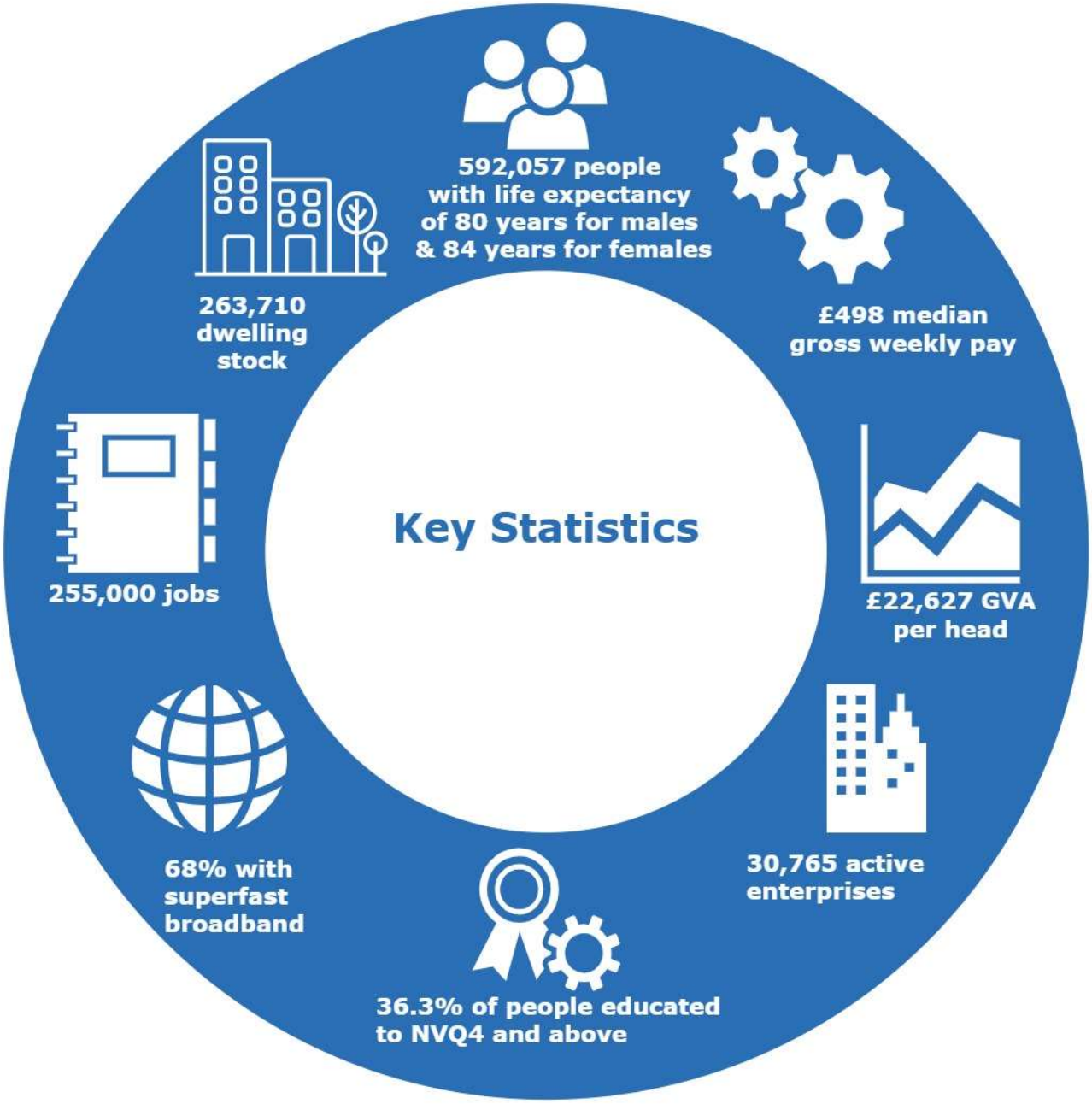


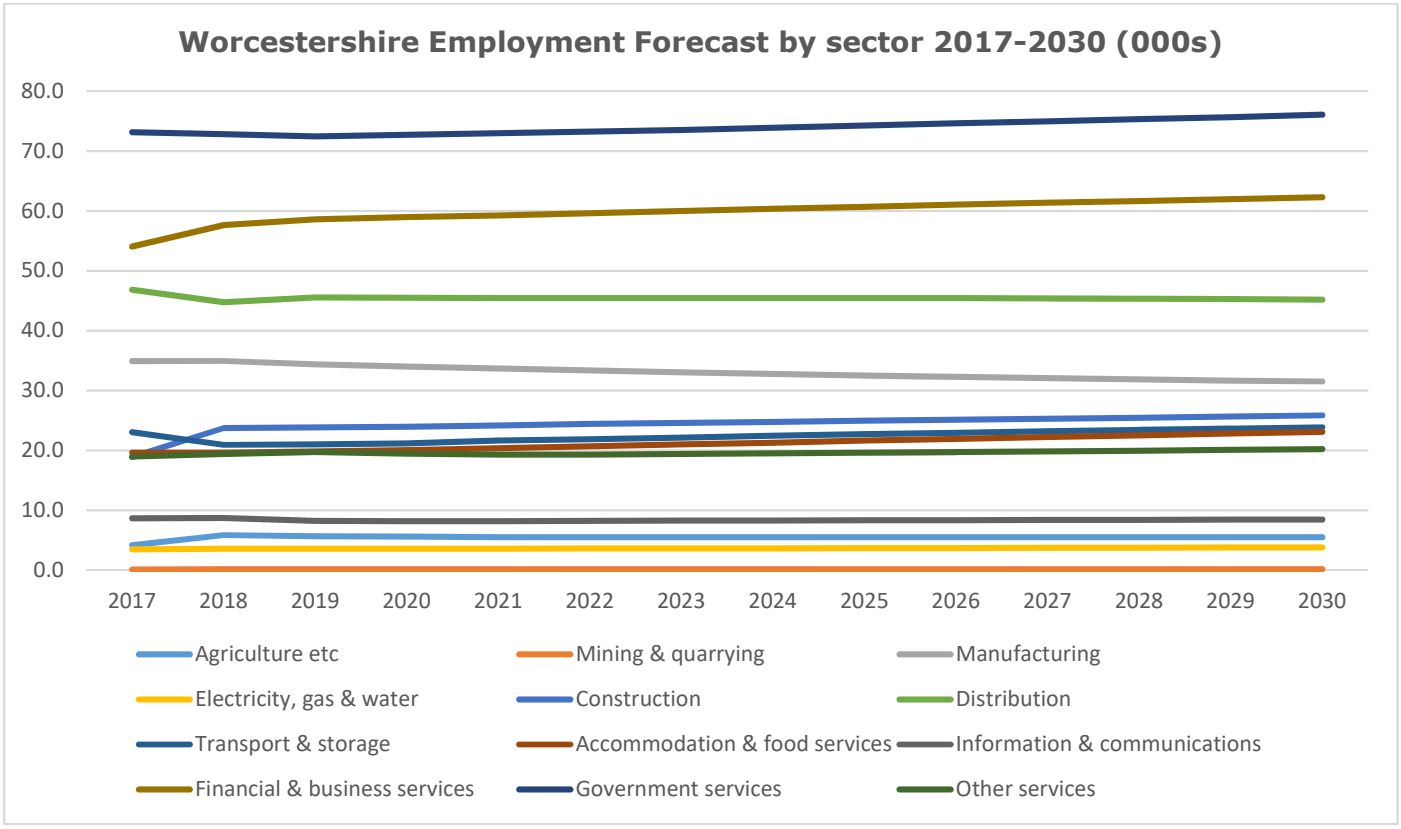
Source: NOMIS

Worcestershire
Local Enterprise Partnership

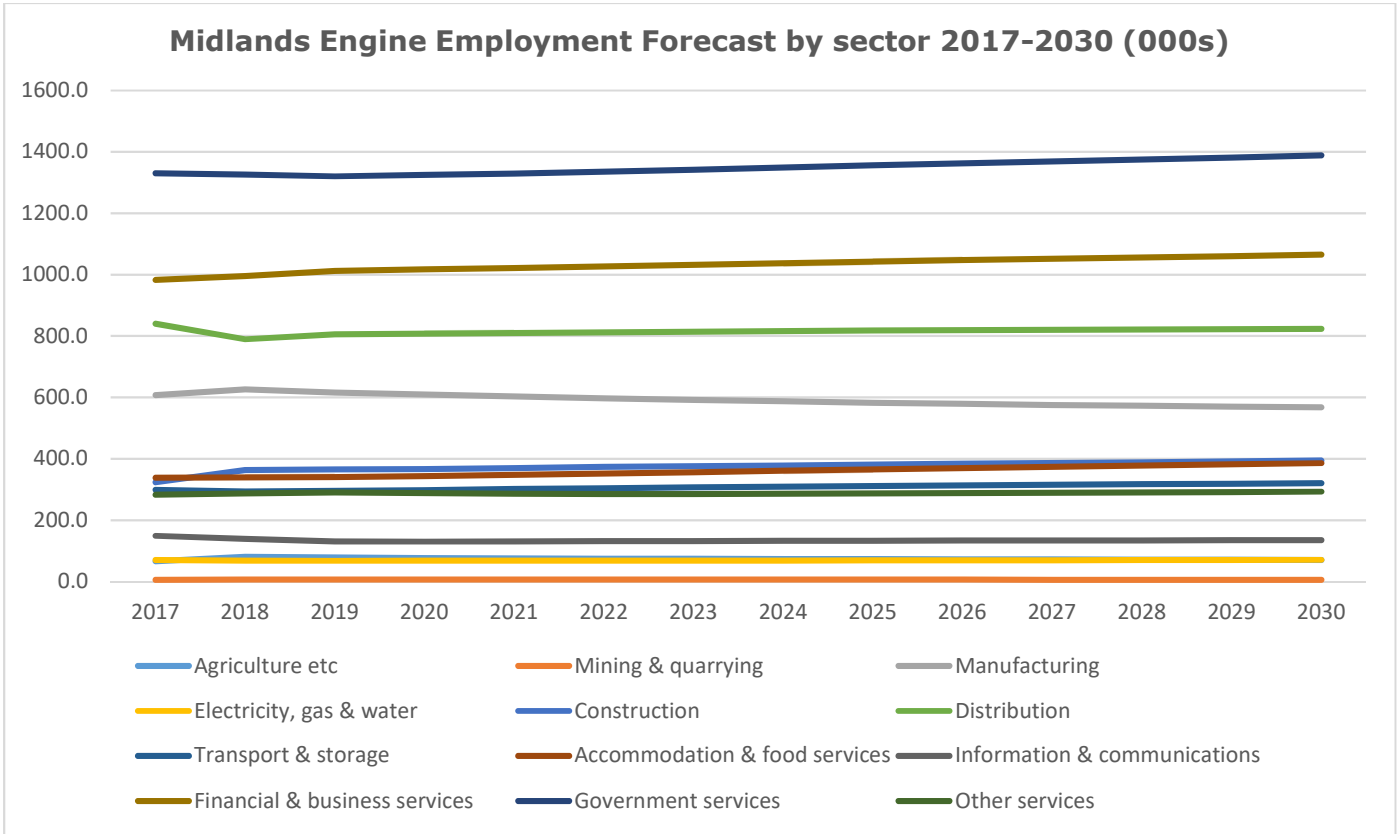
Contents

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 Worcestershire 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.

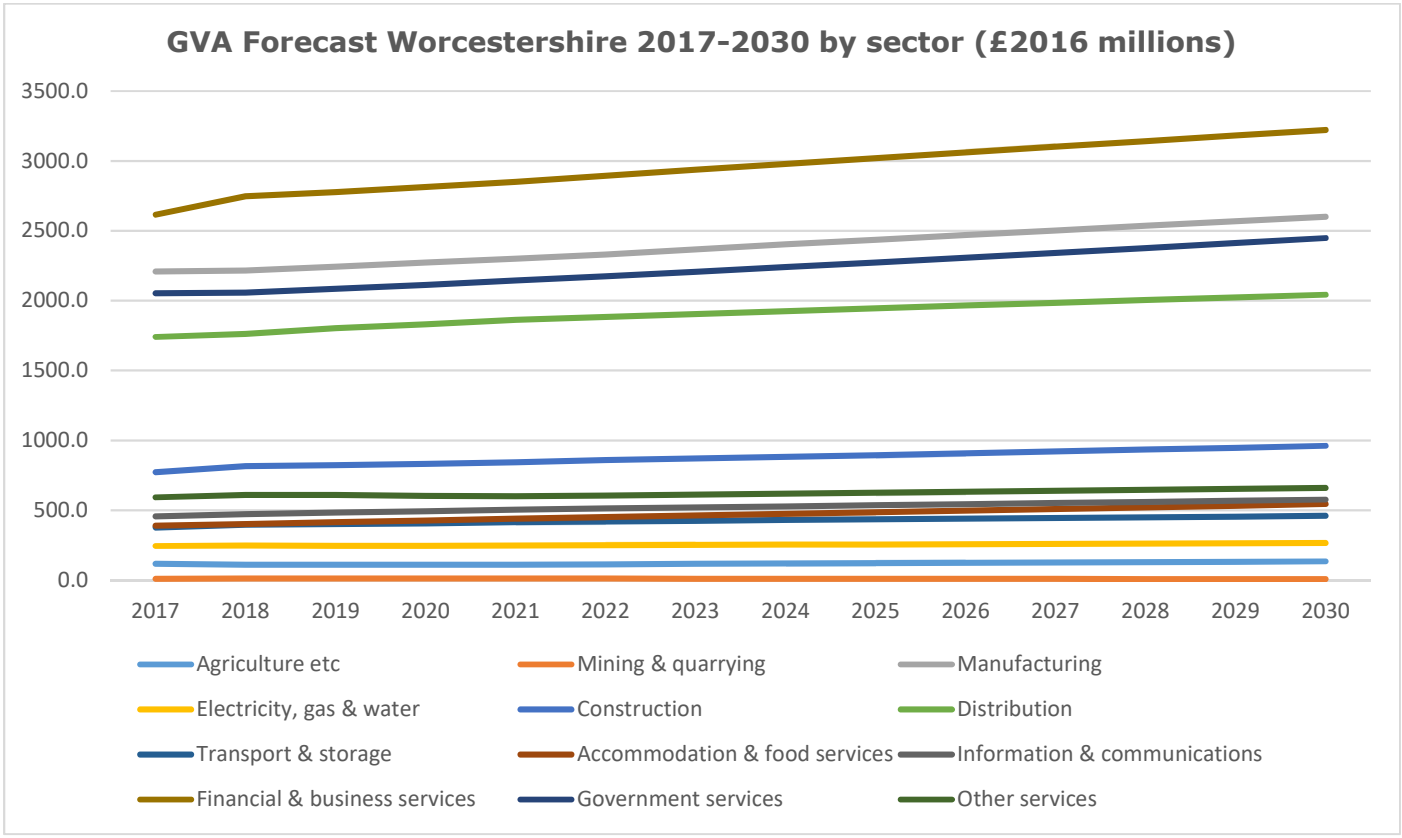

Key Statistics
592,057 people with life expectancy of 80 years for males & 84 years for females
£498 median gross weekly pay
£22,627 GVA per head
30,765 active enterprises
36.3% of people educated to NVQ4 and above
68% with superfast broadband
255,000 jobs
263,710 dwelling stock



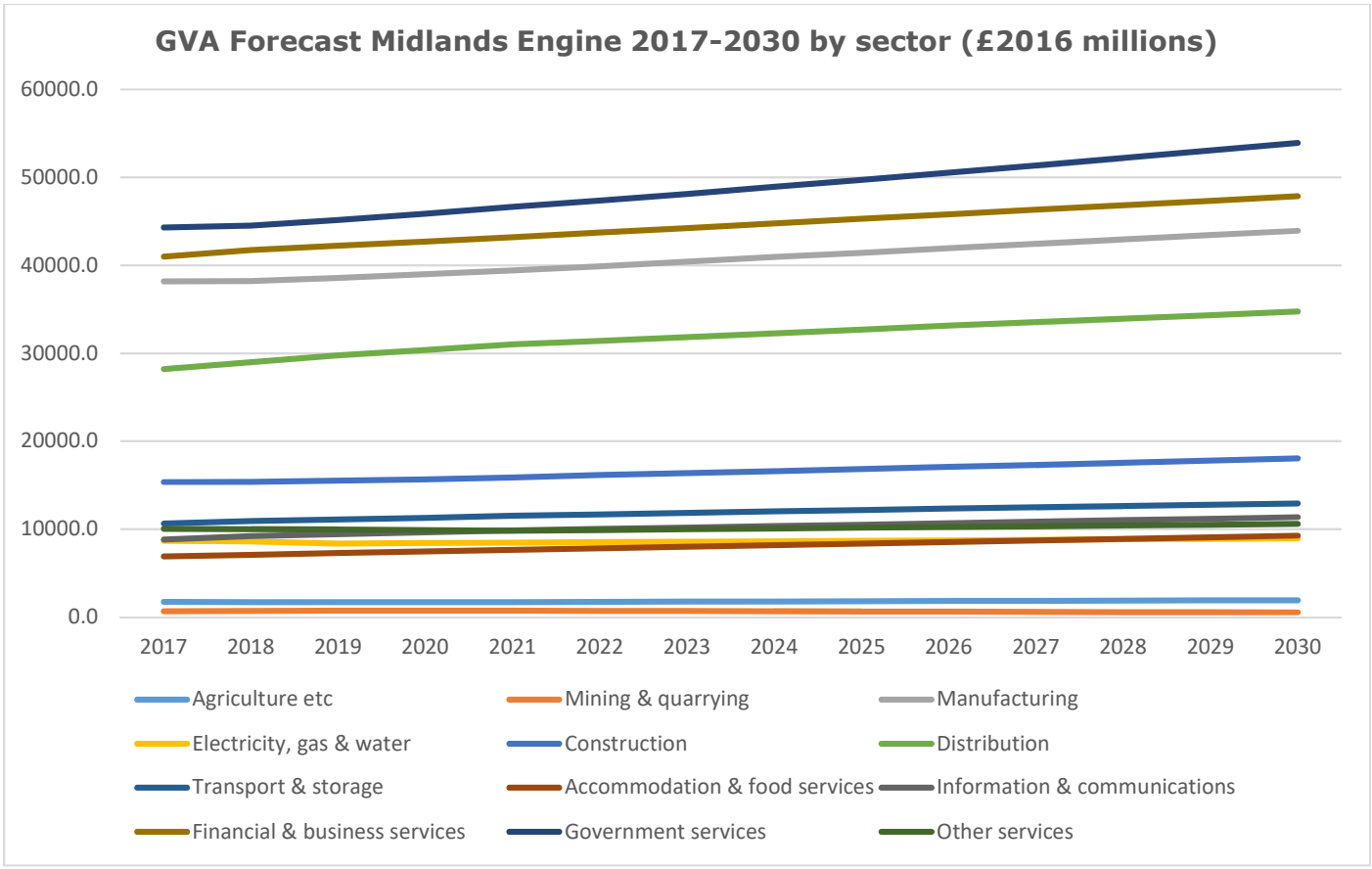
Source: Cambridge Econometrics (2019)



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

1 UNIVERSITY

1,258,033€
SECURED THROUGH HORIZON 2020

£18,236,057
SECURED THROUGH RESEARCH COUNCILS/ INNOVATE UK

£508/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.

Figures 1-4 indicate the strength of the innovation environment in Worcestershire. They show that the area performs strongly in terms of business investment in R&D, and innovative sales. Co-operation between businesses and service/product innovation is a further strength. However, the amount of research and innovation funding secured is low. Nonetheless, opportunities exist to promote collaboration between businesses and universities/colleges in the area. These include the establishment of the Heart of Worcestershire Centre of Digital Engineering and development of the 5G test bed focused on Industry 4.0 which has shown potential productivity improvements for the local manufacturing economy.

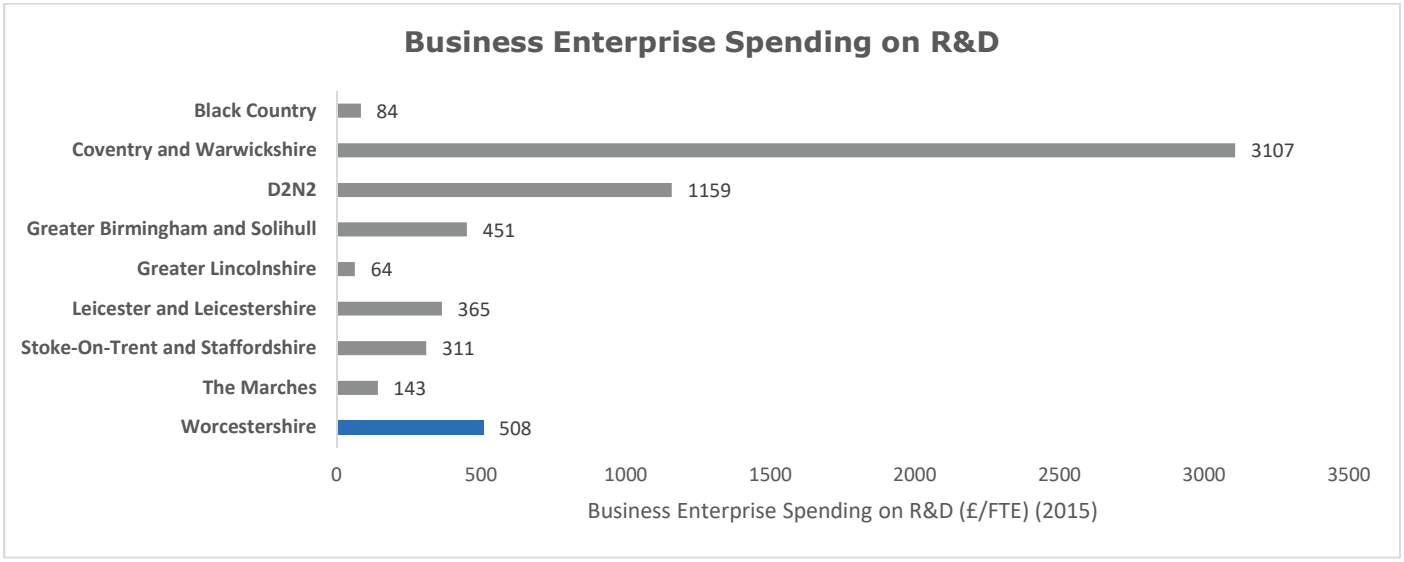


Figure 1 Source: BERD data analysis, Smart Specialisation Hub

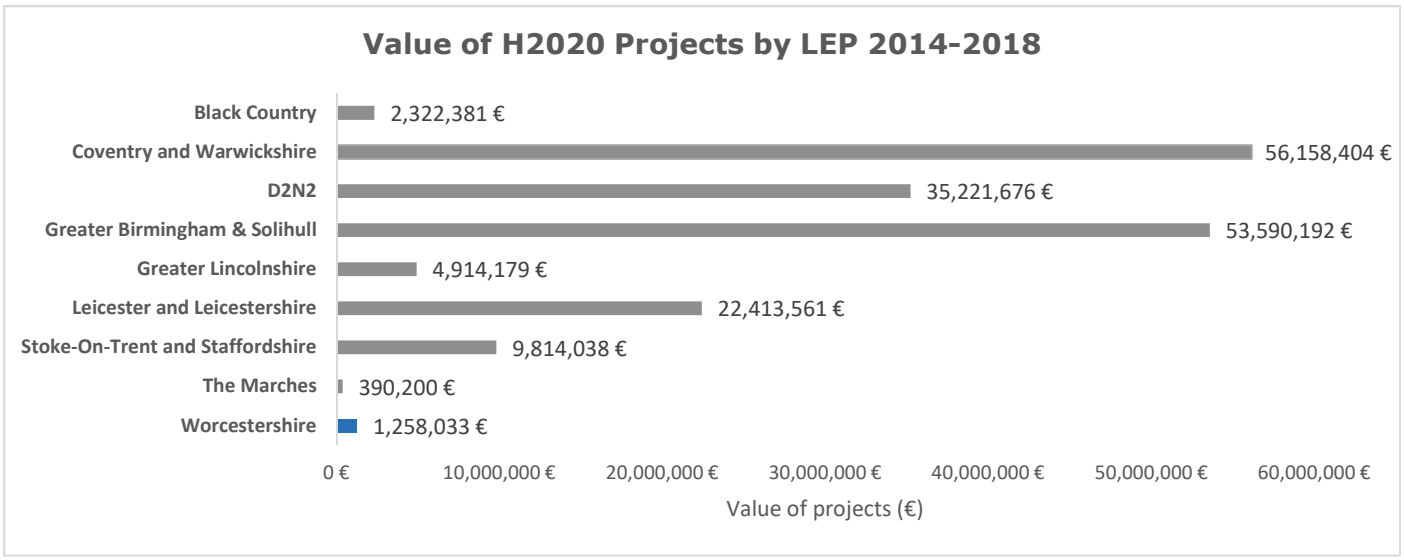


Figure 2 Source: EU Open Data Portal (2018)

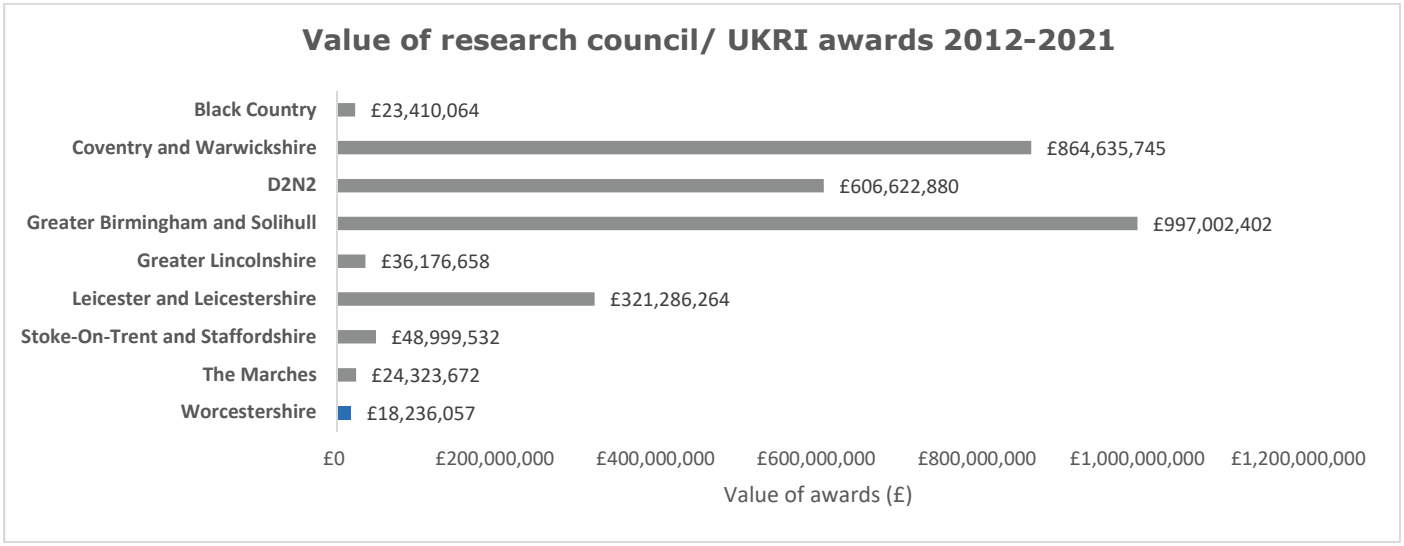


Figure 3 Source: UKRI (2019)

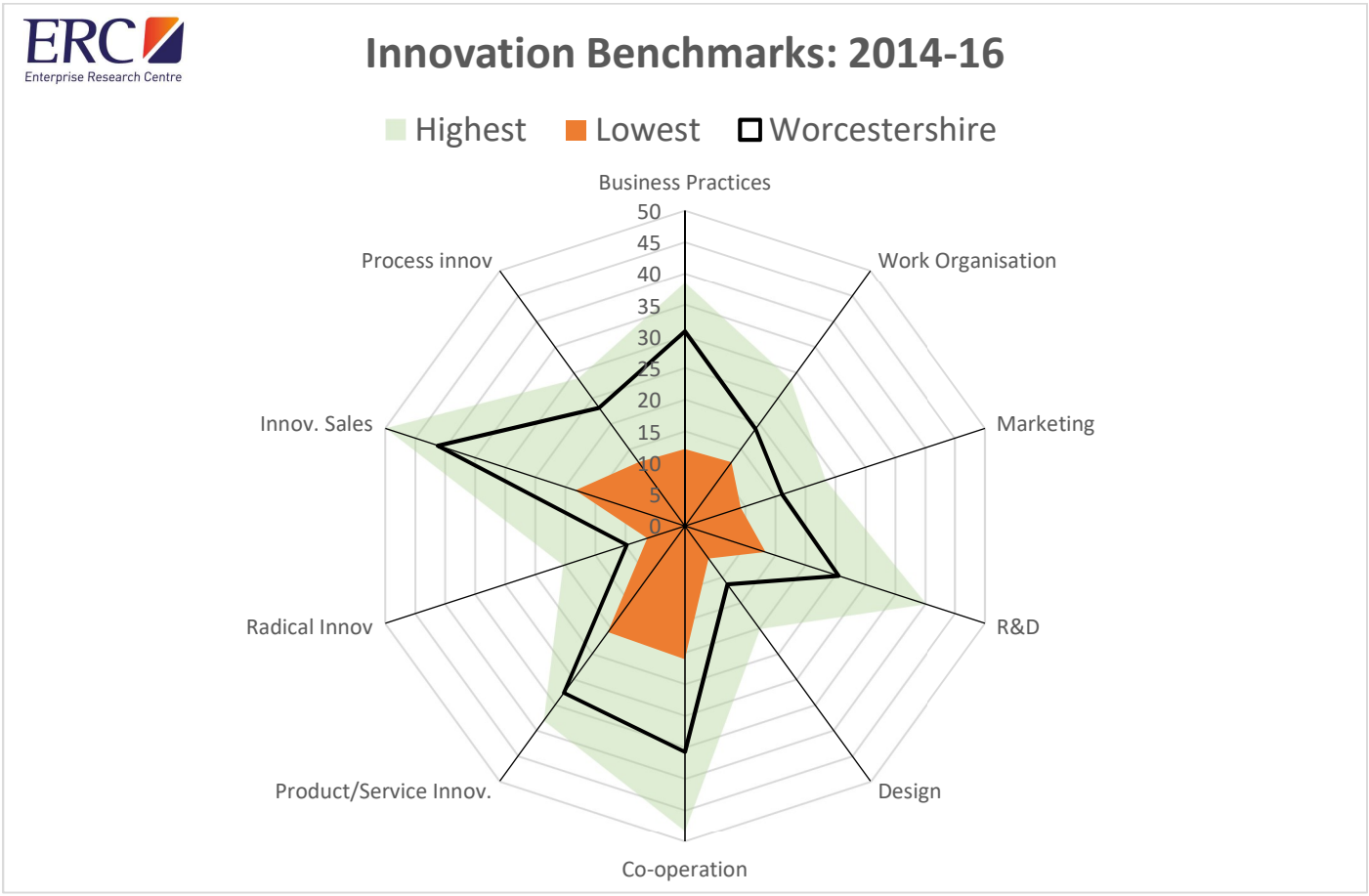


Figure 4 Source: Roper and Bonner (2019)

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

Worcestershire LEP area contributes strongly to the Midlands Engine in terms of Business Enterprise Spending on R&D. Despite being the third most rural LEP in the Midlands Engine, businesses in Worcester spent £508 per FTE on R&D in 2015. This exceeds the spending on R&D in more urban LEP areas such as Greater Birmingham and Solihull (£451) and Leicester and Leicestershire (£365).

As indicated in Figure 4, research by Roper and Bonner using data from the UK Innovation Survey indicates that businesses in Worcestershire are particularly strong in terms of work organisation, product/service innovation, and process innovation. They rank Worcestershire 2nd among LEP areas in England and 1st among Midlands Engine LEP areas[1] for the proportion of firms adopting new firms' adoption of new organisational processes over the 2014 to 2016 period. They also rank the area 4th among LEP areas in England and 2nd among Midlands Engine LEP areas in terms of the proportion of firms undertaking product or service innovation and process innovation.

Whilst funding from Horizon 2020, UKRI and the UK research councils is low, Worcestershire LEP area has a number of assets in terms of its innovation environment. The area is home to the University of Worcester, which is the UK's fastest growing university. It was also the most improved institution for

[1] Based on Midlands Engine 11 LEP geography.

quality of research in the last Research Excellence Framework (REF) rankings. The University is home to two internationally significant research centres: the Association for Dementia Studies and the Centre for Violence Prevention. It also has a range of collaborative research groups including the Ecology and Environment Research Group, the River Science Research Group, the Mood Disorders Research Group, the Pollen and Aerobiology Research Group, the Customer Interaction Research Group, the Fabrication Research Group, the Socio-cultural Studies of Sport and the Exercise and the Body Research Group.

A number of business parks also exist in the Worcestershire LEP area. These include:

- ValeBusiness Park, Evesham
- Blackpole and Shire Business Park, Worcester
- Malvern Hills Science Park
- Stourport Rd, Kidderminster
- Moons Moat, Redditch
- Hartlebury Business Park
- Stonebridge Cross, Droitwich
- Worcester Six Business Park

Worcestershire has targeted active requirements for employment land in manufacturing, high technologies and office accommodation through its 'Gamechanger Sites' programme, which includes Worcester Six, Malvern Hills Science park, Redditch Gateway and South Kidderminster Enterprise Park. These are large scale sites targeting Worcestershire's competitive advantages in advanced manufacturing and high technology growth sectors.

Nationally renowned businesses such as Spire Healthcare, Siemens, Kimal and Kohler Mira have all recently moved onto the Worcester Six Business Park. In 2018, Auraya Systems a world class biometric voice technology firm established its European Headquarters in Malvern, Worcestershire. The company chose to invest in Malvern due to the strength of the tech firm cluster, the strong connectivity that the area enjoys and the high quality physical environment.

Other important assets relating to research and innovation include Pershore College's AgriTech Research Centre. Opened in 2019, the centre was funded with the support of £500,000 from Worcestershire Local Enterprise Partnership (LEP). It combines state of the art equipment, laboratory, teaching facilities and a brand new STEM Centre. It is designed to increase course provision, engage with young people from schools and colleges across Worcestershire and to provide support for businesses in the Agri-Tech sector.

Another recently launched initiative promoting innovation is BetaDen, Worcestershire's primary dedicated tech accelerator for entrepreneurs and scale up businesses. Situated at Malvern Hills Science Park, BetaDen offers entrepreneurs, start-ups and scale up businesses, support worth over £50,000, including free office space, mentorship, possibility of access to Worcestershire's 5G testbed and the ability to apply for a proof of concept grant worth £15,000.

Barriers and Challenges

Figures 1-3 show that although business spending on R&D is comparatively high in Worcestershire, the area has struggled to attract Horizon 2020, UK research council and UKRI research and innovation funding. Only 1,258,033€ and £18,236,057 were secured from Horizon 2020 and UK research councils/UKRI respectively. This is likely to hinder competitiveness in the region through limiting capacity for the public and private sectors to work together to deliver innovation.

Figure 4 indicates that a potential area for improvement in Worcestershire LEP area is design investment among firms for innovation. Roper and Bonner ranked Worcestershire 27th of 39 LEP areas in terms of the percentage of firms undertaking design investment for innovation. They point out the importance of design investment to improved innovation outcomes in the manufacturing and services sectors.

Opportunities

The technology accelerator programme Betaden offers opportunities for businesses within the Worcestershire LEP to become more competitive though positioning themselves at the forefront of future technology.

The continued expansion of and increased research focus at Worcestershire University offers the potential to increase the value of research funding applied for in Worcestershire LEP.

Case Study: Worcestershire 5G Testbed

Worcestershire hosted the UK's first 5G factory trial in 2019. In a huge step on the UK's journey towards Industry 4.0, the process allows manufacturers to test the potential of 5G investments – from factory floor production, reconfiguration and real-time analysis, to steering a machine's movements from a remote location.

World-leading engineering company Worcester Bosch is testing 5G for improved factory output, exploring preventative maintenance utilising IoT sensors and data analytics to predict failure. Meanwhile multinational defence company QinetiQ has been designing security into the network and applications known as "security by design".

Leading global manufacturer Yamazaki Mazak is also using 5G to conduct trials that will demonstrate how 5G can be used to enhance factory productivity. The technology will be used for two troubleshooting applications, one of which allows senior engineers to remotely guide onsite engineers through machine maintenance.

The project is managed through a consortium which includes AWTG, BT, Yamazaki Mazak, Malvern Hills Science Park, Heart of Worcestershire College, o2, University of Worcester, Worcester Bosch Group, University of Surrey, QinetiQ, Worcestershire Local Enterprise Partnership and Worcestershire County Council.

Case Study: The Hive, Worcester

Worcestershire County Council and the University of Worcester worked together to create a new multi-million pound city centre library, history and customer centre for students and the public. The two organisations, along with the support of Worcester City Council and Advantage West Midlands, realised the opportunity of creating a combined facility for the whole community to use, and the project has developed into one of the most exciting new libraries in Europe.

This model is unique and has never been undertaken before in this Country. The Hive aims to encourage even more people to join the public library and explore what it has to offer, which is so much more than just a library The Hive is an extension of the city and will provide a tangible link to the university – the city centre is on one side of The Hive and the university's new city centre campus is on the other. Bringing the two together will cement the already strong working relationship between Council and University.

The name 'The Hive' was chosen to represent the purposeful activity, and sense of community which the development will help to create. It is also a reflection of the building's appearance, with its bold, distinctive golden 'honeycomb' cladding, which will mark it out as a physical as well as a cultural landmark for Worcester.

Going Forward

Given Worcestershire's advanced manufacturing base, which shows a higher proportion of total employees than the national average (14% compared to 12%), and its unique role as a 5G Testbed for Industry 4.0, there is significant potential for the development of more test facilities. Such innovative approaches could support the use of 5G applications within health and social care and in innovative Agri-Food production including reducing inefficiencies in 'farm to shelf' supply chains.

By leveraging Cyber and 5G across the region there is also significant scope and potential to reach out to the internationally renowned universities within a 1hr journey from Worcestershire. This will drive investment in R&D through collaborative research projects. At the same time, Worcestershire's Advanced Manufacturing – 5G-Cyber experiences can leverage networks into the Midlands Life sciences sector.

The Hive, Worcester

PEOPLE

252,000
JOBS

79.4%
EMPLOYMENT

3.3%
UNEMPLOYMENT

£25,896
AVERAGE EARNINGS

36.3%
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 5-9 illustrate the qualification level of residents of the Worcestershire LEP area; the number of apprenticeship starts, the Gross Value Added rate, graduate retention rates and employment and unemployment rates in the area. They emphasise how Worcestershire has a highly educated population as well as high employment and low unemployment rates. However, the area faces a series of challenges relating to the number of apprentice starts and graduate retention. Several recent initiatives offer opportunities to address skills shortages ensuring local workers are equipped with the digital technology skills required by businesses in the area, as well as opportunities to improve young people's understanding of the workplace.

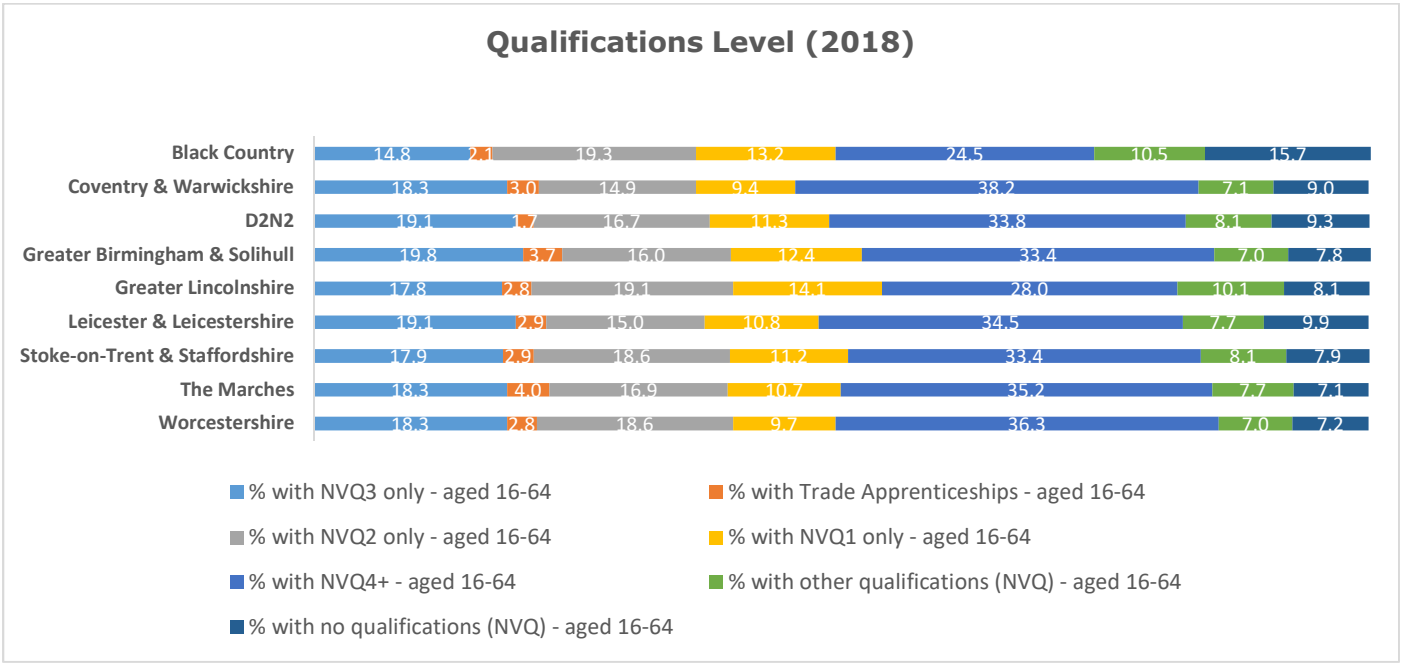


Figure 5 Source: ONS, Annual Population Survey (2019)

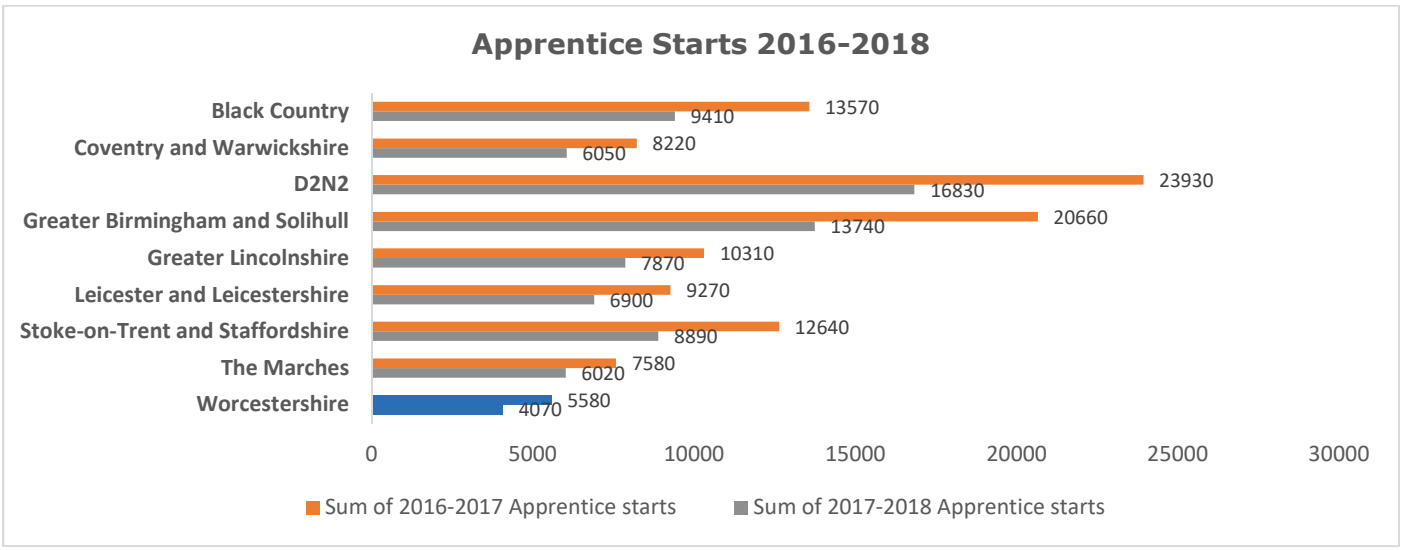


Figure 6 Source: Department for Education (2018)

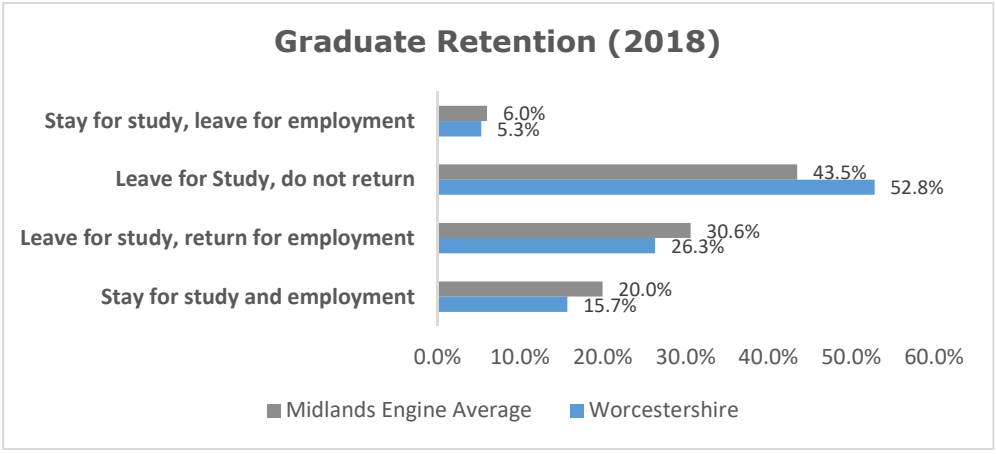


Figure 7 Source: Higher Education Statistics Agency, Destinations of Leavers from Higher Education (2018)

Employment and Unemployment Rates

LEP	Employment Rate of Working Age Population (%)	Unemployment Rate of Working Age Population (%)
Black Country	68.7	6.1
Coventry and Warwickshire	77.0	3.3
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**
Midlands Engine (LEP)	**73.9**	**4.8**

Figure 8 Source: ONS, Annual Population Survey (2019)

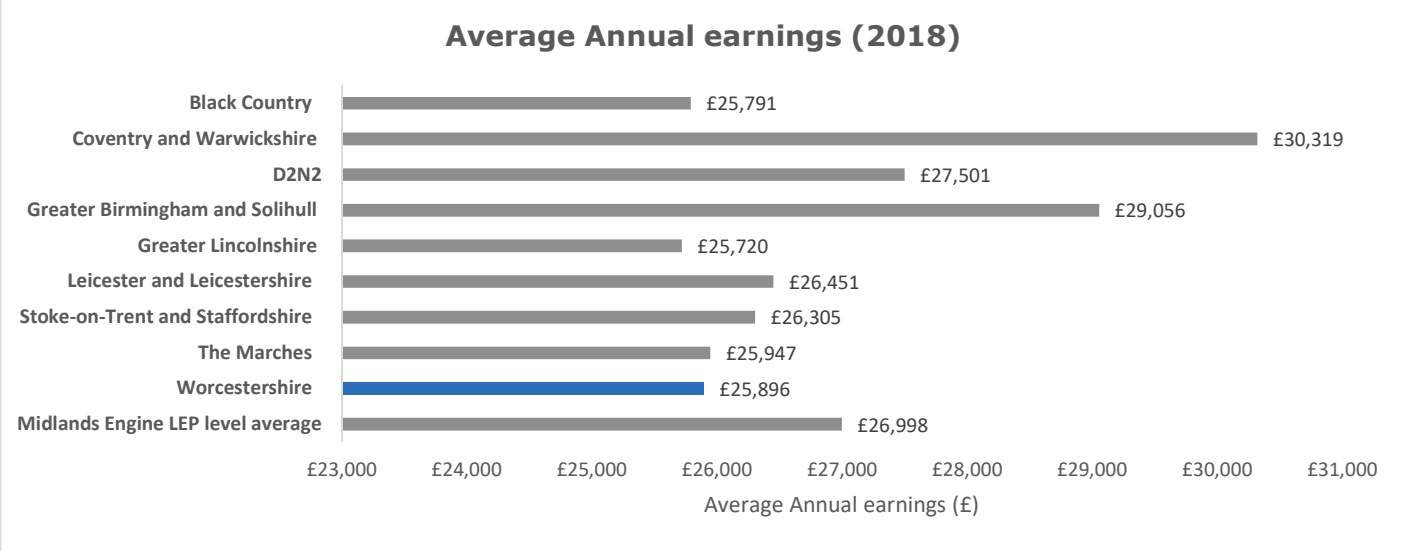


Figure 9 Source: Annual Survey of Hours and Earnings – Workplace Analysis (2018). N.B. data is provisional.

Assets

Worcestershire LEP area performs better than most other Midlands Engine LEP areas in terms of the qualification level of residents. 36.3% of residents in Worcestershire LEP area are qualified to NVQ4+. Only Coventry and Warwickshire has a higher proportion of residents with NVQ4+ qualifications. The area also has a high employment rate (79.4% compared to the Midlands Engine LEP average of 73.9%) and a low unemployment rate (3.3% compared to the Midlands Engine LEP average of 4.8%).

The Heart of Worcestershire College also opened a Centre of Digital Engineering in 2018. The centre boasts a modern, state-of-the-art campus with a Virtual Reality Studio, equipped with both virtual (VR) and augmented (AR) reality headsets and a Data Centre, supported by the organisation's partner Simply Hosting, giving students access to equipment used to build commercial networks. The centre aims to work closely with local employers and partners to develop its curriculum to address skills shortages in the technology sector and to expand its provision of STEM subjects. It offers important opportunities to respond to changes in the labour market by developing digital technology skills among the local workforce.

Barriers and Challenges

Despite these strengths in skills levels and employment rates, Worcestershire LEP faces a series of challenges relating to apprentice starts and graduate retention.

It is notable that the number of apprentice starts in Worcestershire is the lowest in the Midlands Engine. However, the number of apprenticeships as a proportion of the size of the population is very similar across the Midlands Engine. As in all LEPs across the Midlands Engine, the number of apprenticeships starts in Worcestershire declined between 2016/17 and 2017/18, falling by 1,110. As shown in Figure 7, Worcestershire also struggles with graduate retention. A higher proportion of students than the Midlands Engine average leave Worcestershire for study and do not return. Conversely, a lower proportion of students stay in Worcestershire for the study and employment. 52.7% of graduates leave for study and do not return, indicating that the area is not widely perceived as offering attractive employment prospects. Graduates decisions to move elsewhere for study and employment may be influenced by average annual earnings in the LEP area (£25,896) which are the second lowest in the Midlands Engine.

Opportunities

Recent investments by WLEP have leveraged third part funding into some key projects for the county including Midland Group Training Services in Redditch, Worcestershire Group Training Association, Evesham College and the Centre of Digital Engineering and Duckworth Centre of Engineering schemes at the Heart of Worcestershire College campus in Worcester. These have all provided important opportunities to tackle the shortage of engineering skills in Worcestershire. There are also opportunities to continue to build on the success of Worcestershire's Careers Hub to ensure schools pupils gain the skills advice needed to participate in the modern workplace. Developed by Worcestershire LEP in partnership with Worcestershire County Council, the Hub works with over 40 local secondary schools and further education colleges to improve careers education and help prepare young people for the world of work. The Hub was awarded "Careers Hub" status by the Careers and Enterprise Company in 2018.

According to the Careers & Enterprise Company's 'State of the Nation' report, Worcestershire has achieved the Midlands' highest average rating and growth for the number of Gatsby Benchmarks achieved by schools and colleges. Worcestershire was also recognised for having the UK's highest percentage of schools and colleges engaged within its Careers Hub.

Going Forward

Worcestershire LEP has identified that work needs to be focused on growing the employee base, encouraging talent to remain in Worcestershire and retaining young people in the county to supply, grow and develop the workforce as well as demonstrating Worcestershire as a place to come and work/live.

Current programmes will be strengthened, and support will be sought to continue the programmes beyond their current life. Worcestershire aspires to have all of its educational establishments meet the Gatsby Benchmarks, with all mainstream schools working to achieve their potential by August 2020.

INFRASTRUCTURE

263,710
DWELLINGS

1 HOUR FROM BIRMINGHAM INTERNATIONAL AIRPORT

8.17
HOUSE PRICE TO INCOME RATIO

68.0%
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 individuals' lives through better quality housing and the promotion of clean, affordable energy.

Figures 10-12 indicate how Worcestershire has the highest broadband coverage rate in the Midlands Engine and total dwelling stock increased between 2007 and 2018. Nonetheless, the house price to income ratio is high and may contribute to problems with graduate retention.

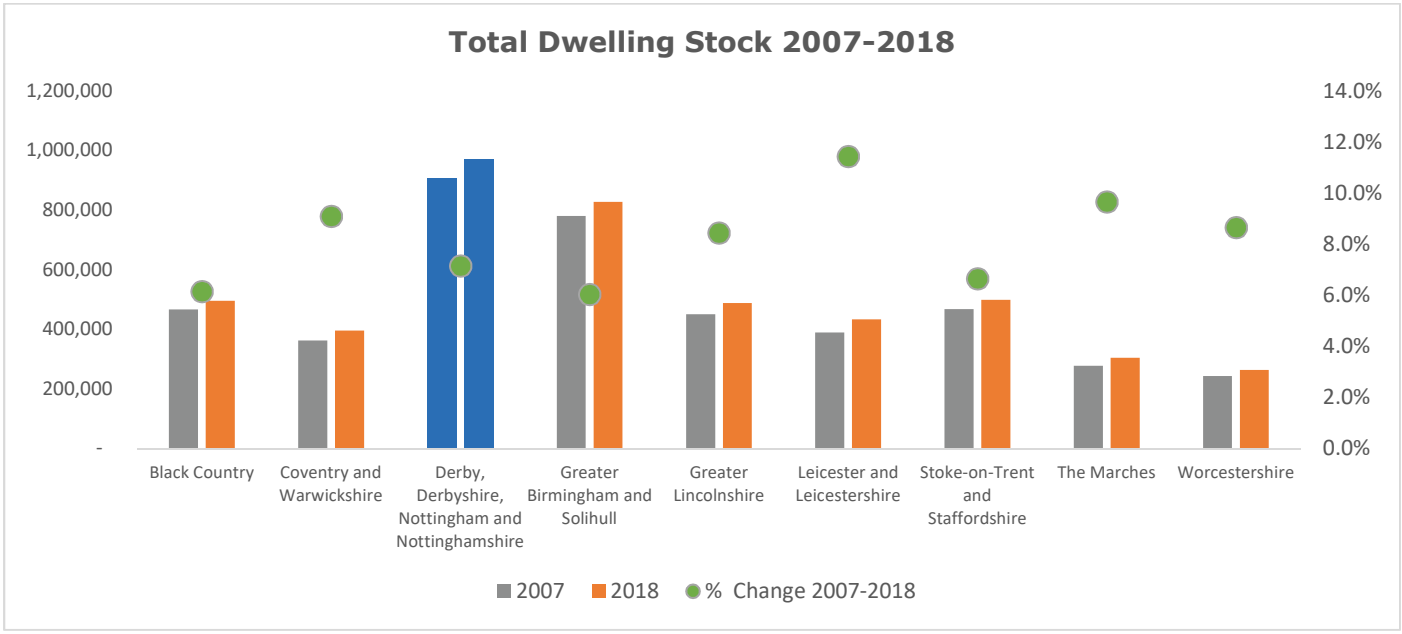


Figure 10 Source: Ministry of Housing, Communities & Local Government, Live Table 125 (2018)

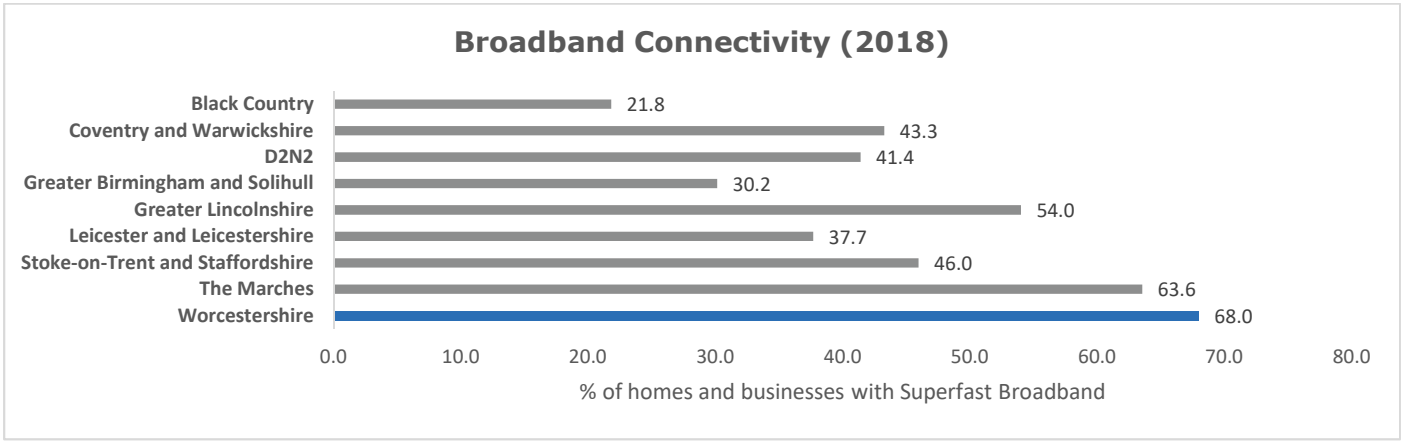


Figure 11 Source: OFCOM, Connected Nations (2018)

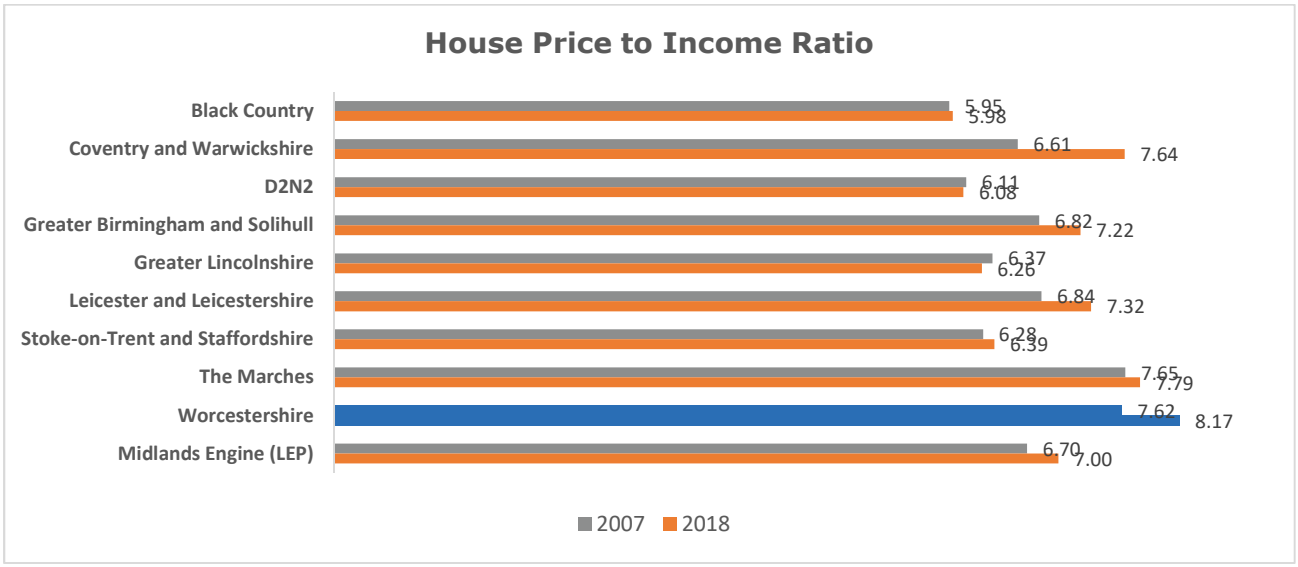


Figure 12 Source: ONS, House price to residence-based earnings ratio (2019)

Assets

One of the strongest infrastructure assets in the Worcestershire LEP area is the extent of broadband connectivity. The area has the highest percentage of broadband connectivity in the Midlands Engine, with 68% of homes and businesses in the area having access to superfast broadband. This is nearly three times as high as the rate of connectivity in the Black Country which has only 21.8% superfast broadband connectivity and twice as high as the percentage of broadband connectivity in Greater Birmingham and Solihull LEP (30.2%). Worcestershire is also the home of the UK's first live 5G Industry 4.0 testbed Factory Trials. It involves working with local employers as part of the Worcestershire 5G Consortium. Worcestershire's 5G Testbed was recognised as the 'Most Commercially Viable Use Case' at the '5G Realised Use Case Awards' event and has been shortlisted for the '5G Leadership Award' at the World Communication Awards 2019.

As shown in Figure 10, in line with the aim of the Industrial Strategy to increase the supply of good quality housing, total dwelling stock in Worcestershire increased by over 20,000 between 2007 and 2018. Dwelling stock in Worcestershire increased by 8.6% over this period – the third highest increase among the Midlands Engine LEP areas.

Centrally located in the UK, Worcestershire is strategically placed with the M5 and the M42 connecting it to Birmingham and the north as well as London and Bristol. The A46 is a key route through Worcestershire which is part of the Trans-Midlands Trade Corridor Proposition.

Barriers and Challenges

Connectivity to London via Oxford from Worcestershire itself is slow and of limited frequency. Restricted rail infrastructure, outdated signalling and limited investment in its two existing stations mean that Worcester suffers from poor rail connectivity.

The 2017 Worcestershire County Council Rail Investment Strategy emphasises that existing rail services in Worcestershire will not be sufficient to match the growth in housing and new jobs predicted in the area by 2025. Rail connectivity to London is slow and of infrequent. Whilst Worcester has recently grown, the city suffers from poor connectivity as a result of restricted rail infrastructure, outdated signalling and limited historic investment in its two stations. Connectivity to London from Kidderminster, Redditch and Bromsgrove is also poor. These services also often suffer from overcrowding, especially in peak periods.

Another challenge in Worcestershire is the price of housing. As shown in Figure 12, the area has a house price to income ratio of 8.17. This is the highest house price to income ratio of the Midlands Engine LEPs.

Opportunities

Opportunities to promote clean growth across Worcestershire are supported by the recently launched Energy Strategy for Worcestershire. Developed by the LEP, the strategy "to promote a vision of the future where ambitious economic growth is not restricted by energy provision and opportunities to become more resilient, innovative and fully connected are not just met; but exceeded".

Important transport projects are underway to improve capacity and reduce congestion. The planned improvements to Kidderminster Railway Station should improve commuting within Worcestershire. The station is currently the second busiest in the county. The opening of Worcestershire Parkway later in 2019 will provide better accessibility to the North Cotswold Line and Cardiff-Nottingham Cross Country services.

Worcestershire's Local Transport Plan 2018-2030, launched by Worcestershire County Council aims to respond to the costs associated with increasing capacity by targeting investment in three broad areas: transport technology, travel choice, and capacity enhancement. The LTP will align with the emerging Local Industrial Strategy and Strategic Economic Plan.

Going Forward

Improvements to rail infrastructure and services have significant potential to contribute to building a connected economy in Worcestershire. This requires action on four fronts, building on the Midlands Connect Midlands Rail Hub project:

- Increasing the frequency and speed of rail services to London;
- Ensuring that cross country services from the South West to the North East and North West stop in Worcestershire;
- Increasing the capacity of services to Birmingham, particularly at peak times;
- A programme of station improvements including local access and the provision of cycle and car parking.

Implementing Worcestershire's Local Transport Plan 2018-30 will deliver significant improvements to connectivity in the county, but if infrastructure is not to act as a constraint on growth more significant changes to the highways network are required including new motorway junctions and improvements to the A38 and A46 corridors.

BUSINESS ENVIRONMENT

30,765 BUSINESSES

6,120 BUSINESS BIRTHS

+21.3% BUSINESS BIRTHS

9.4% OF JOBS IN BUSINESS ADMINISTRATION & SUPPORT SERVICES

6.6% 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.

Worcestershire LEP area appears to have a strong business birth rate. The area also performs fairly well compared to similar sized LEPs in terms of start-up scaling. Important challenges relate to the proportion of scaling survivors and how Brexit may affect employment, in the agricultural and particularly manufacturing sectors. Existing programmes offer the potential to further develop innovation in the agri-tech sector and to better promote opportunities to invest in Worcestershire internationally.

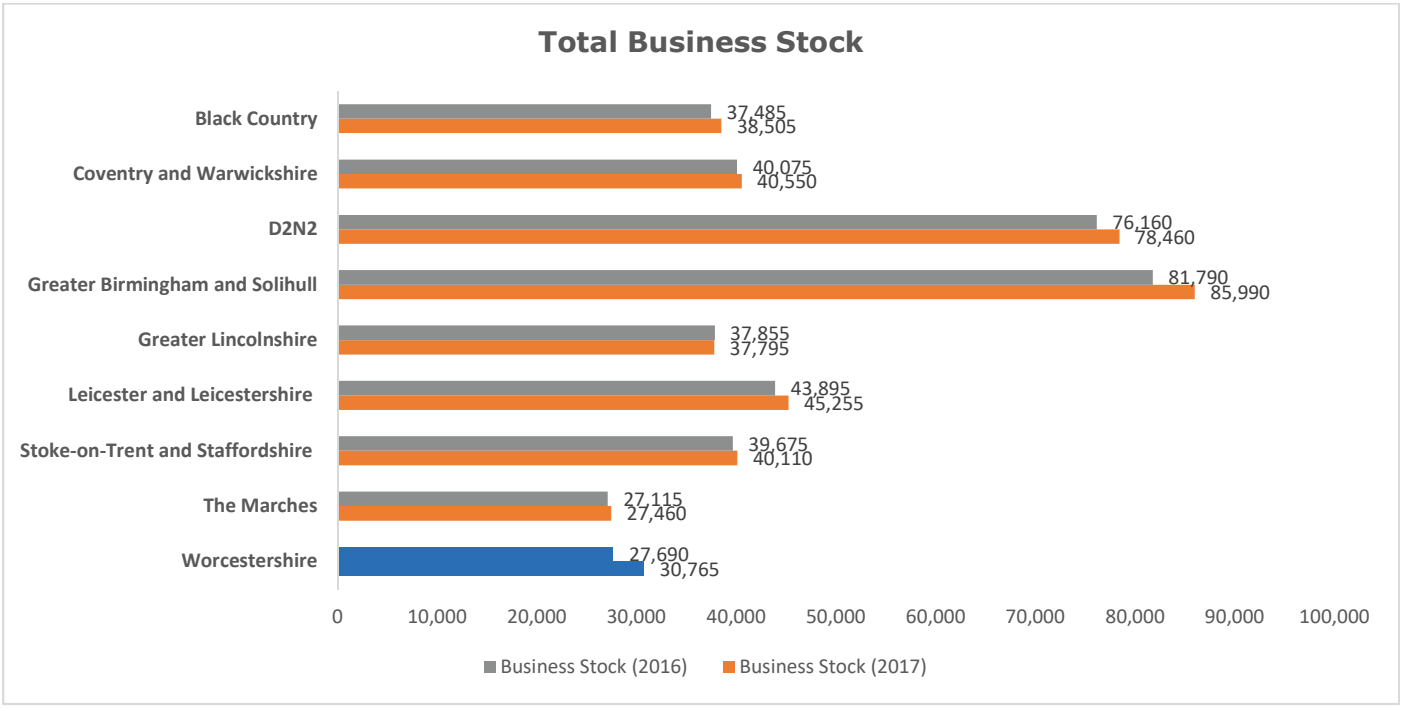


Figure 13 Source: ONS Business Demography (2018)

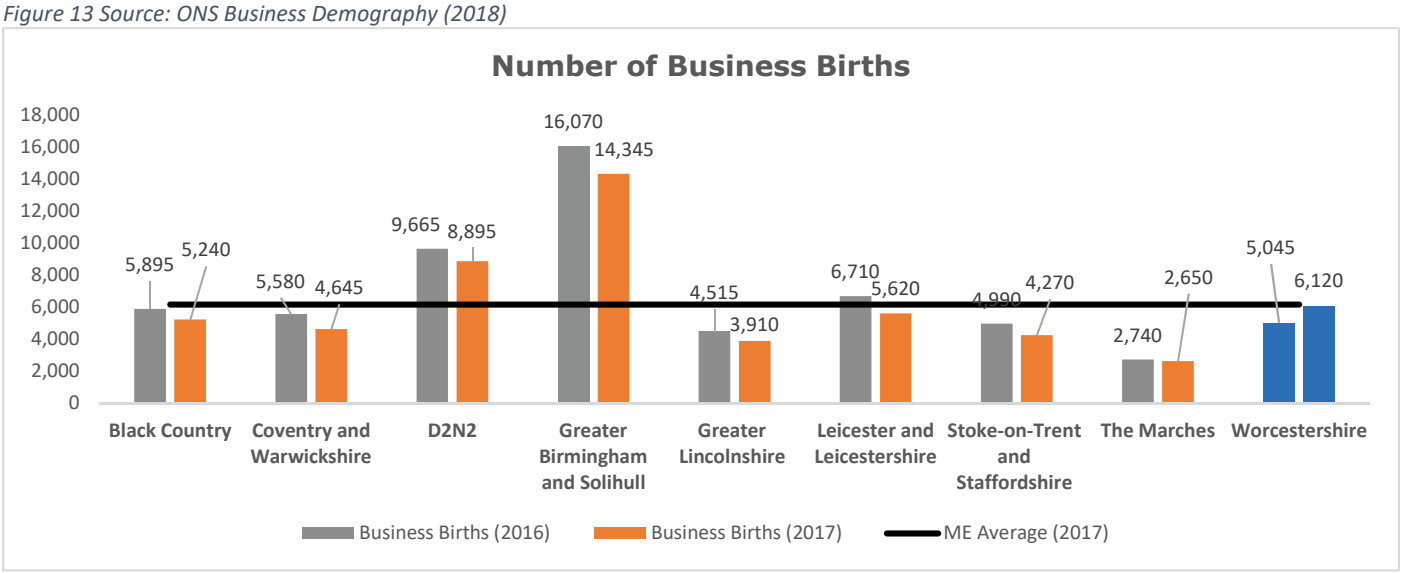
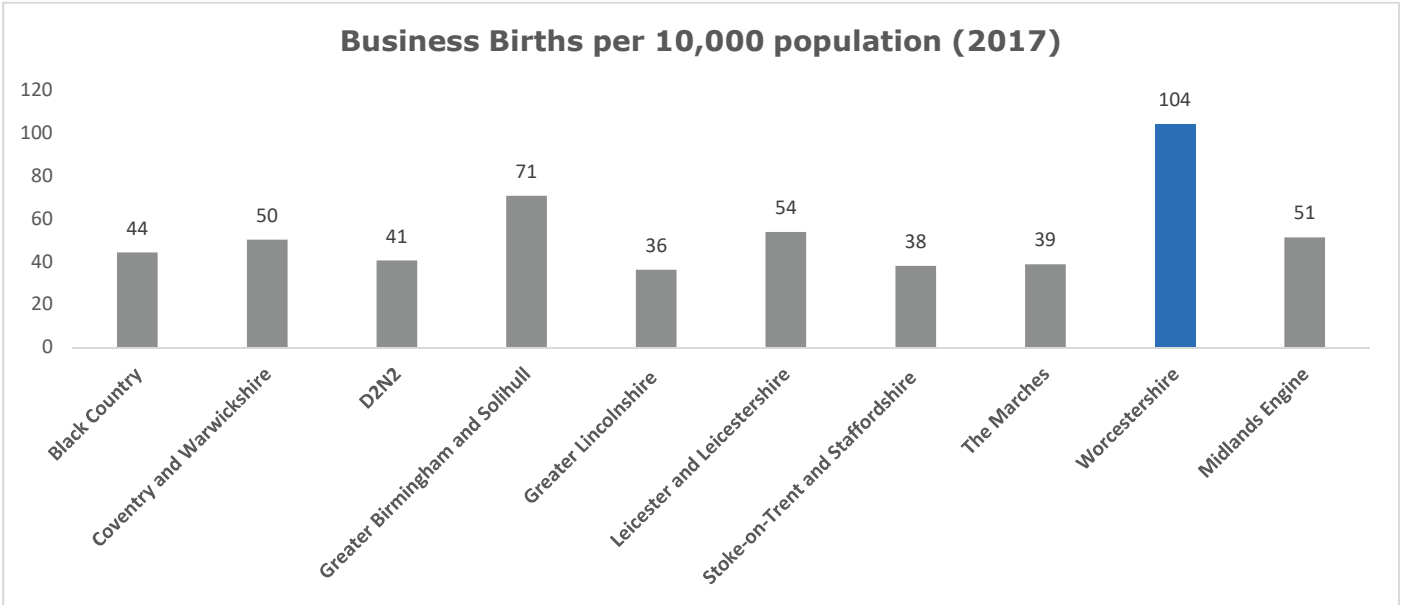


Figure 14 Source: ONS Business Demography (2018)



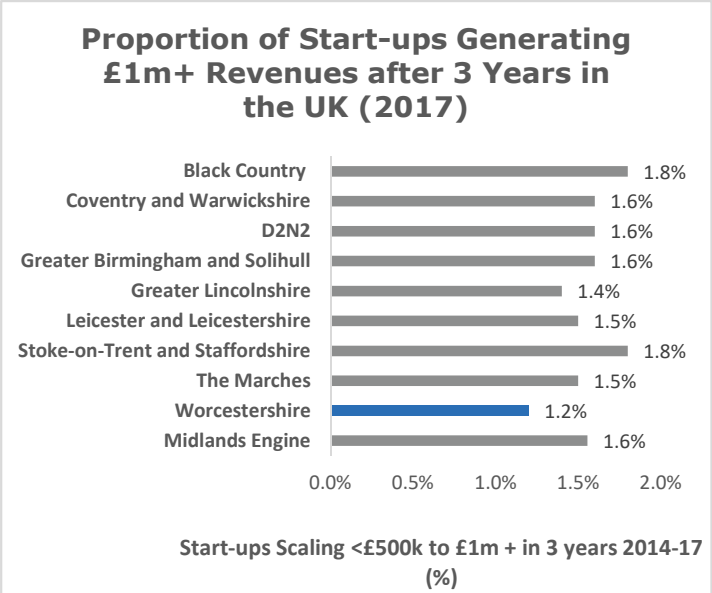


Figure 16 Source: Enterprise Research Centre UK Local Growth Dashboard, 2018

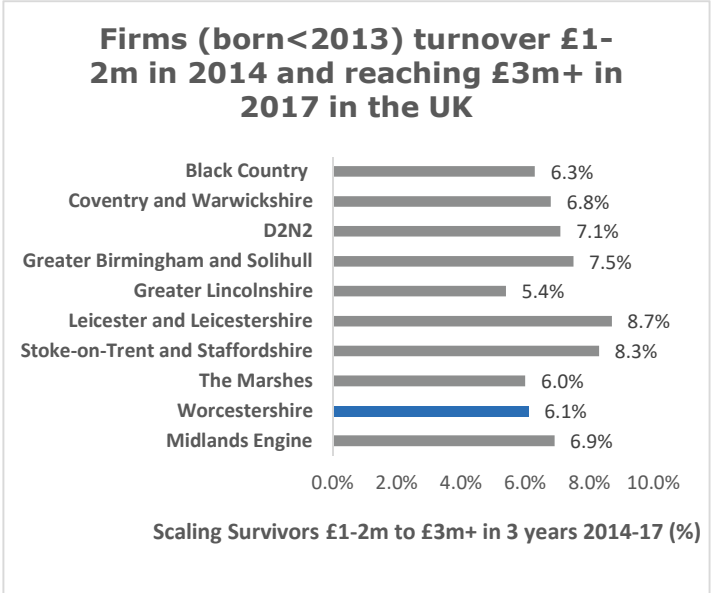


Figure 17 Source: Enterprise Research Centre UK Local Growth Dashboard, 2018

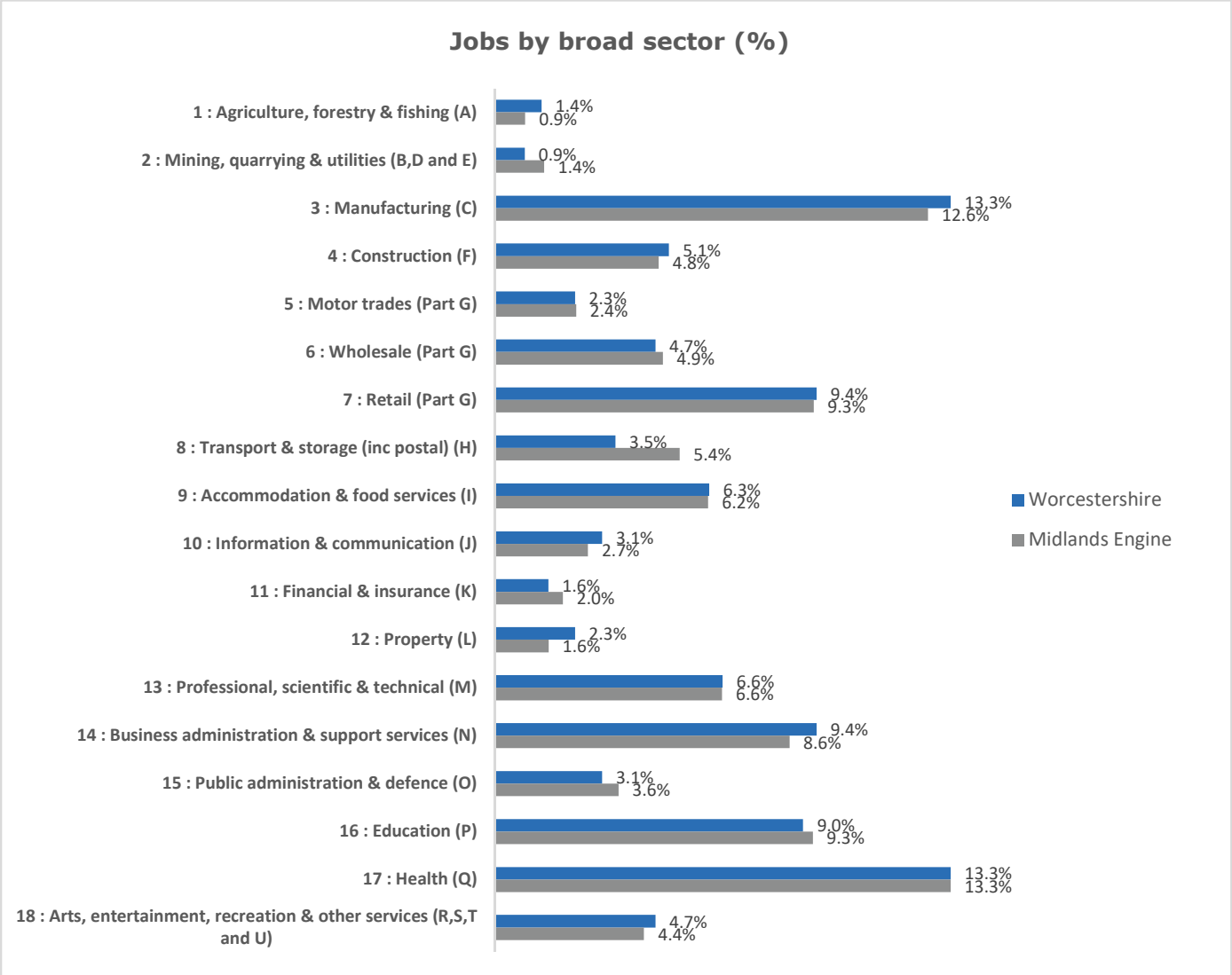


Figure 18 Source: Business Register and Employment Survey (2019)

Assets

There have been large increases in the number of businesses and business births in Worcestershire in the last couple of years. The business birth rate appears to be a strength of the business environment in Worcestershire. The area appears to have the highest number of business births per 10,000 of the population of all the Midlands Engine LEPs. In 2017, there were 104 business births per 10,000 of the population in Worcestershire. The LEP with the closest number of business births per 10,000 of the population to Worcestershire is Greater Birmingham and Solihull LEP area with 71 business births per 10,000 of the population. Worcestershire is also the only Midlands LEP area where the number of business births did not fall between 2016 and 2017. 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.

A further strength is that the area performs fairly well compared to similar sized LEPs in terms of start-up scaling. 6.1% of firms in the area born before 2013 and with a turnover of £1 million in 2014 had reached a turnover of £3 million + in 2017 compared to 5.4% in Greater Lincolnshire and 6.0% in The Marches.

As shown in Figure 18, Worcestershire LEP has a higher percentage of jobs in the Manufacturing, Construction and Business, administration and support services sectors than the Midlands Engine average. Other key sectors in the economy include Manufacturing, Health and Retail.

Barriers and Challenges

Although the number of business births per 10,000 of the population in Worcestershire is high, the size of the overall business stock in the area compared to the size of the business stock in other Midlands Engine LEP areas is low. This reflects how other Midlands Engine LEPs have larger urban centres than Worcestershire.

Another challenge evident above relates to start-up scalers. As shown in Figure 16, Worcestershire struggles in terms of the proportion of Start-ups Generating £1m+ Revenues after 3 Years of operating in the UK.

The expected withdrawal of the United Kingdom from the European Union raises risks for Worcestershire given the size of its agricultural sector. Research by City-REDI into the economic impacts of Brexit on the UK's regions, cities and sectors showed that agriculture and fishery workers are most exposed to trade risks associated with Brexit. However, as agriculture only relates to 1% of employment in Worcestershire, employment impact is probably of greater concern for the manufacturing sector given the area's links to the automotive supply chain and the much higher numbers employed in this sector. Specialism in horticulture in Vale of Evesham means that availability of seasonal workers from the EU is also an issue.

Opportunities

Opportunities to sustain and grow the agri-tech sector in Worcestershire exist through the Agri-Tech West Alliance in which the Worcestershire LEP is partnering with Cheshire and Warrington LEP, Stoke-on-Trent and Staffordshire LEP and The Marches LEP to drive supply chains in rural economies, developing opportunities to grow the agri-tech sector. The alliance aims to represent the opportunity, strength, innovation and vision that is present within agri-tech and agri-food in this area.

Worcestershire was also selected as one of the three new High Potential Opportunities (HPO) areas which will be promoted by The Department for International Trade's (DIT) global network. DTI will contact investors in 177 cities around the work to promote the opportunities and attract top global investment into Worcestershire. Support in Worcestershire is designed to provide greater opportunities for Worcestershire technology companies to increase and innovate their data security capabilities.

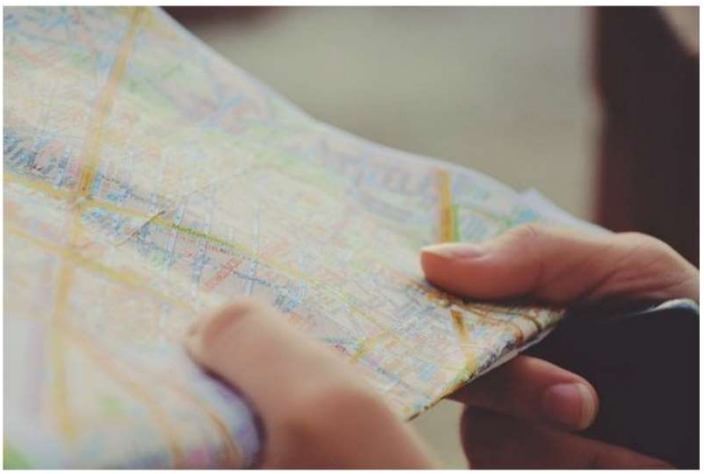
Going Forward

Worcestershire LEP's plan to support this priority is a creative places programme which is intended to increase provision of commercial premises and support scale up business growth. The county has comparatively large business support and professional services sectors, yet the growth of these sectors is constrained by a shortage of commercial premises and lack of supply chain development. The LEP's ambition is that this proposition will enable the growth of this sector, support the revitalisation of town centres and provide businesses with access to the advice and support they need to grow.

Supporting scale up support in the area's business support programmes, in its response to growing Grade A office and commercial space and promoting business services to a wider business audience, is central to the LEP's priorities.

Malvern Hills Science Park

PLACE



73.7%
URBAN POPULATION

23/38
LEP AREAS IMD AVERAGE RANK

0.9 MILLION
VISITOR TRIPS

2.2 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.

Worcestershire benefits from a high quality physical environment in terms of the availability of green space and the quality of the atmosphere and performs well in terms of competitiveness. It also includes important visitor locations such as the Severn Valley Railway and the West Midlands Safari Park. Nonetheless, tourism remains low overall compared to other areas within the Midlands Engine. Inequalities in access to health services and some pockets of deprivation can also be identified.

RURAL POPULATION

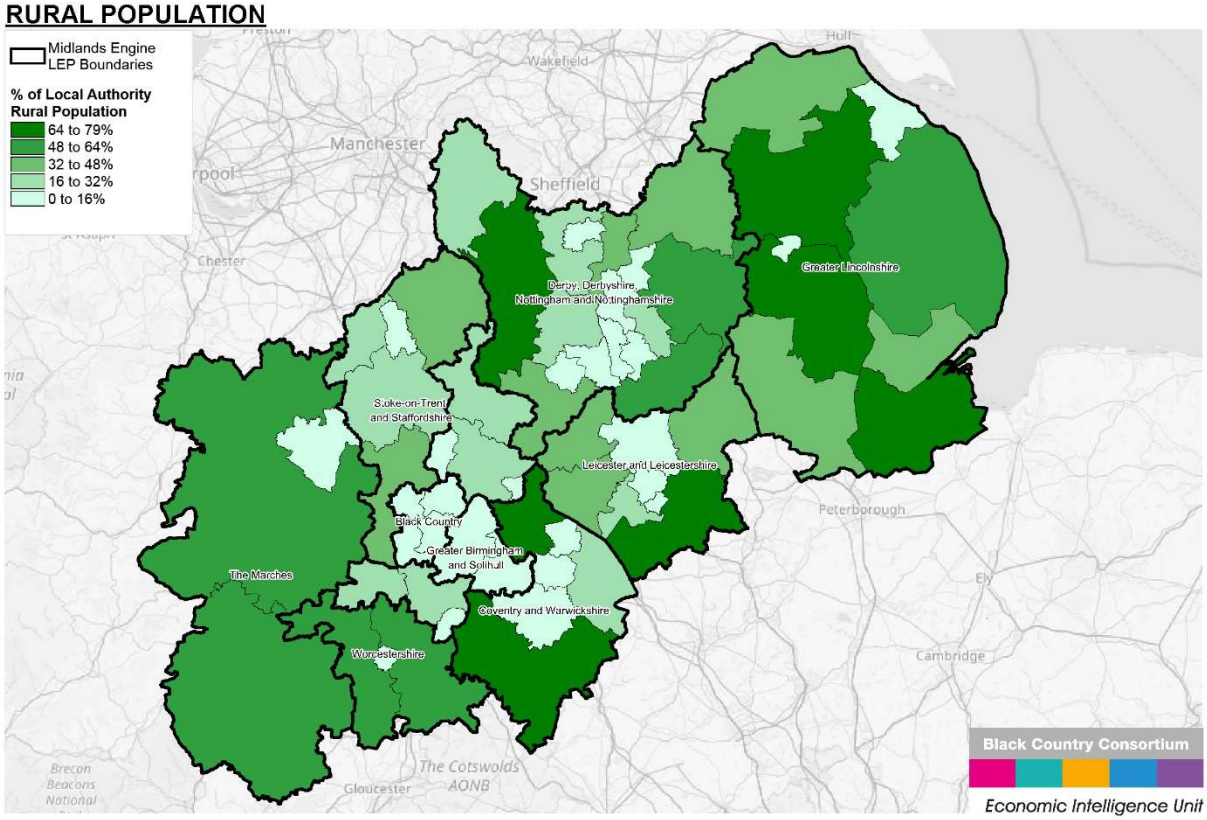


Figure 19 Source: Huggins et al (2019)

INDICES OF MULTIPLE DEPRIVATION

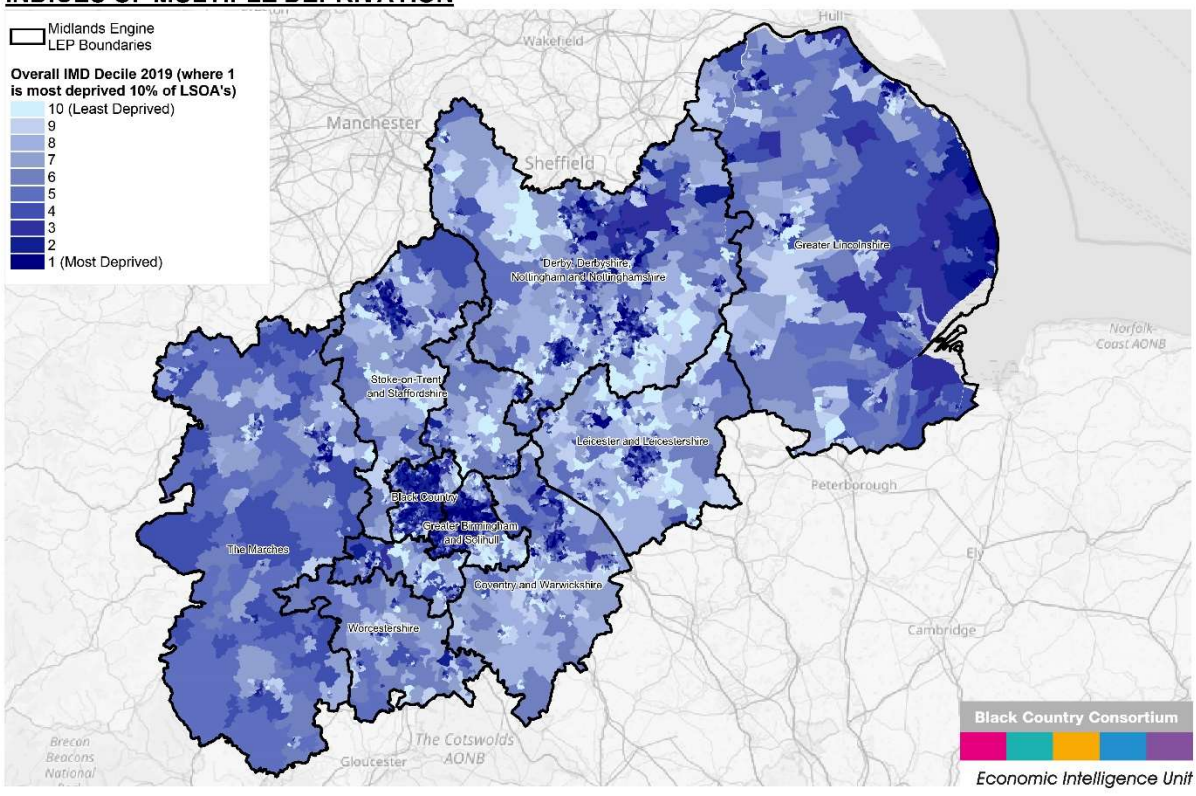


Figure 20 Source: Gov.uk (2019)

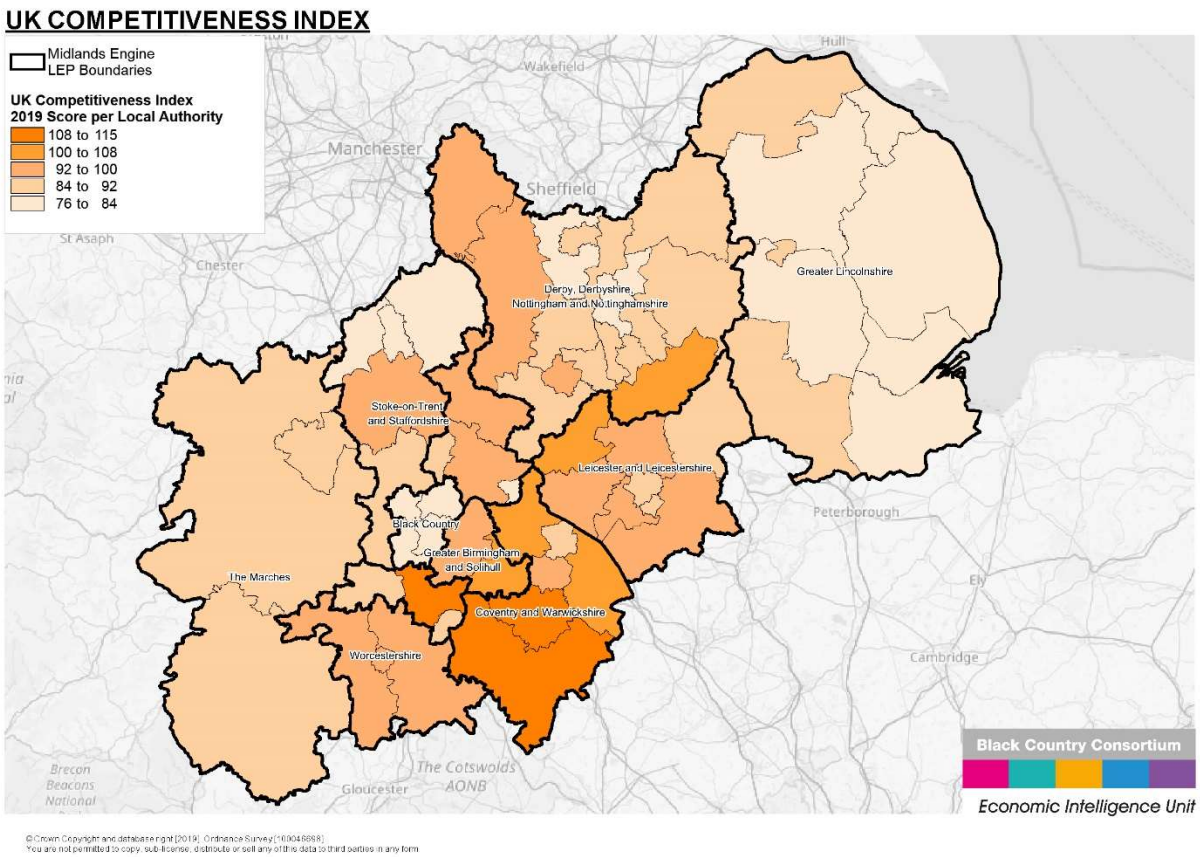


Figure 21 Consumer Data Research Centre (2017)

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.

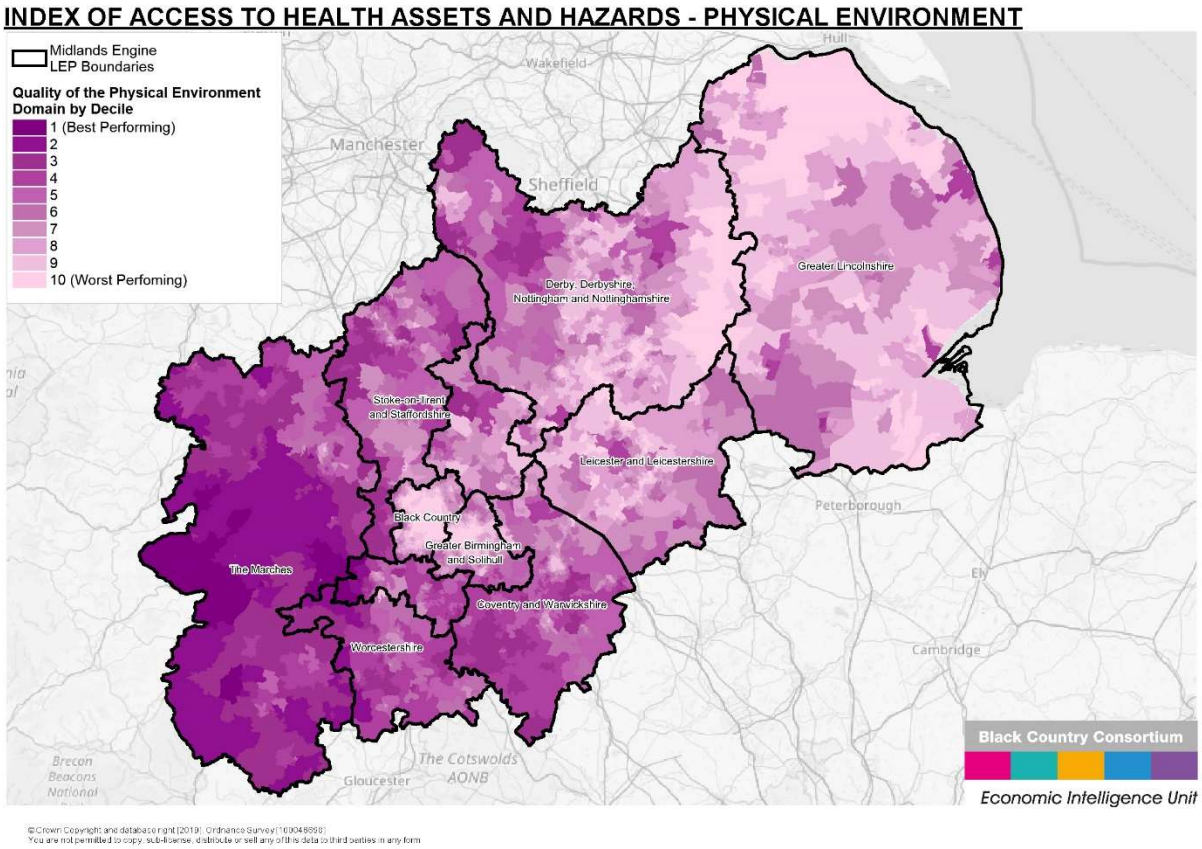
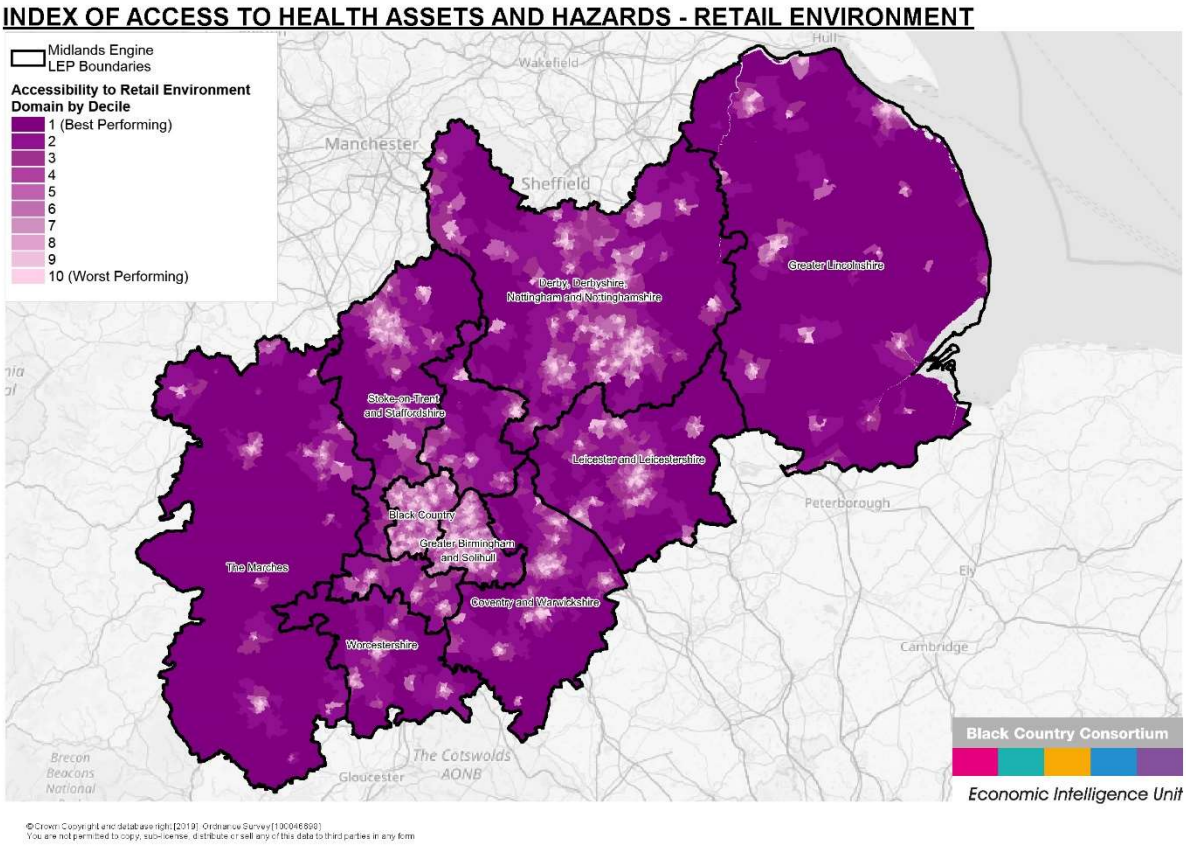


Figure 22 Source: Gov.uk (2015)

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.



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.

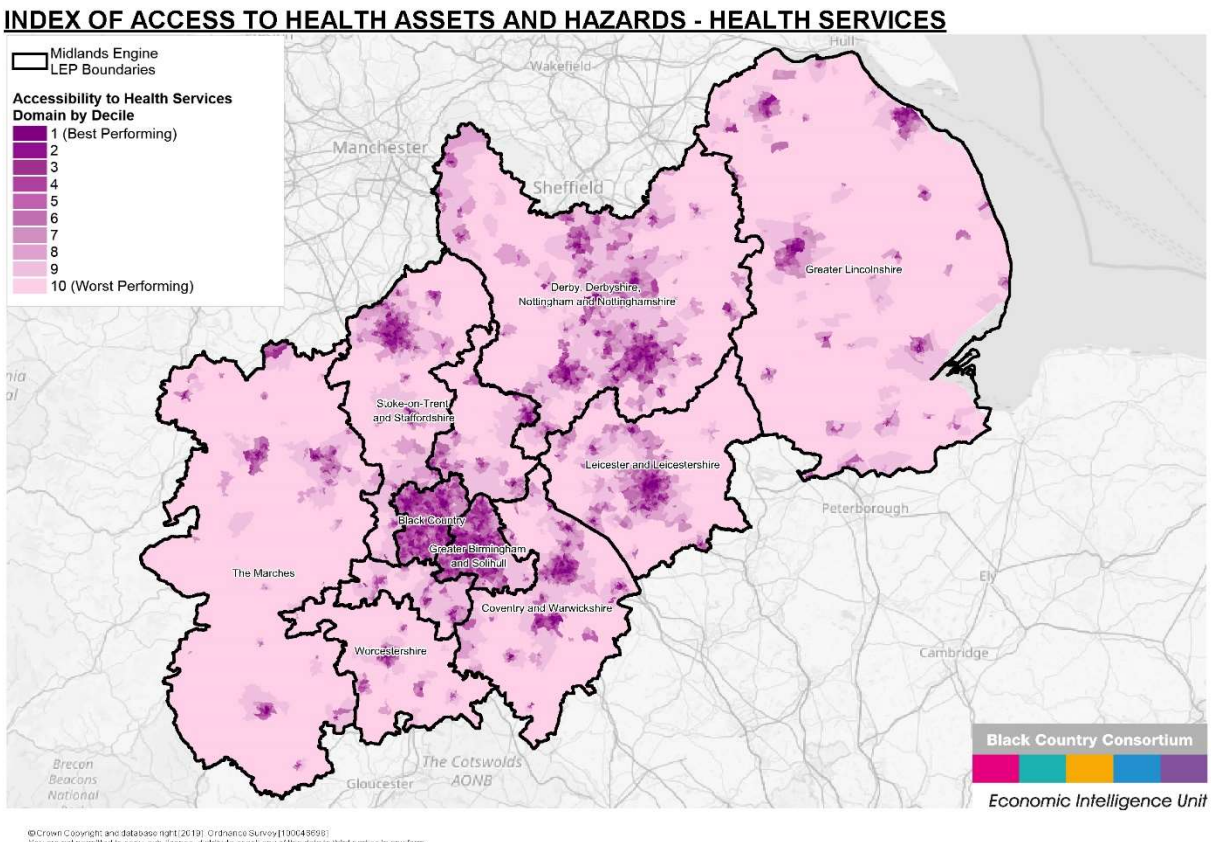


Figure 24
Source: Gov.uk [k] (2015)

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

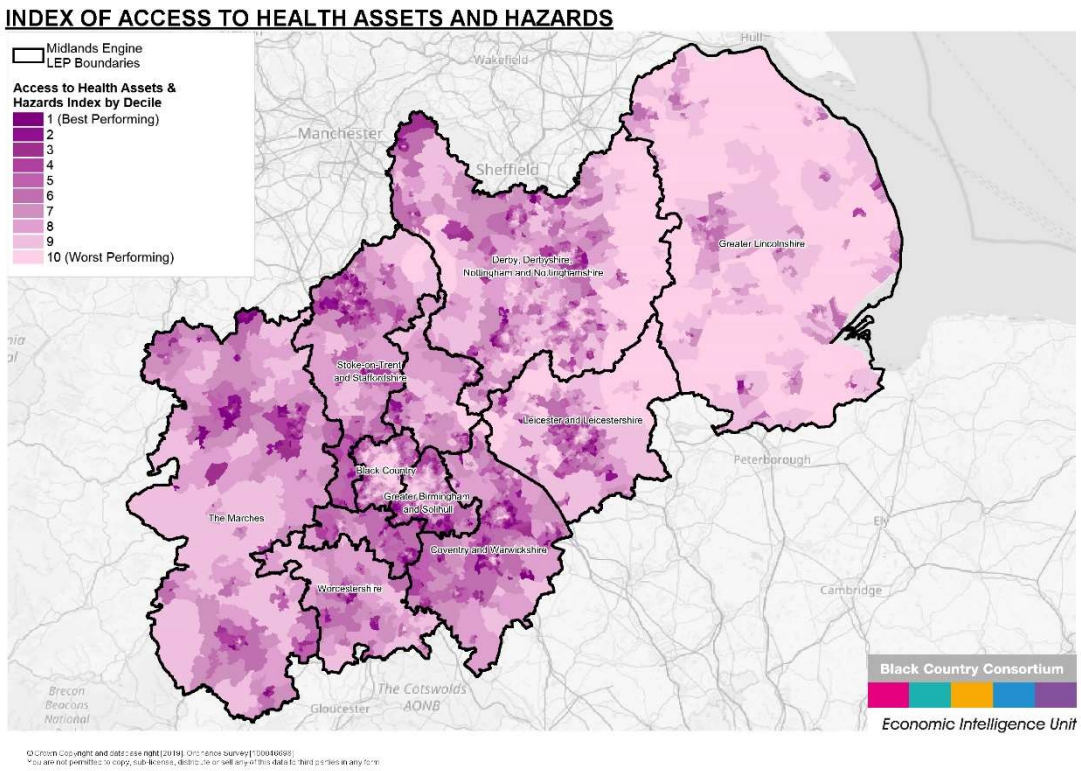


Figure 25
Source: Gov.uk (2015)

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.

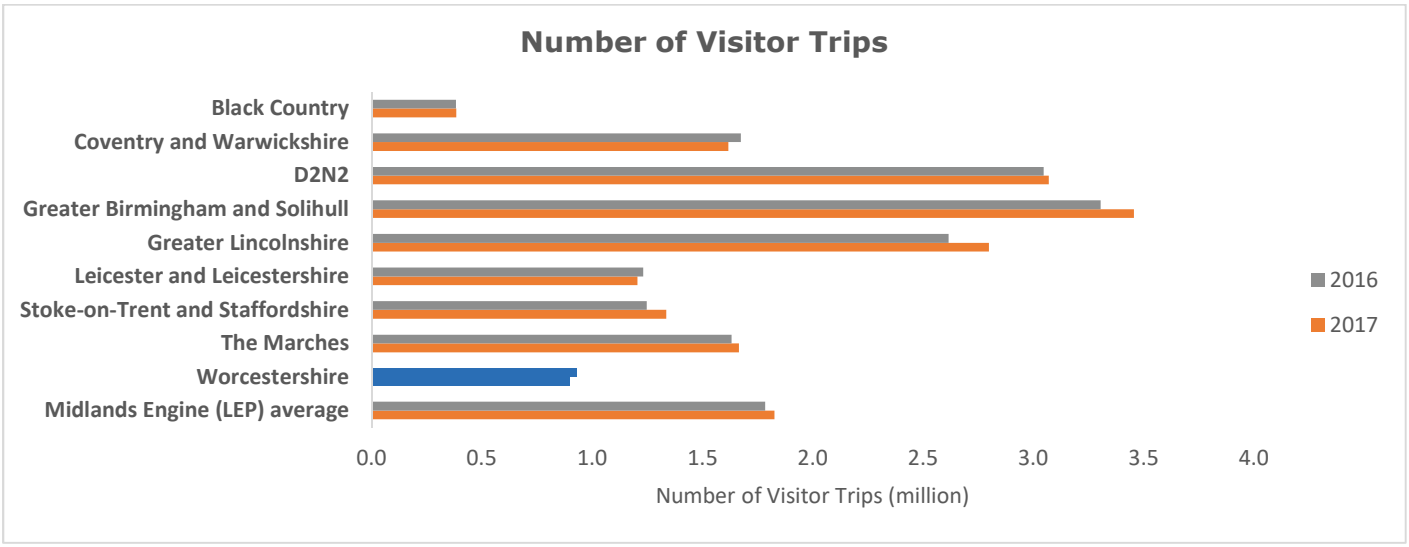


Figure 26 Source: Visit Britain: Great Britain Tourism Survey (2018)

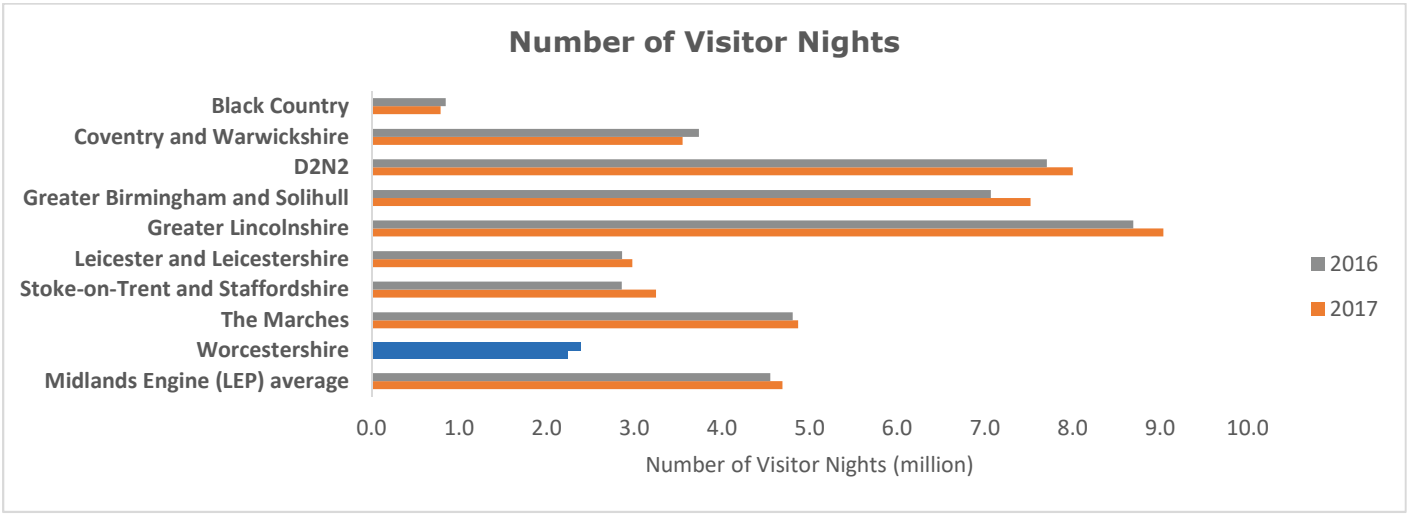


Figure 27 Source: Visit Britain: Great Britain Tourism Survey (2018)

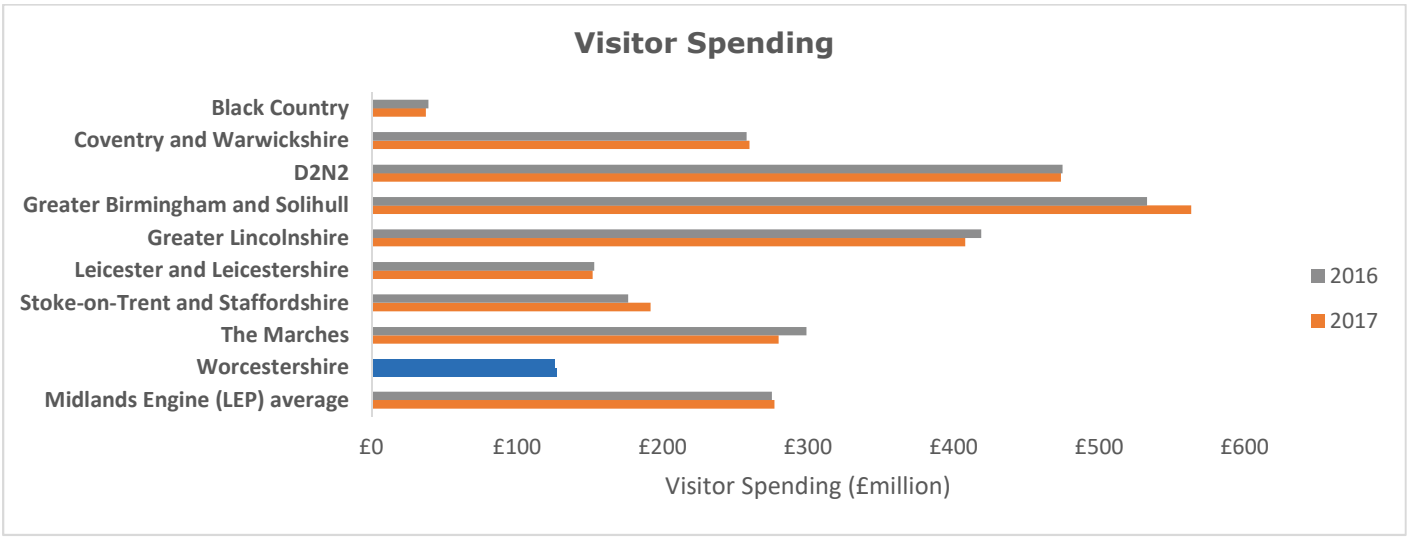


Figure 28 Source: Visit Britain: Great Britain Tourism Survey (2018)

Number of dwellings started and completed 2018-2019

	Dwellings started				Dwellings completed			
	Private Enterprise	Housing Associations	Local Authority	All	Private Enterprise	Housing Associations	Local Authority	All
Black Country	1,600	180	260	2,040	1,770	170	250	2,190
Coventry and Warwickshire	2,710	1,010	0	3,720	3,250	910	0	4,160
D2N2	4,920	620	30	5,570	5,040	710	70	5,810
Greater Birmingham and Solihull	4,000	790	90	4,880	3,410	910	20	4,340
Greater Lincolnshire	3,070	340	10	3,420	2,740	510	40	3,290
Leicester and Leicestershire	2540	560	0	3140	2770	700	0	3440
Stoke-on-Trent and Staffordshire	2,850	440	10	3,300	3,060	650	10	3,710
The Marches	2,470	330	40	2,840	2,190	610	100	2,900
Worcestershire	**1,850**	**630**	**0**	**2,470**	**1,680**	**640**	**0**	**2,320**

Figure 29 Source: Gov.uk (2019)

Assets

Worcestershire LEP area performs well in terms of its competitiveness. According to Figure 21, the area scores between 92 and 100 in the UK Competitiveness Index, an integrated measure of competitiveness focusing on both the development and sustainability of businesses and the economic welfare of individuals. This is above the ranking for several other urban and rural LEPs in the Midlands Engine including Greater Lincolnshire, the Black Country and parts of D2N2.

Whilst the number of visitor trips and visitor nights is not as high in Worcestershire LEP area as in many of the other Midlands Engine LEP areas, the area contains important tourism attractions such as the Severn Valley Railway and the West Midland Safari Park. The Safari Park attracted approximately 700,000 visitors in 2018.

Worcestershire also stands out for the high quality of its physical environment. As shown in Figure 22, particularly the West of Worcestershire benefits from a high quality of physical environment in terms of green space and three air pollutants. Figure 24 also indicates that neighbourhoods across Worcestershire also perform better than other Midlands Engine LEP areas in terms of access to fast food outlets, pubs off-licences, tobacconists and gambling outlets. There is less access to such services in Worcestershire than in more urban LEPs such as Greater Birmingham and Solihull. As such services tend to have a detrimental effect on health, less access represents a higher score for the area.

Barriers and Challenges

Although the majority of Worcestershire performs well in the Indices of Multiple Deprivation, Figure 20 indicates that the area suffers from pockets of deprivation around Evesham, Bromsgrove and Malvern.

A further challenge in Worcestershire is access to healthcare services such as GPs, hospitals, pharmacies, dentists, leisure services. Figure 23 shows that access to such services is much better in urban areas within Worcestershire than in rural areas.

Figures 26 and 27 reveal that there was a drop in the number of visitor trips to and visitor nights spent in Worcestershire between 2016 and 2017.

Opportunities

Continuing to promote the 'Worcestershire' Brand will help to emphasise the strengths of the area as a place to live, work, visit and invest. The brand was launched in 2018 following consultation with high profile businesses in the area including Worcester Bosch, Gtech, Morgan Motors, Worcester Warriors, University of Worcester, West Midland Safari Park and Heller Machine Tools. The brand has been created and will be managed by a partnership of Worcestershire LEP, Worcestershire County Council, drp, Herefordshire & Worcestershire Chamber of Commerce and all six district councils.

Going Forward

Worcestershire LEP plans to support action to help places within Worcestershire respond to and create the conditions for economic growth, including:

- Re-establishing Worcester as the civic and cultural capital of the county building on the role of the university as an anchor institution;
- Enabling the continued revitalisation of Redditch, Kidderminster and the other towns in the county;
- Building on the success of the cyber business and science park at Malvern as part of the cyber valley;
- Promoting the Vale of Evesham at the cutting edge of food production and agri-tech.

Worcester Cathedral

WORCESTERSHIRE LEP

Local Authorities in Worcestershire LEP area:

Bromsgrove
Malvern Hills
Redditch
Worcester
Wychavon
Wyre Forest

Local authorities in orange indicate that they are in two LEPs.

Prepared on behalf of the Midlands Engine by: