

MIDLANDS ENGINE LEP PROFILES

Black Country LEP

October 2019



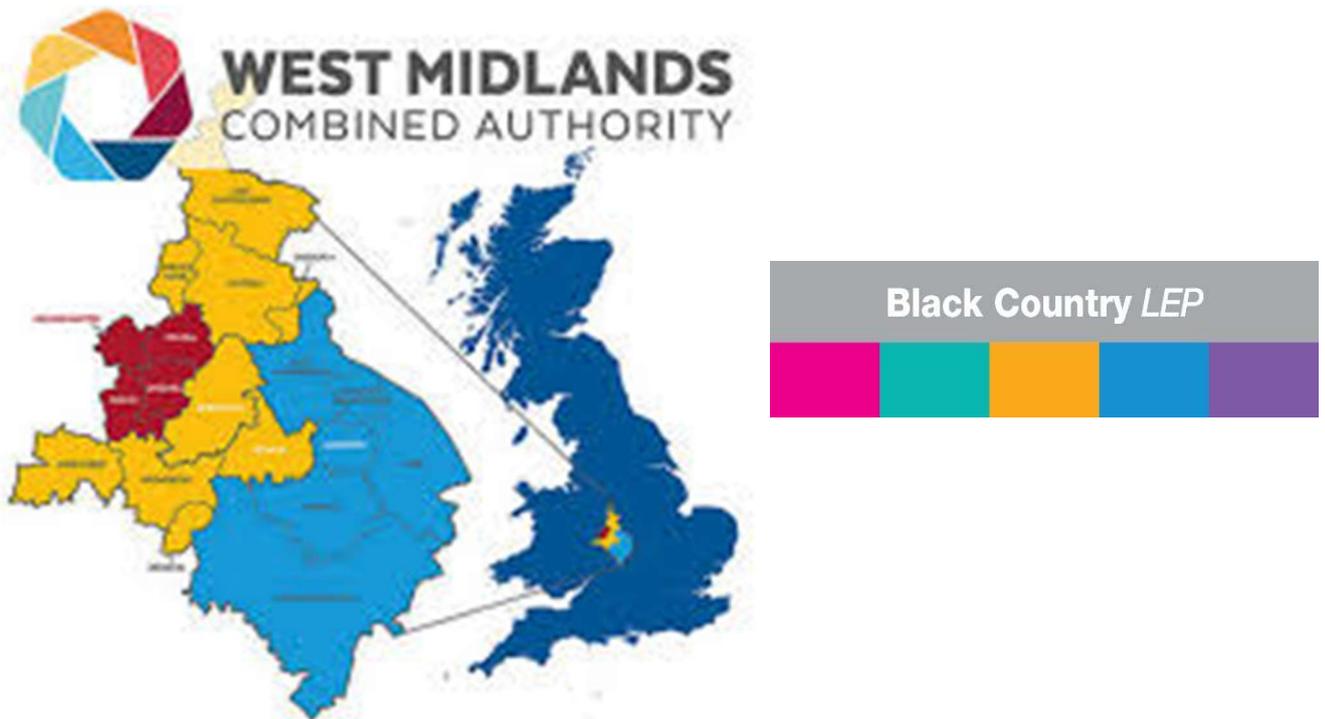
Introduction

This document profiles the Black Country 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 the Black Country and other LEP areas within the region.

The Black Country

The Black Country is at the heart of the Midlands Engine. It is the smallest Midlands Engine LEP area in terms of the number of hectares (35,693) but the third largest in terms of population. It is home to global businesses and a diverse set of innovative, adaptable supply chains across that work across sectors. The Black Country includes the local authority areas of Wolverhampton, Walsall, Sandwell and Dudley.

Black Country LEP remains committed to its long-term ambitious, evidence-based vision. At the core of that vision is a commitment to growing our population, raising incomes, achieving a more balanced population and transforming the quality of our environment.



The Black Country LEP has worked with the Greater Birmingham and Solihull LEP, Coventry & Warwickshire 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.

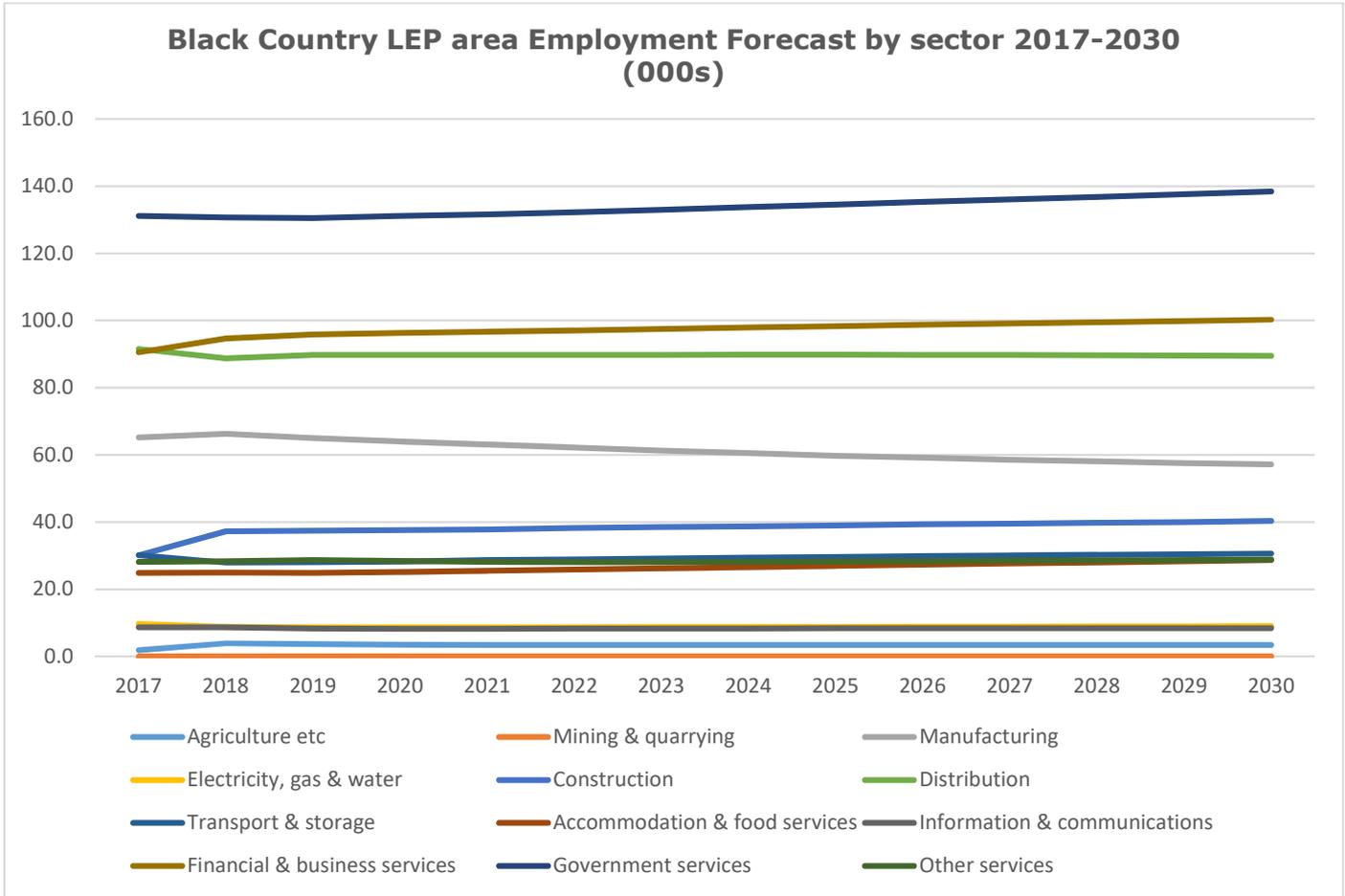
Contents

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 the Black Country is highlighted in blue in each graph. Infographics at the start of each section present key statistics in the area. The statistics are then contextualised in the graphs and text that follows.

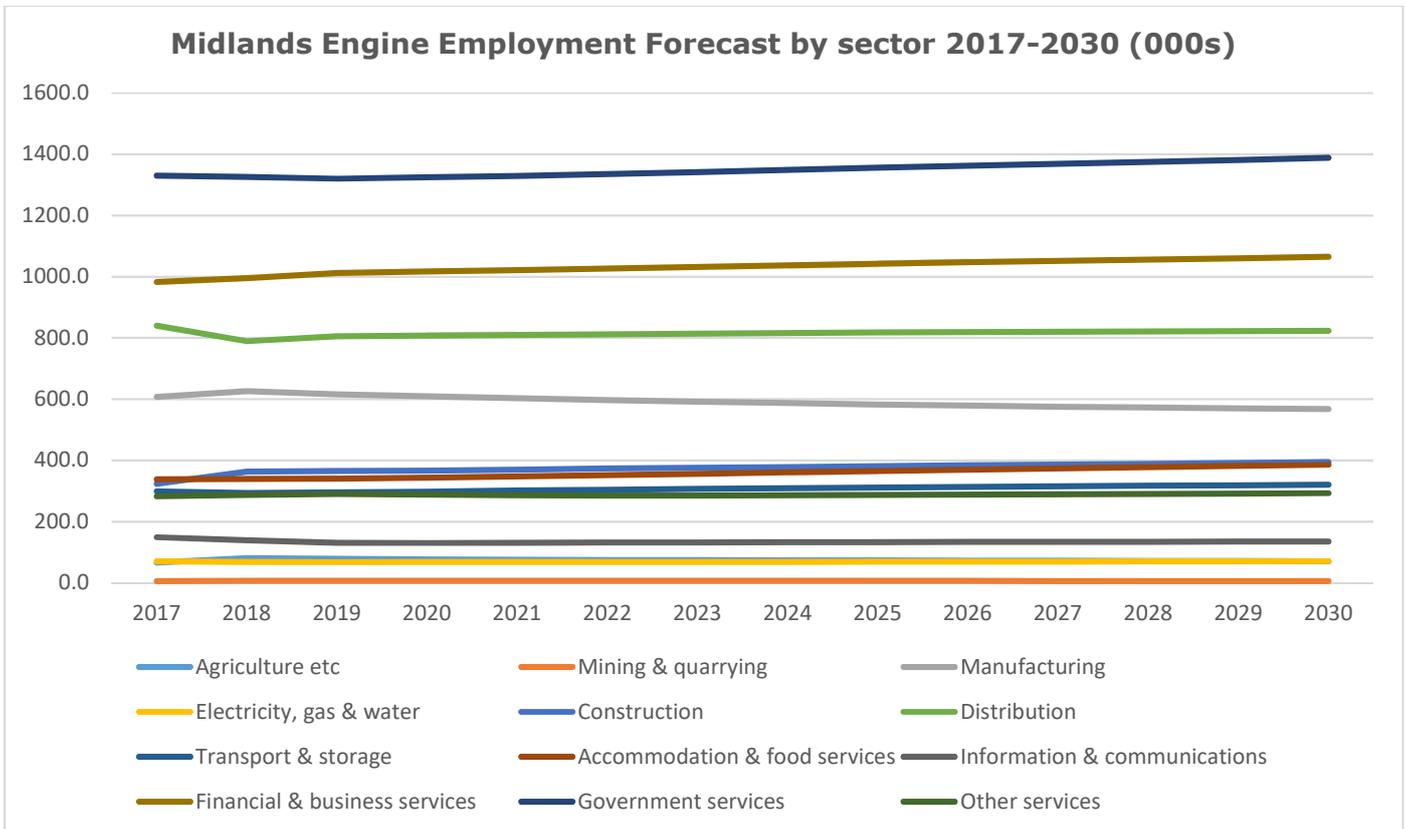
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Black Country Key Statistics

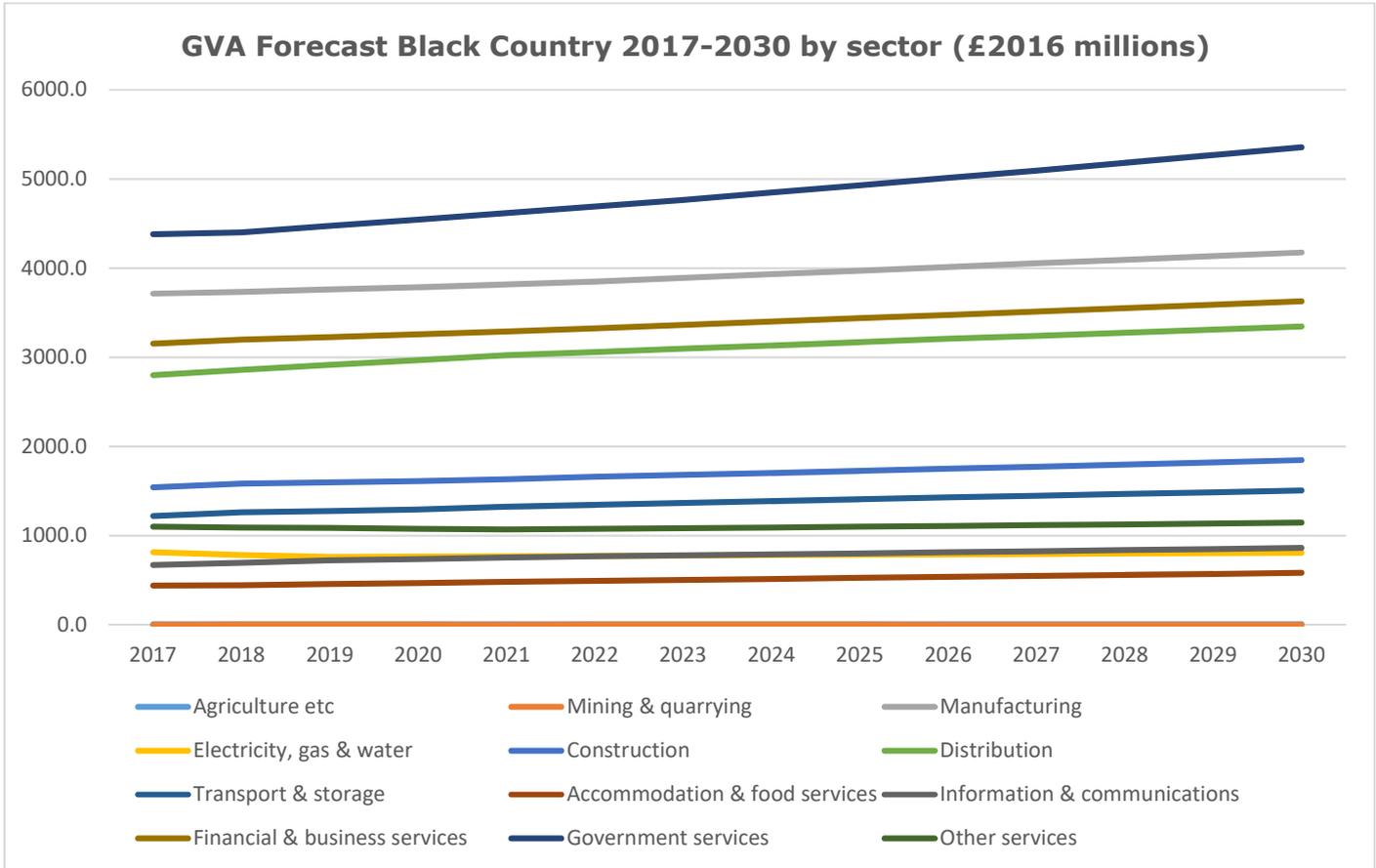




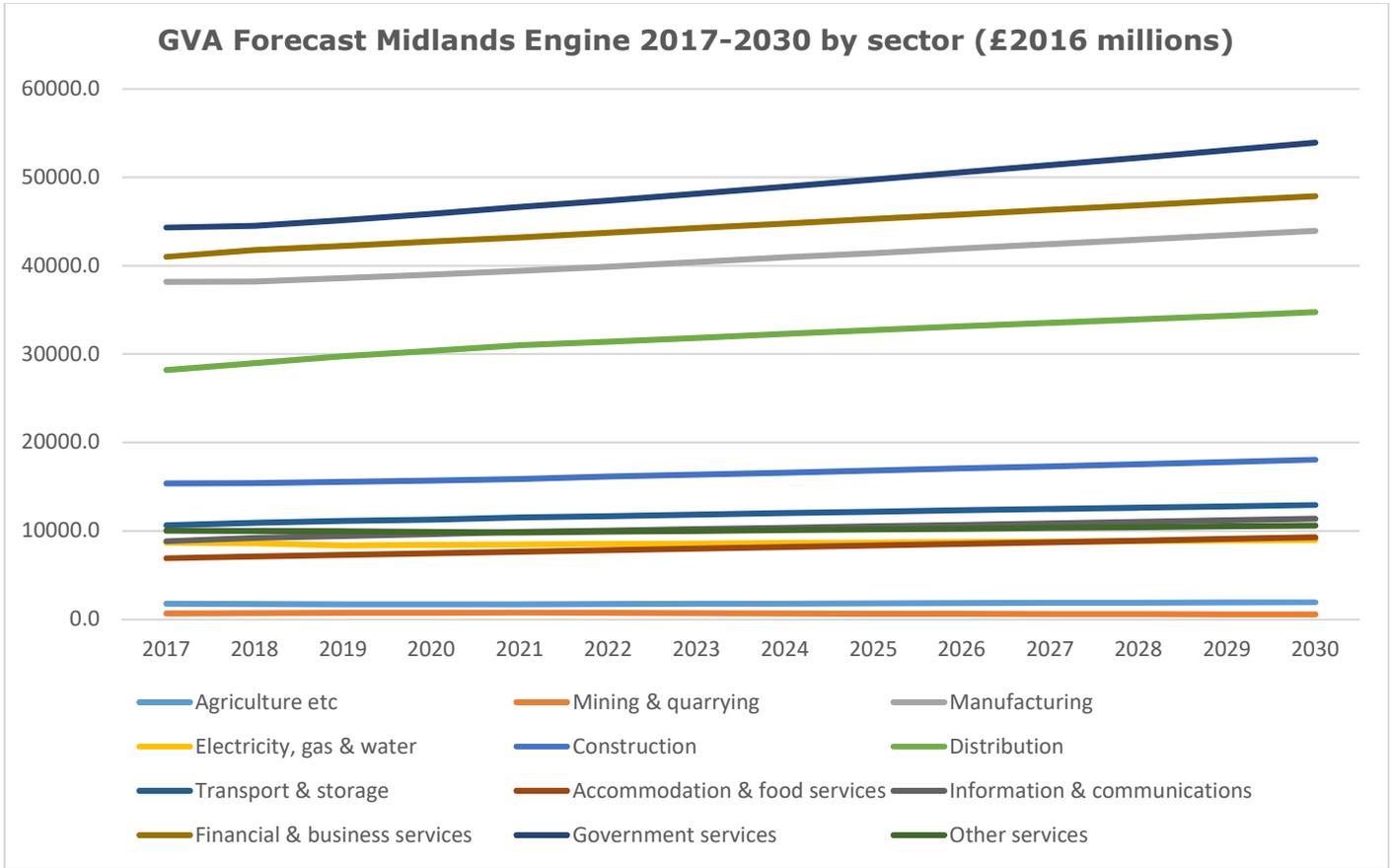
Source: Cambridge Econometrics (2019)



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**



1 UNIVERSITY



2,322,381€
SECURED THROUGH HORIZON 2020



£23,410,064
SECURED THROUGH RESEARCH COUNCILS/ INNOVATE UK



£84/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.

Based on the available data, the Black Country performs modestly on innovation indicators compared to other Midlands Engine LEPs in terms of business innovation funding secured and the value of research funding received.

However, analysis by the Smart Specialisation Hub suggests the Black Country performs above average for Higher Education Spending on R&D.¹

¹ Smart Specialisation Hub: LEP Profiles Data

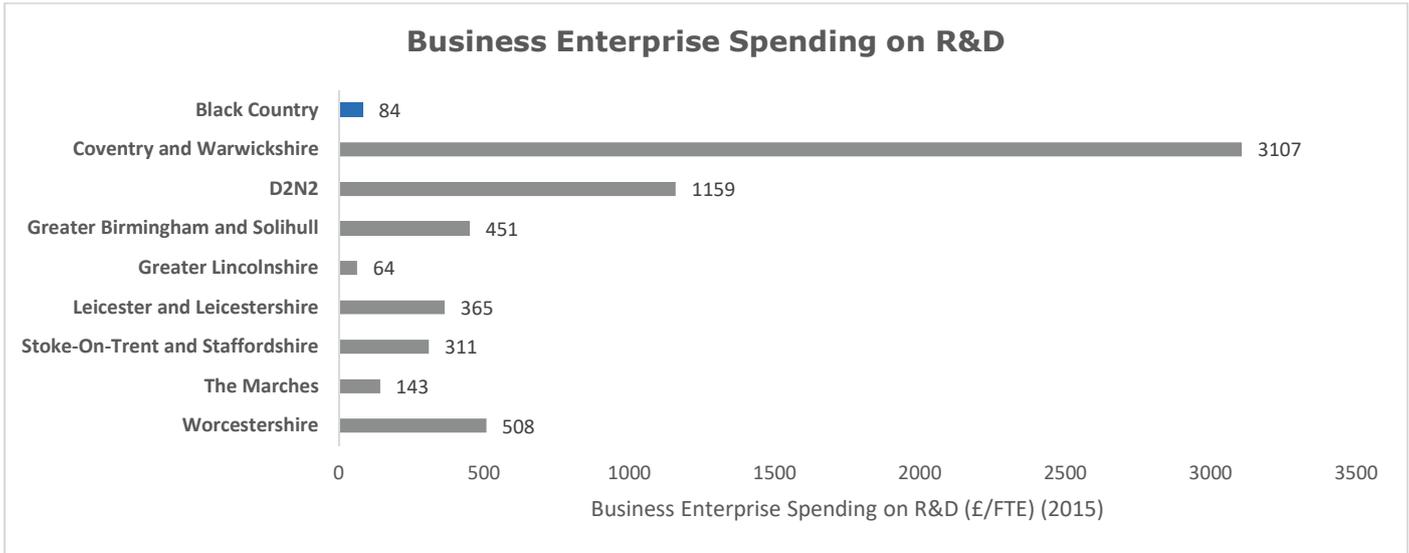


Figure 1 Source: BERD data analysis, Smart Specialisation Hub

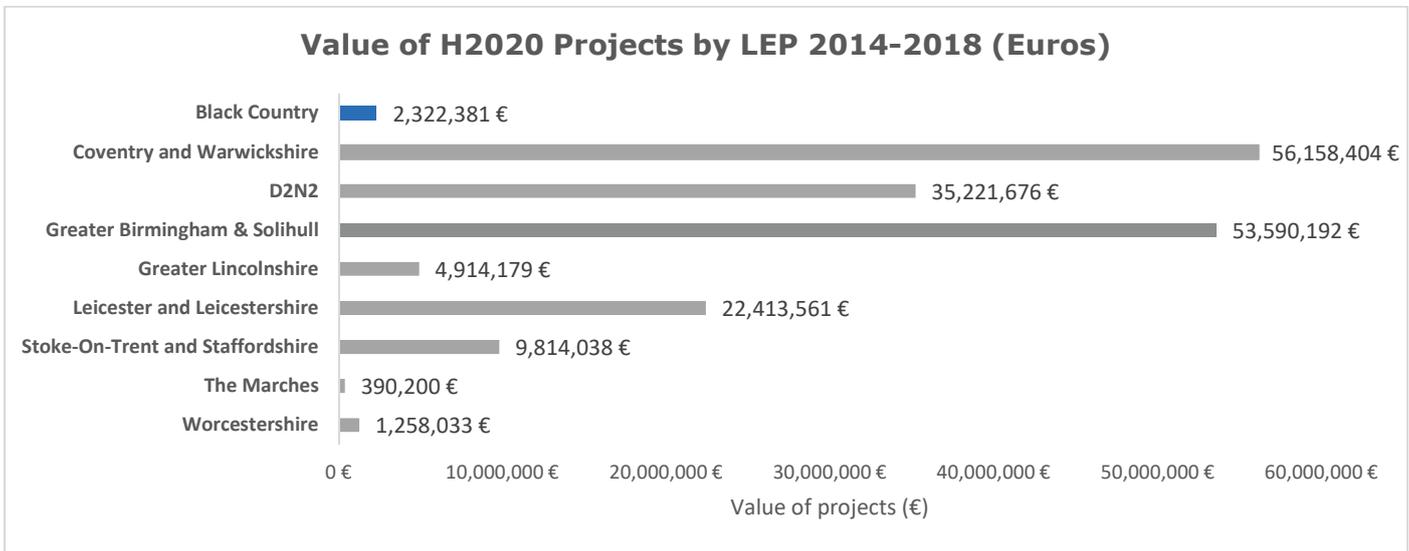


Figure 2 Source: EU Open Data Portal (2018)

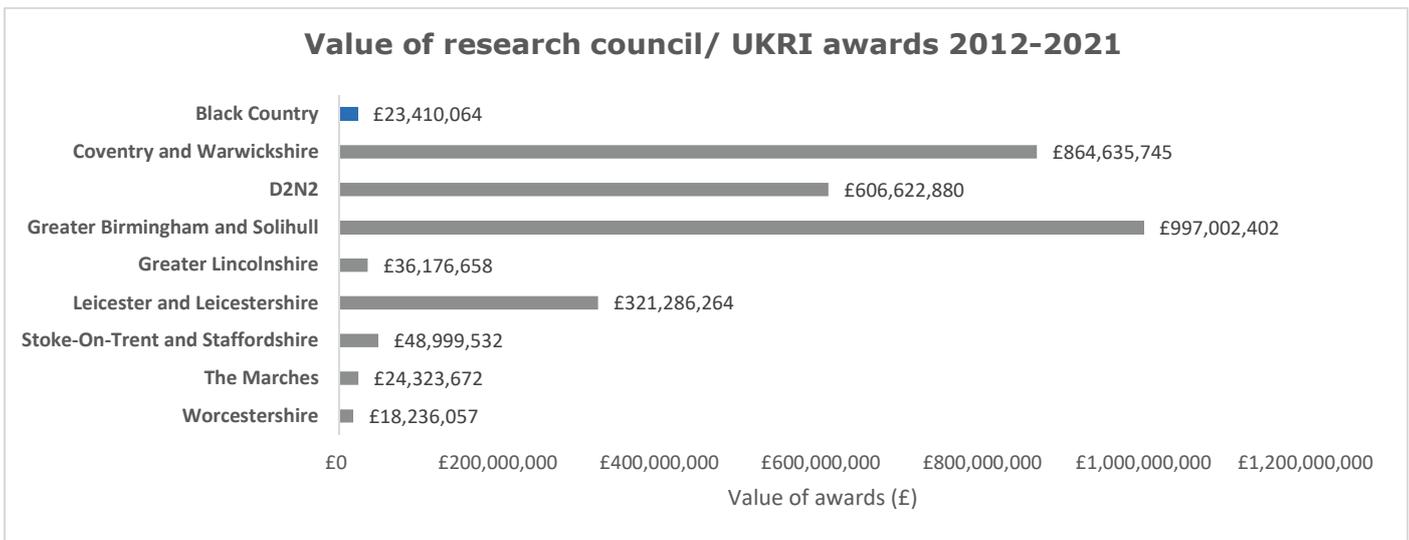


Figure 3 Source: UKRI (2019)

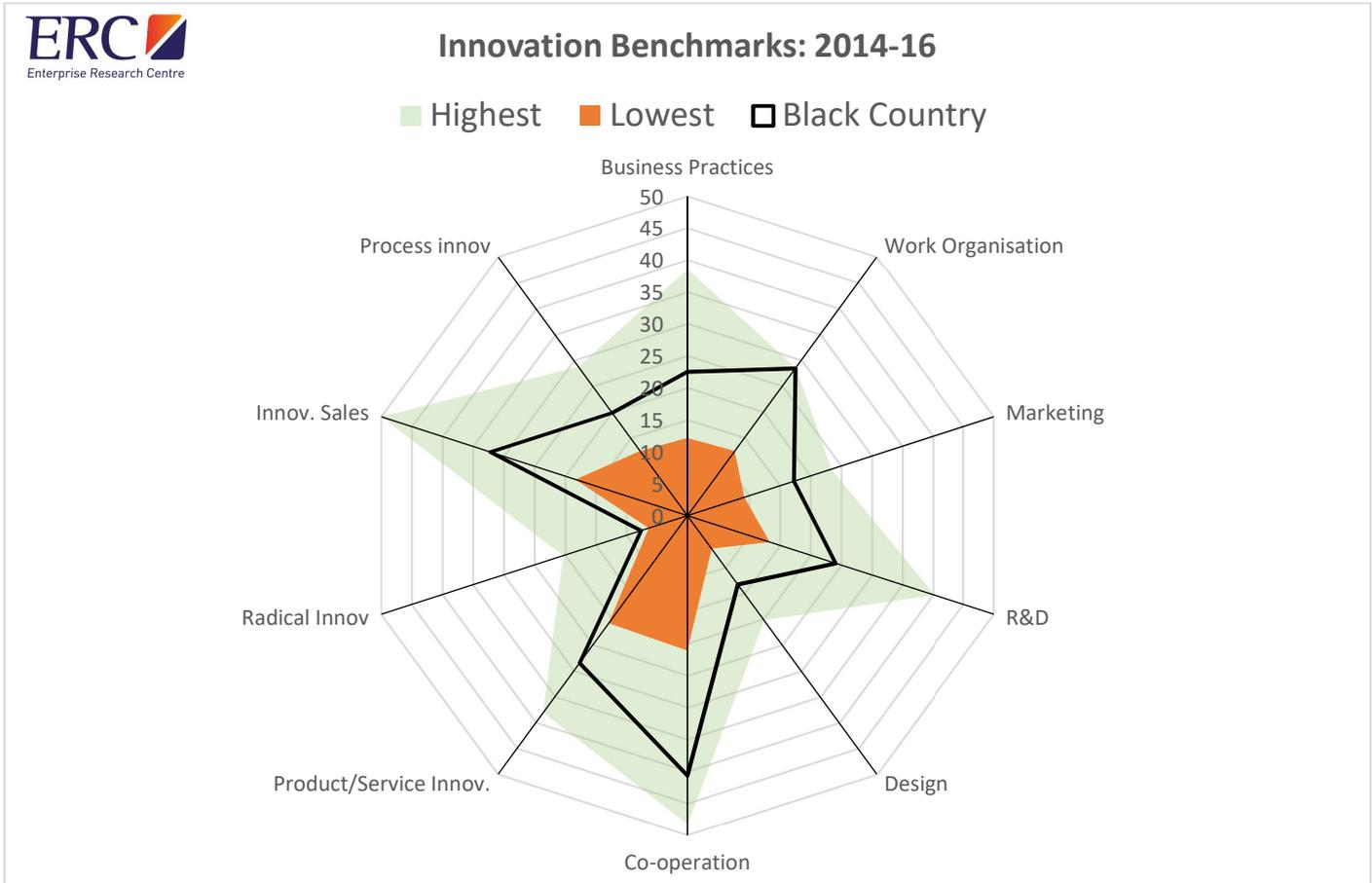


Figure 4 Source: Roper and Bonner (2019)

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

Even with just one university – Wolverhampton – analysis by the Smart Specialisation Hub suggests the Black Country performs above average for Higher Education Spending on R&D (ranked 5th out of all English LEP areas).²

Figure 2 indicates that over 2 million euros worth of Horizon 2020 projects was secured between 2014 and 2018. The University of Wolverhampton provides a focal point for Black Country research, innovation and the development of ideas. As a key local asset, the university contributes world-leading research, strong business links and state-of-the-art facilities, such as:

- A large and diverse Science Park including a Technology Centre, a Creative Industries centre and the new Science and Prototyping Centre - a unique combination of laboratories, workshops and office space for science and technology-based companies.
- Statistical Cybermetrics Research Group, one of the UK’s leading centres for research on software methods to exploit web-based sources for social sciences research.
- The Research Institute in Healthcare Science, providing a platform for the development and promotion of healthcare science research activities.

² Smart Specialisation Hub: LEP Profiles Data

- Brownfield Research and Innovation Centre (BRIC), developing cost effective and sustainable solutions to brownfield developments

Beyond the University, the Black Country has a cluster of innovative firms delivering cutting-edge solutions to everyday problems, utilising technology to drive progress. For example, Dudley-based Westfield Technology Group is one of the UK’s leading autonomous vehicle providers. The Westfield POD, developed in partnership with Heathrow, is the UK’s first fully autonomous vehicle for first mile – last mile transportation. The regional innovation ecosystem supports Black Country firms to innovate through a variety of projects and programmes.

Figure 4 indicates that the Black Country performs very well in terms of the proportion of firms introducing new methods of work organisation. Roper and Bonner (2019) rank it 1st of 39 LEP areas for this indicator. The area also performs strongly in relation to the proportion of firms collaborating for innovation (ranked of 39 LEP areas and 1st among Midlands Engine LEP areas³).



The Dudley based Westfield Technology Group’s POD is the UK’s first fully autonomous vehicle for first mile – last mile transportation.

Barriers and potential challenges

Figure 1 reveals that business enterprise spending in 2015 in the Black Country was £84/FTE, the second lowest of all Midlands Engine LEPs. Additionally, as shown in Figure 3, whilst over £23 million worth of research council/UKRI awards has been secured, again this is the second lowest of all Midlands Engine LEPs. A slowdown in business investment in the last decade has hindered innovation levels, particularly within small and medium sized firms of which there are many in the Black Country.

There are many instances of small-scale commercial research and process innovation by firms in supply chains, which find it difficult to engage with the wider ecosystem. While the West Midlands hosts excellent university research and innovative businesses, the Science and Innovation Audit shows there are still too many businesses that are innovation inactive.

³ Based on Midlands Engine 11 LEP geography.

Figure 4 indicates that whilst the Black Country has strengths in terms of work organisation and collaboration among firms, the area performs less well in terms of other types of innovation such as sales of innovative products and services (ranked 29th of 39 LEP areas and 9th among Midlands Engine LEP areas) and for the proportion of firms introducing new business practices (27th among English LEP areas, and 8th among Midlands Engine LEP areas).

Opportunities

The current technological evolution of industry is an opportunity as well as a challenge for the Black Country. Greater innovative capability will allow us to drive productivity improvements in key sectors such as advanced manufacturing and construction, guided by a constantly growing support ecosystem and infrastructure developments.

For example, the site of the former Springfield brewery in Wolverhampton is being transformed into Europe's largest specialist construction and built environment campus, bringing together businesses and the education sector to maximise impact on the economy. To be home to a School of Architecture and Built Environment, a National Institute for Brownfield Land and a National Centre for Construction Excellence, this asset will provide an environment for innovation to flourish in construction, allowing the Black Country to capitalise on disruptive innovations such as modular build.

Additionally, a Very Light Rail (VLR) Innovation Centre and Test Track is being developed in Dudley. The new centre will help to revolutionise VLR technology with Dudley leading the way globally in this field.



Springfield Campus in Wolverhampton will be home to the School of Architecture and Built Environment, a National Institute for Brownfield Land and a National Centre for Construction Excellence.

Going Forward

The Black Country LEP will continue to support the development of cutting-edge innovation assets such as the Springfield campus and VLR, and aims to further drive up levels of business innovation and the commercialisation of research and development. In particular the LEP is aiming to raise the productivity of the Black Country's "long-tail" of SMEs through proactive, innovation focused business support.

The LEP recognises that it is essential that it redoubles its efforts to improve the vitality of our business base. Compared with other LEP areas the Black Country ranks lowly for business R&D spend (36th), University Innovation Funding, Innovate UK investments (39th), Patents (39th) and labour productivity (36th).

One of the objectives of this refreshed growth strategy is to adopt an integrated approach to improving productivity, enabling innovation in business and the public sector and delivering inclusive growth. In doing so we will engage closely with the WMCA particularly in relation to:

- Its Productivity Commission which is seeking a better understanding of the productivity challenge;
- Its public sector reform programme which is currently focussing on four areas: troubled individuals, criminal justice, employment and skills and mental health;
- The Science and Innovation Audit which has been commissioned by the three LEPs in the WMCA.

The SEP is one of a number of Black Country Strategies which are intended to enable action in this area. The others are the Digital Strategy, the Smart City Strategy and the Ultra Low Emission Vehicle Strategy. Digital technologies in particular have the potential to enable business, public service organisations and the community to meet the needs of Black Country residents and stimulate economic growth. Increased use of digital technology could stimulate business formation and growth by supporting marketing, reducing costs, improving customer service and creating the conditions for innovation and high productivity.

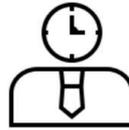
 **PEOPLE**



19.8%
RESIDENTS STAY
FOR STUDY &
EMPLOYMENT



£25,791
AVERAGE
EARNINGS



450,000
JOBS



68.7%
EMPLOYMENT



6.1%
UNEMPLOYMENT



24.5%
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.

There is a long-standing skills challenge in the Black Country, with too many people with no qualifications and not enough holding higher qualifications. This ultimately leads to sustained weaker employment and lower earnings, though significant progress has been made in recent years. The latest data shows that the percentage of Black Country residents with NVQ4+ qualifications is increasing whilst the percentage of those with no formal qualifications has decreased significantly since 2007. In line with national trends, the number of apprentices decreased. Employment and earnings in the Black Country remain below the national and regional average but the gap is closing.

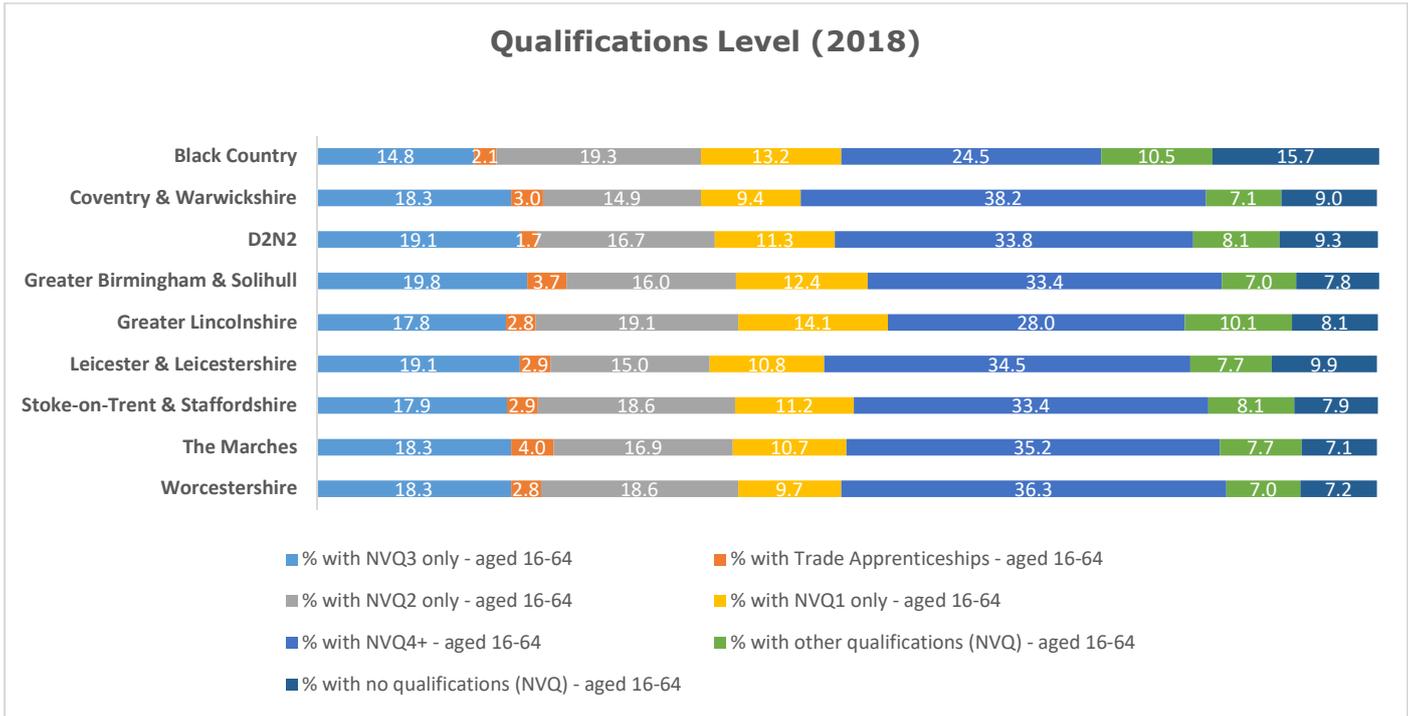


Figure 5 Source: ONS, Annual Population Survey (2019)

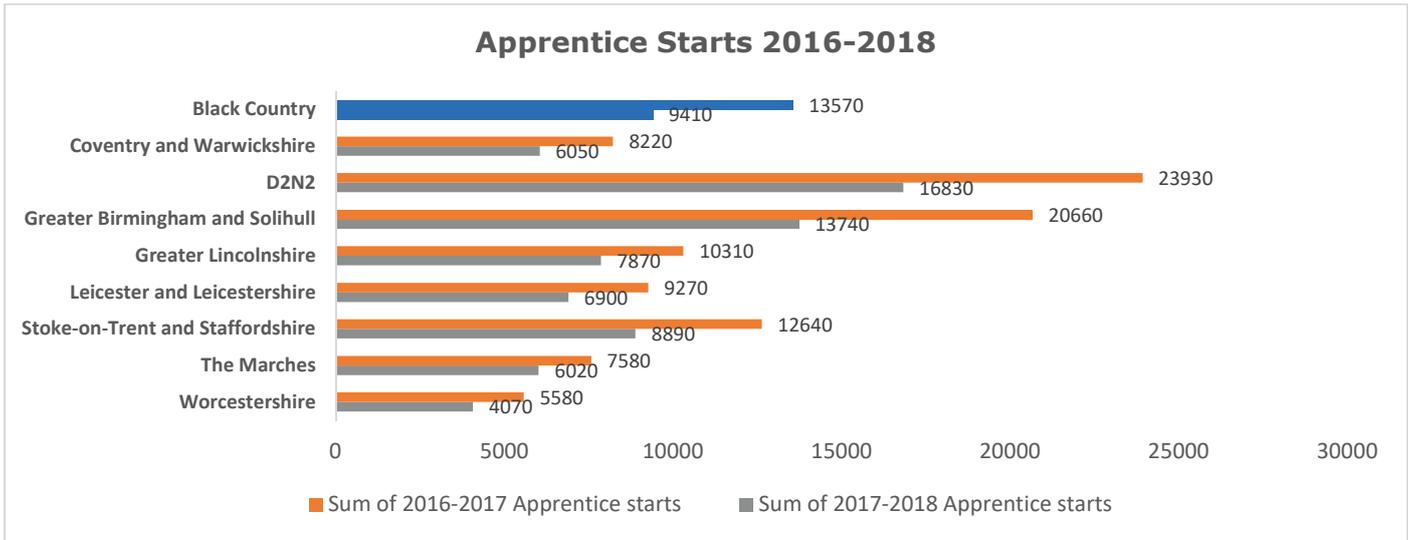


Figure 6 Source: Department for Education (2018)

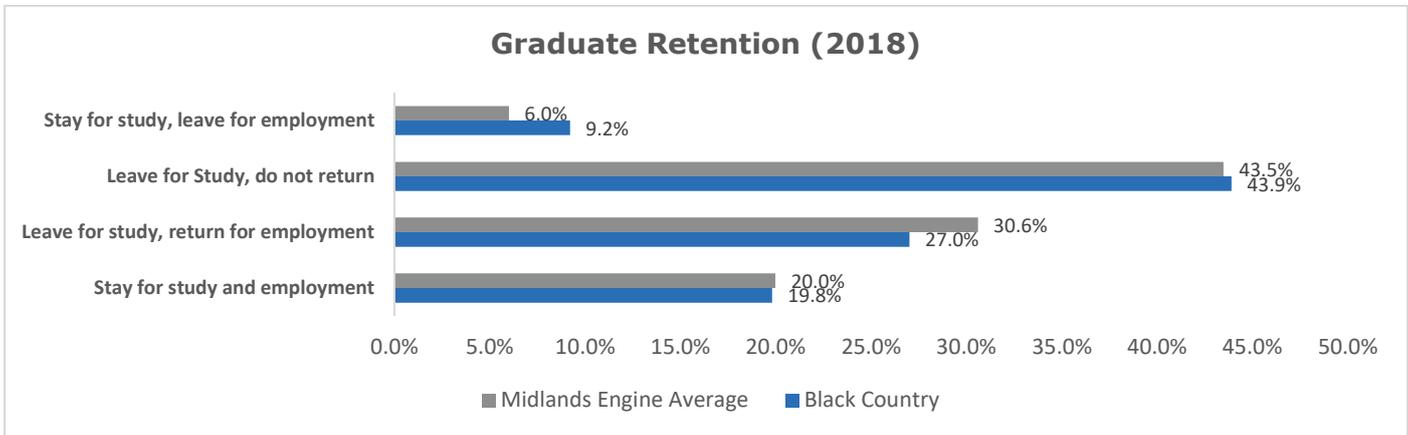


Figure 7 Source: Higher Education Statistics Agency, Destinations of Leavers from Higher Education (2018)

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)

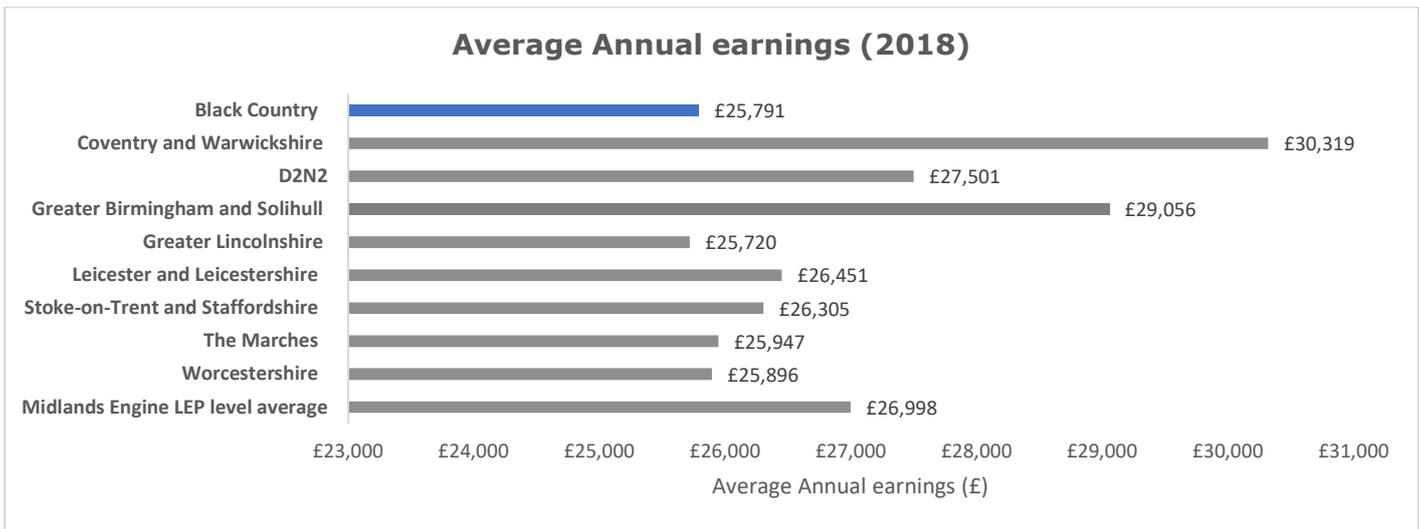


Figure 9 Source: Annual Survey of Hours and Earnings - Workplace Analysis (2018). N.B. data is provisional.

Assets

As shown in Figure 5, overall, 24.5% of Black Country residents have NVQ4 + qualifications, the lowest of all Midlands LEPs. The number is increasing however, by 1,300 in the last year and up from 17.4% of the population a decade ago. 15.7% of Black Country residents are without a formal qualification. Whilst this is high, it marks a dramatic improvement from 2007 when the figure was 24.3%. Figure 8 reveals that the employment rate in the Black Country is 68.7%. However, jobs increased by more than three times as much as the national average in the last year. Earnings have also increased faster than the national average: the average annual wage in the Black Country is currently £25,791 (Figure 9).

Black Country LEP helps bring together networks of schools, colleges, the university, training providers and employers to deliver transformative change locally through the provision of skills. Key assets include:

- Black Country Colleges, instrumental in providing businesses with people that have the right skills.
- The University of Wolverhampton, including the West Midlands Construction UTC and a range of diverse services that underpin higher skills development in the Black Country.
- Black Country Skills Factory, brokering industry-led skills support in key sectors.

- Elite Centre for Manufacturing Skills, a new flagship £12.4m employer-led training facility designed to improve productivity and growth in advanced manufacturing.
- Black Country Careers Hub, a recent announcement that will boost careers education locally, building on the work of the Enterprise Advisor Network.
- Figure 4 indicates that only 24.5% of Black Country residents have NVQ4 + qualifications, the lowest of all Midlands LEPs. The number is increasing however, by 1,300 in the last year and up from 17.4% of the population a decade ago.
- 15.6% of Black Country residents don't hold a formal qualification. Whilst this is high, it marks a dramatic improvement from 2007 when the figure was 24.3%.
- A new £2m Digital Engineering Skills Centre at Walsall College.

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 a site in the Black Country LEP in Walsall. 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.

Barriers and Challenges

Despite the Black Country's progress in raising skills levels in parts of the workforce and in meeting the skills needs of businesses, sufficient challenges remain, including within basic skills and more technical skills.

Black Country businesses report the lack of 'work ready' employees and raising skills levels in the Black Country in the longer-term hinges on sustained improvement in school performance and early years performance. More than half of Black Country schools perform below average for the Attainment 8 measure.⁴

National STEM shortages are widely known, and this issue is compounded in the Black Country because of our reliance on manufacturing sectors. Nevertheless, there is a critical need to strengthen workforce skills at all levels and address skills mismatches, particularly relating to our five identified transformational sectors. As part of this, the provision of lifelong learning is critical in filling local skills gaps.

As shown in Figure 6, following the national picture, apprenticeships decreased in the last year. There were 9,410 apprenticeship starts in the Black Country in 2017-18, compared to over 13,000 in 2016-17.

Opportunities

Multiple developments are taking place locally that can drive transformative change in the Black Country's skills system, providing technically skilled, work-ready people for the future, helping to drive a modern and prosperous economy for years to come.

For example, a bid for Dudley College to create an Institute of Technology was recently approved by government. The new IoT will focus its provision on advanced manufacturing, modern construction methodologies and medical engineering, all of which are critical transformational sectors for the regional economy.

Additionally, Wolverhampton has an ambitious City Learning Quarter scheme, which will see City of Wolverhampton College relocate and improve the city's learning, apprenticeship and employment offers

⁴ gov.uk Secondary School Performance Tables in England: 2018

to young people. This is in addition to the exciting Springfield campus at the University of Wolverhampton.

Going Forward

Black Country LEP wants to ensure that all our residents and communities can touch, taste and feel the benefits of rising prosperity. The LEP emphasises know that the area will be most successful if it benefits from the creativity, talent and ideas in all our communities; skills development at all life stages is critical to this.

The LEP aims to continue successful projects like Black Country Skills Factory and accelerate investment in skills infrastructure, including through support of already emerging developments. The Black Country Skills Factory has significantly improved the ability of advanced manufacturing businesses to access the training provision they require. The Black Country LEP has recently recurred SFA funding to extend the model to our other growth sectors.

School and college performance is important, in both raising skills levels across the Black Country and, by making the area an attractive place to live, supporting the delivery of the Garden City programme. Black Country LEP are keen to work with heads and governing bodies to help improve school performance and ensure that businesses make a full contribution.

The LEP are pursuing a proposal, led by Dudley College for an Institute of Technology for digital engineering and advanced manufacturing skills. If successful it could develop to embrace the other Black Country colleges and would contribute to our drive to increase the number of high level apprenticeships in the area.

In order to ensure that the Black Country LEP is well placed to take advantage of the Apprenticeship Levy, they are analysing new data from the SFA in order to understand which companies are investing in training and which are not. A key role for the LEP will be to ensure that employers have the capacity and capability to invest in training and take advantage of the Levy.

Raising skills levels in the Black Country in the longer term hinges on sustained improvement in school performance. The move towards academy and free schools has significant implications for the statutory role of local government in schools. But the Black Country councils and LEP retain a strong commitment to improving school performance from a community leadership and business perspective. The LEP aim to develop a new relationship with schools and to engage local business leaders in supporting schools in the area.



The Elite Centre for Manufacturing Skills National Foundry Training Centre in Tipton.



INFRASTRUCTURE



495,840
DWELLINGS



WITHIN 45
MINUTES OF
BIRMINGHAM
INTERNATIONAL
AIRPORT



5.98
HOUSE PRICE
TO INCOME
RATIO



21.8%
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.

Strategy in the Black Country has a strong focus on improving different modes of infrastructure, whether that be hard infrastructure like transport, homes, land and the environment, or softer infrastructure in the form of broadband and energy. The LEP has an ambition to provide a well-connected, clean and picturesque place for our communities to live in, reflected in the Black Country’s Core Strategy and upcoming Black Country Plan that refreshes this.

The available LEP-level data on infrastructure shows that the number of homes in the Black Country has increased substantially since 2007 and the house price to income ratio is now the lowest across Midlands Engine LEPs but that the percentage of households and businesses connected to superfast broadband is low.

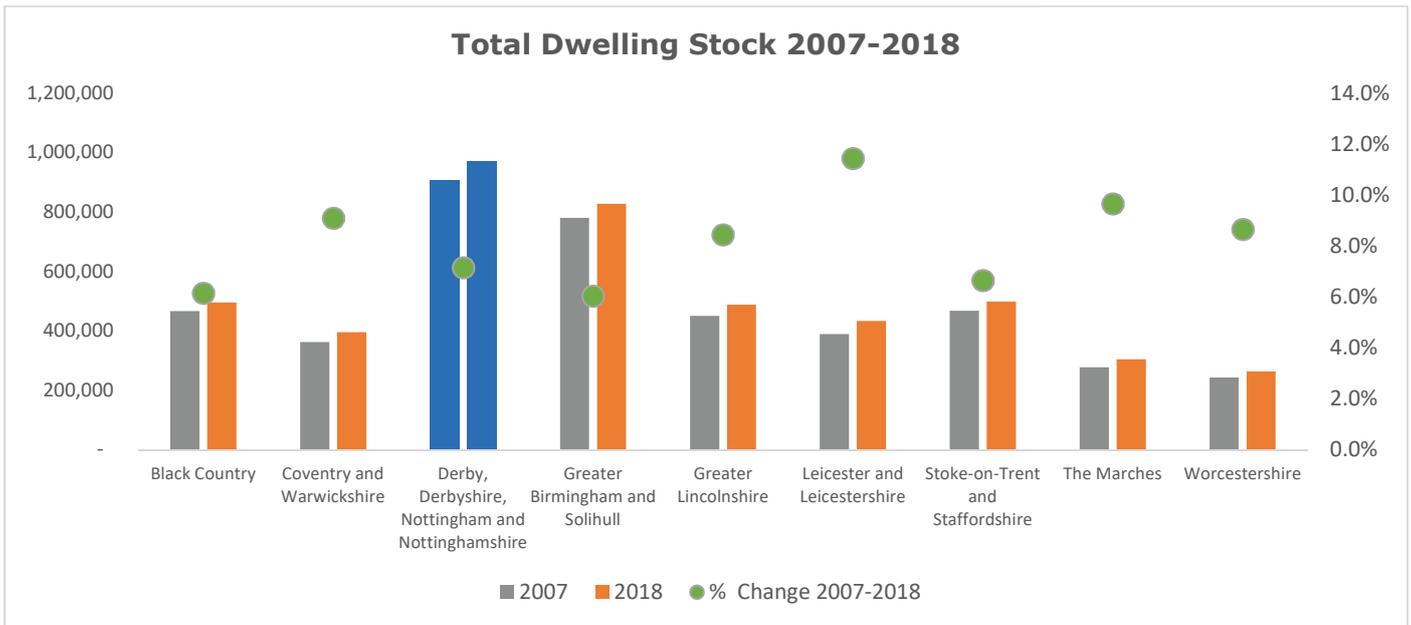


Figure 10 Source: Ministry of Housing, Communities & Local Government, Live Table 125 (2019)

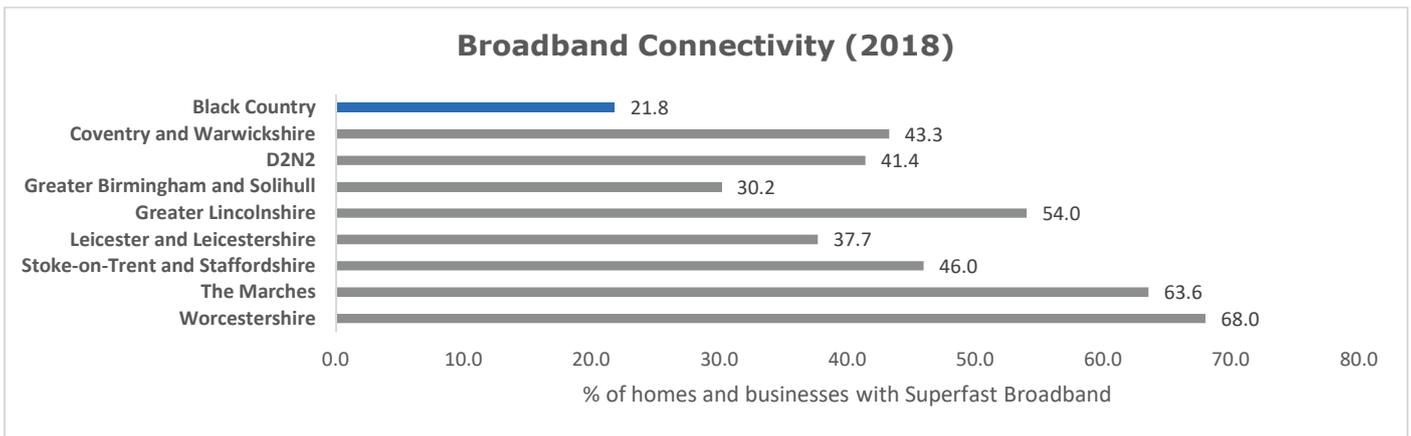


Figure 11 Source: OFCOM, Connected Nations (2018)

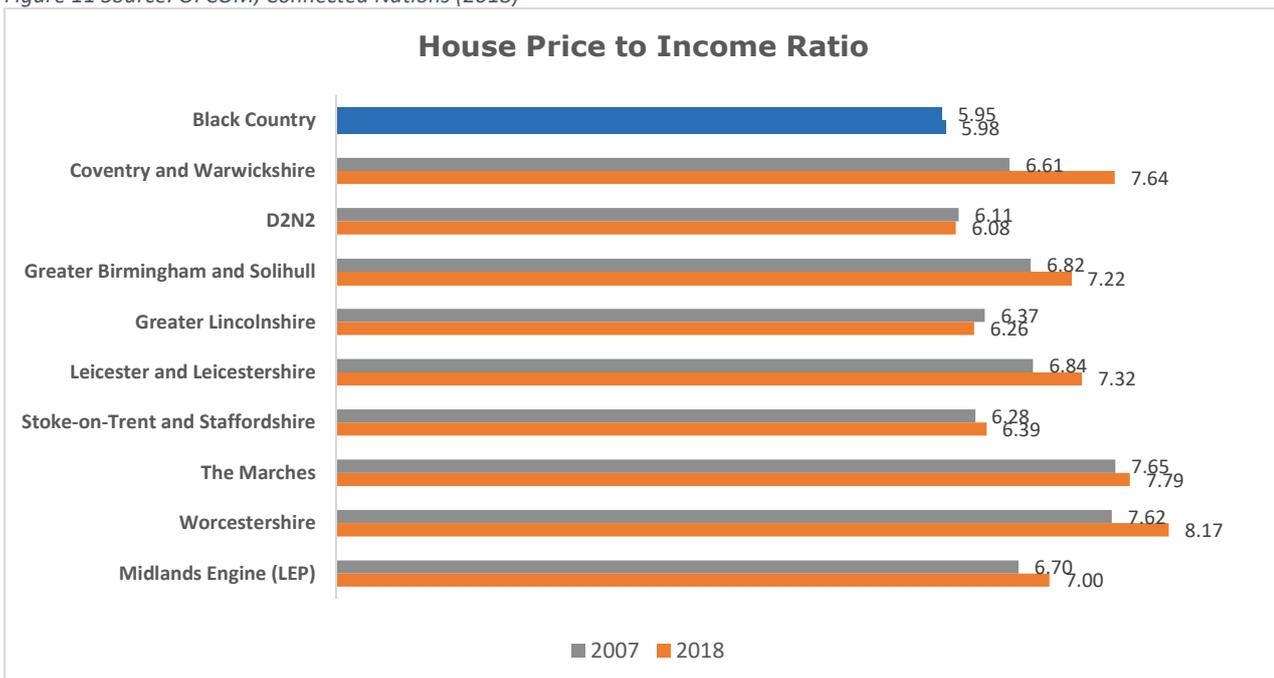


Figure 12 Source: ONS, House price to residence-based earnings ratio (2019)

Assets

- Figure 10 shows that the Black Country has 495,840 homes (2018), an increase of over 25,000 homes since 2007.
- According to Figure 12, the house price to income ratio fell from 5.95 in 2007 to 5.98 in 2018. This is the lowest within across Midlands LEPs.

The Black Country has a key set of programmes and assets across the full range of infrastructure themes that underpin local strategy. Specifically, these include:

- **Land**, e.g. Brownfield Research and Innovation Centre, Dudley Brownfield Land
- **Transport**, e.g. Wednesbury to Brierley Hill Metro extension, Wolverhampton Interchange
- **Housing**, e.g. Black Country Garden City, Goscote Lane corridor
- **Energy**, e.g. Working within Energy Capital partnership in developing Energy Innovation Zones
- **Environment**, e.g. Black Country Blue Network, Natural Capital Roundtable
- **Digital**, e.g. Black Country Broadband project, 5G developments.



The existing Black Country Metro Line One that connects the cities of Wolverhampton and Birmingham.

Barriers and Challenges

Infrastructure is a key barrier to growth in the Black Country and there are multiple examples of why.

Most visibly, increased demand for rail capacity and persistent congestion on the roads ensures that the delivery of our long-term transport strategy is crucial in terms of improving travel. Furthermore, the shortage of high-quality housing in the Black Country is a significant constraint on our ability to attract and retain graduates and high skilled workers.

Despite considerable progress, there also still remains a shortage of high-quality employment sites and premises in the Black Country; this is a key barrier to private sector investment and business expansion. Another infrastructural burden on business is the current high price of energy, particularly for heavy industry.

As shown, in Figure 11, only 21.8% of households in the Black Country are connected to superfast broadband. This is also the lowest of Midlands LEPs; an issue of take-up rather than availability – of which the Black Country performs well on through its Black Country Broadband project.

Weaknesses in green and blue infrastructure in parts of the Black Country reduce overall quality of life that the area provides and may damage aims to attract and retain skilled workers and investment.

Opportunities

A number of considerable infrastructure investments and developments are taking place regionally and these provide a great opportunity for the Black Country. For example, the Midland Metro expansion from

Wednesbury to Brierley Hill will boost regional connectedness for residents and businesses. Additionally, potential new rail stations at Willenhall and Darlaston can have a similar impact on connectivity.

Away from transport, the Black Country's pioneering approach to brownfield land has the opportunity to revolutionise the availability of employment land in the region. Building an internationally relevant construction sector cluster in Wolverhampton – including the emerging National Brownfield Institute - is a huge opportunity to support this.

There is also an important opportunity to deliver digitally-enabled and clean infrastructure through technological and environmental enhancements. The West Midlands has a unique opportunity to use 5G for a faster more efficient digital infrastructure, and through energy and environment interventions there's a key opportunity to deliver a clean infrastructure transformation.



An example of Black Country Garden City in West Bromwich providing low carbon timber housing.

Going Forward

Upgrading infrastructure is an ongoing need in the Black Country, reflected by the Black Country LEP's extensive focus and investment into this policy area. The LEP will ensure the successful delivery of developing projects and maximise the potential of emerging ideas, so we can boost infrastructure across all forms. The upcoming Black Country Plan – a refresh of the Black Country Core Strategy – will reflect this and provide an overarching vision for local partners to deliver on.

The Black Country has a long-term transport strategy with an agreed set of transport priorities for the next 10 years. The strategy has been developed in the context of the WMCA's transport plan, *Movement for Growth*. The priorities include investment in the national and regional road and rail networks in order to:

- Transport goods to market;
- Enable employees to travel to and from work;
- Encourage people to visit the area.

99.4% of the Black Country has access to high speed broadband and are determined to be the first LEP to secure full coverage. Key to delivering this will be action address the "white spots" in the City of Wolverhampton and ensuring access for other hard to reach premises.

Priorities include:

- Investment in a high quality mass transit system providing increased capacity in existing rail lines, new rapid transport links and high quality interchanges with local bus networks;

- A key route network programme including junction and corridor improvements to improve the delivery of goods to market, employees' travel to work and travel to the area by investors and visitors;
- Investment at a local level to both open up development sites and address specific local issues and hotspots.

This constitutes a 10 year, £1bn investment programme.

Priority is also being given to the use of new technology, including:

- Promoting the use of Ultra Low Emission Vehicles (ULEVs) through a Black Country ULEV Implementation Plan including, for example, incentives to encourage take up and the provision of a network of electric vehicle charging infrastructure;
- Greater use of real time information and smart ticketing.

Elements of the Midlands Connect programme which would deliver significant benefits to the Black Country include:

- The Midlands Rail Hub;
- The Midlands Road Hub study.

Over 20,000 new homes have been built since 2006. The Black Country LEP is aiming to lever £6bn investment to enable an additional 45,000 homes to be built by 2026. Around 75% of the additional homes will be built without public sector intervention. And the area have significant funding opportunities including the £15m Black Country Housing Fund and £2m remediation funding for surveys and site investigations.

The shape of the house building industry in the Black Country reflects the impact of the recession in 2008 with fewer small and medium sized businesses. The Black Country LEP are enabling the growth of businesses in this sector by:

- Helping businesses to access capital grant schemes to develop the capacity for off-site construction;
- Developing a small sites programme to provide a market for SMEs in the sector.

The Black Country new housing development will be well-located with direct links to existing communities, and existing and new infrastructure including well performing schools. The LEP aims to support all those involved in the house building process – landowners, designers, planners, developers and builders – to improve the quality of new homes and neighbourhoods. For example, the proposed Wednesbury to Brierley Hill Metro extension will connect to a Garden City development at Lye providing first class connectivity, including to the anticipated office development in the Enterprise Zone.

The Black Country Digital Strategy has as one of its objectives the availability of free Wi-Fi in public buildings and town and city centres. This could both help to reduce digital exclusion and enhance the attractiveness of our strategic centres to residents, businesses and visitors.



BUSINESS ENVIRONMENT



38,505
BUSINESSES



-655 BUSINESS
BIRTHS



-11.1%
BUSINESS BIRTHS



**7.8% OF JOBS IN
BUSINESS
ADMINISTRATION
& SUPPORT
SERVICES**



**4.2% 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.

Like most of the UK, the Black Country business base is a mix of firms in the high-productivity "frontier" and low productivity "long tail." The evidence shows a strong business stock performance in recent years – there are now more businesses than ever before in the Black Country and business births growth has been faster than the national average. The Black Country performs comparatively well on start-ups generating £1m+ turnover within three years.

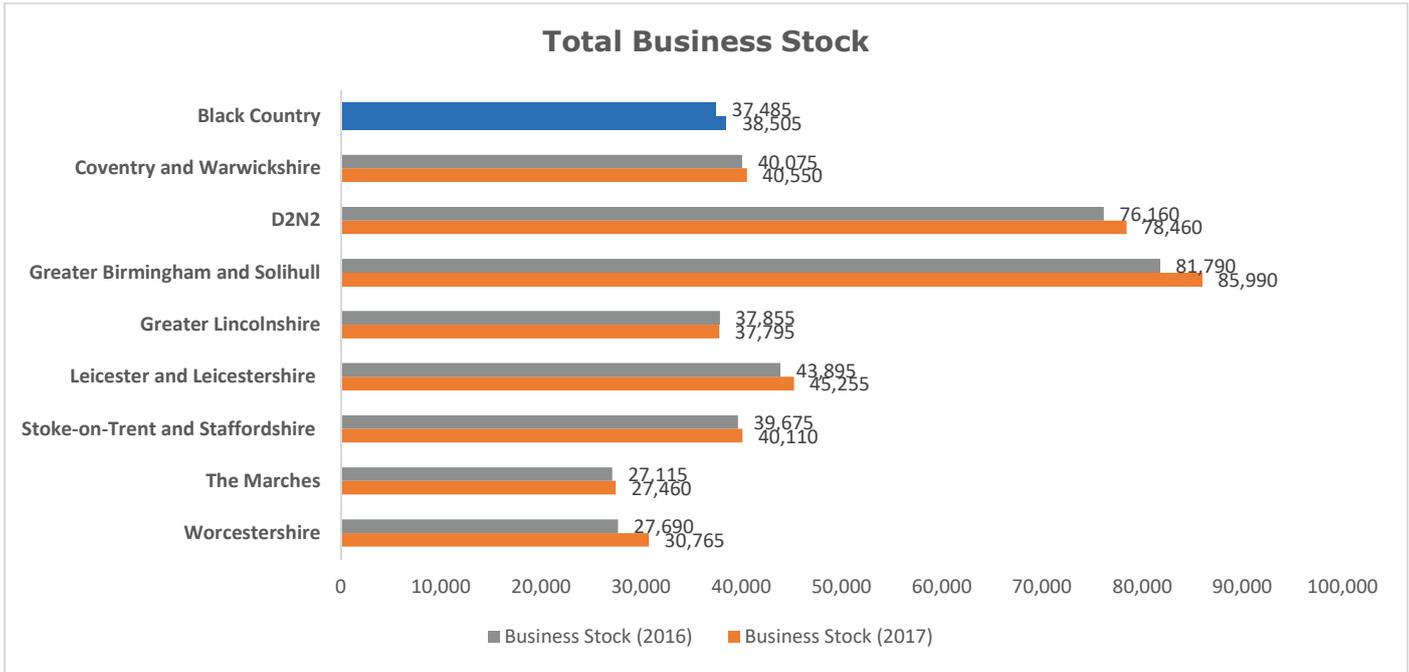


Figure 13 Source: ONS Business Demography (2018)

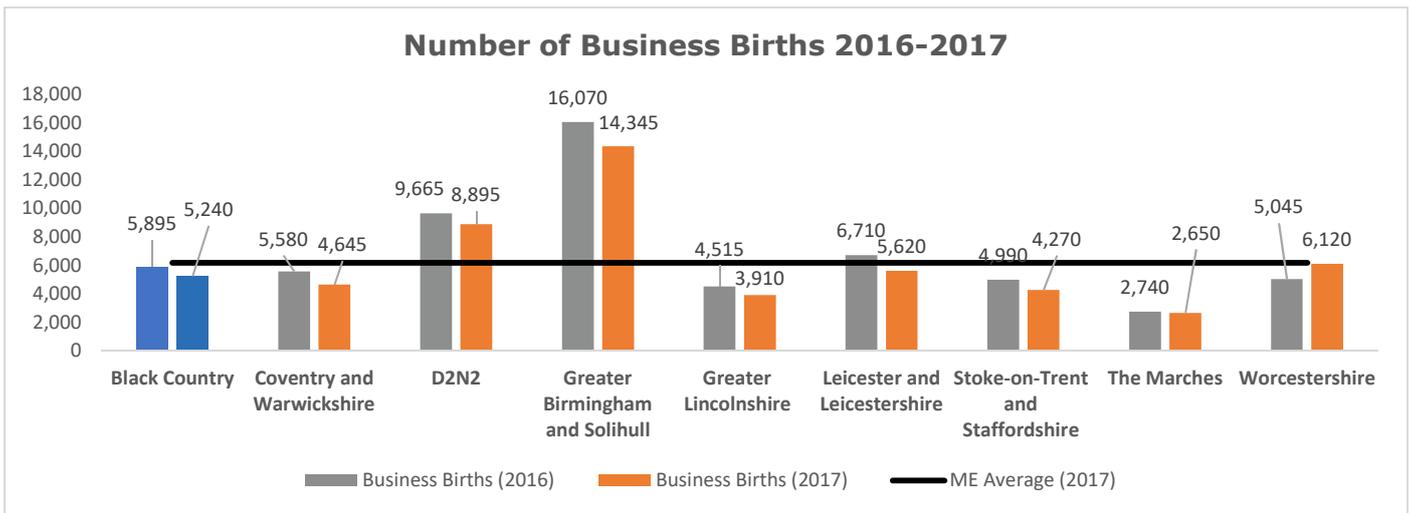


Figure 14 Source: ONS Business Demography (2018)

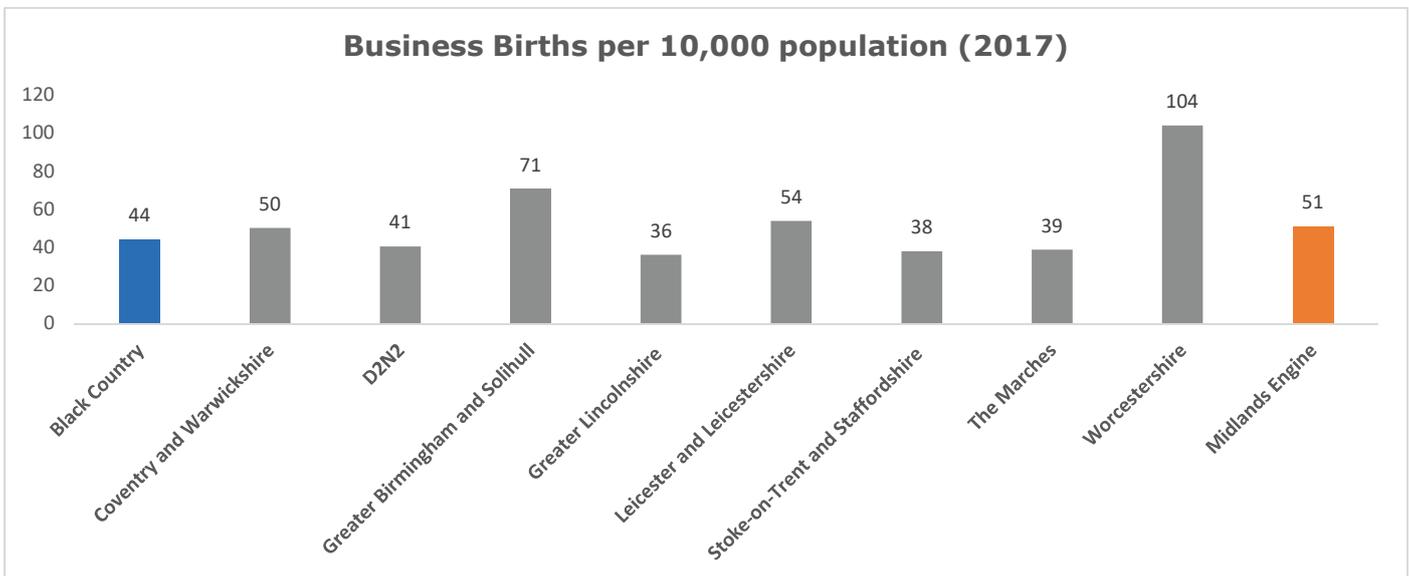


Figure 15 Source: ONS Business Demography (2018)

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

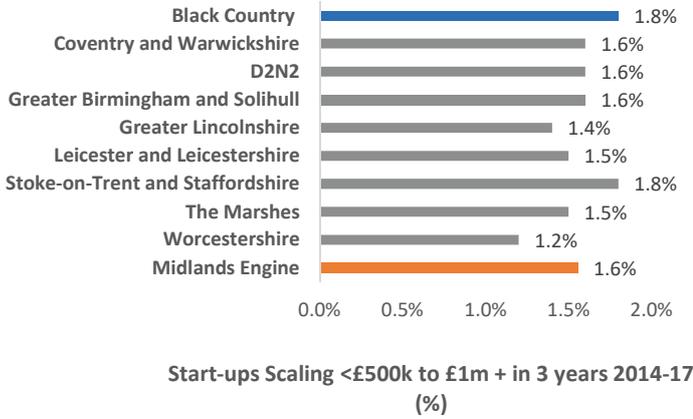


Figure 16 Source: Enterprise Research Centre UK Local Growth Dashboard (2018)

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

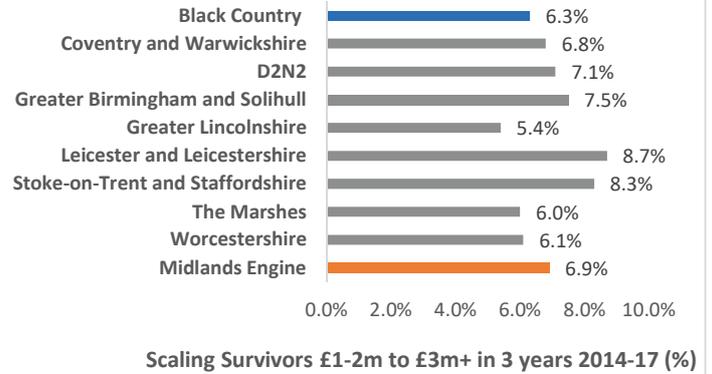


Figure 17 Source: Enterprise Research Centre UK Local Growth Dashboard (2018)

Jobs by broad sector (%)

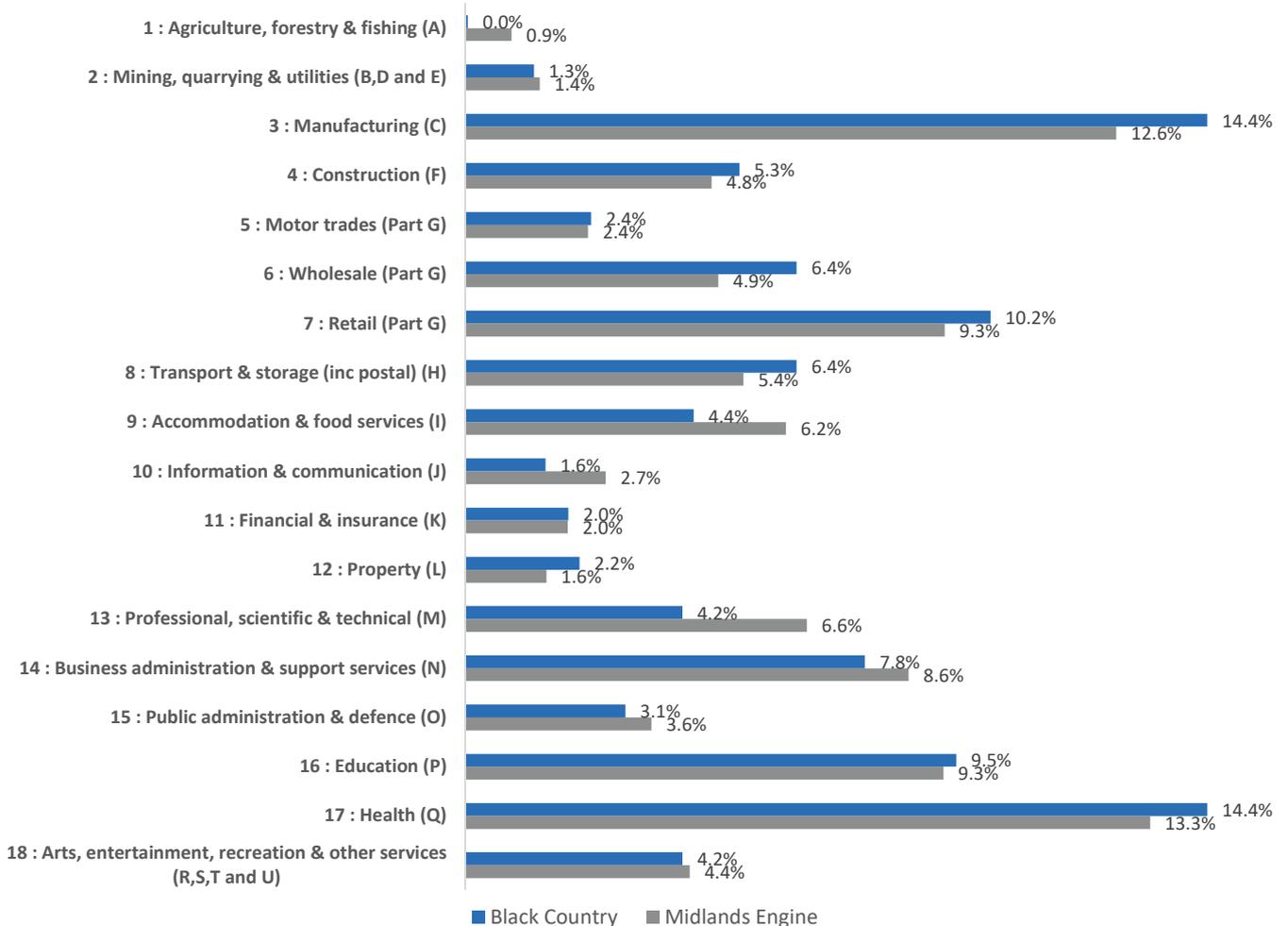


Figure 18 Source: Business Register and Employment Survey (2019)

Assets

There are currently 38,505 businesses in the Black Country (2017), an increase of over 1,000 on the previous year (Figure 13). The Black Country performs comparatively well on start-ups generating £1m+ turnover within three years. 1.8% of start-ups fulfil this criterion, above the Midlands Engine average (Figure 16). As shown in Figure 18, important sectors in the Black Country include manufacturing, construction and transport & storage. All of these have a larger share of total businesses than at the Midlands Engine level.

Working in partnership with government and building on the strengths of the Black Country Growth Hub, the Black Country aims to boost business dynamism and productivity. This includes ongoing work to increase the Midlands Engine’s international reach and success. The Black Country has a strong business support infrastructure, based strongly on the Black Country Growth Hub. The Growth Hub provides a single point of contact for businesses in the Black Country to easily access a wide range of support and expertise. Support is available to pre-start, start up, small and established businesses and, amongst wider offerings, includes access to:

- Funding & finance options
- Export opportunities
- Skills and training
- Innovation and product development guidance

Furthermore, the LEP co-ordinates collaborative action between business organisations such as the Black Country Chamber of Commerce, the Federation of Small Businesses and MakeUK.

The LEP also oversees a successful set of Enterprise Zones: i54 in Wolverhampton, DY5 in Dudley and the emerging Darlaston Enterprise Zone in Walsall.



The Jaguar Land Rover Engine Manufacturing Centre at i54, Wolverhampton.

Barriers and Challenges

Figures 14 and 15 show that there were 5,240 business births in the Black Country in 2017 – representing 44 per 10,000 of population. This is slightly lower than the number of births in 2016, following national and regional trends.

The gap in GVA per head between the Black Country and England is currently £9,802, creating an output gap of £11.6 billion.⁵ £7.8bn of this output gap is due to a lack of dynamism in the Black Country economy – suggesting weaker than average performance in competition, investment, enterprise and innovation – key themes of the business environment.

This business environment part of the productivity gap stems from multiple complex issues, notably weak investment (including FDI), insufficient business stock and business births, and difficulty in retaining high-growth businesses and talent.

Opportunities

Sectors have been and continue to be a large part of strategy development in the Black Country and wider West Midlands. Through the West Midlands Local Industrial Strategy, Black Country LEP is leading on the development of four sector action plans for the region: aerospace, rail, metals & materials and construction.

Black Country LEP partners have worked closely with industry to ensure the needs of sectors are reflected in the action plans, and through a Black Country Local Implementation Plan, we are ensuring that interventions benefit the Black Country as well as the wider West Midlands.

One way to improve productivity is to have lots of firms make (small) improvements in the way that they are run. For these firms most of the effort needs to be on low cost ways of getting new technologies/practices into firms – new to the firm innovation - or on increasing their capacity to use them effectively. The proposed Black Country Productivity Factory programme will increase efficiencies in supply chain companies through a programme of intensive and specialist support.

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

⁵ Black Country Annual Economic Review 2019



West Midlands Combined Authority (2019)

Going Forward

A targeted, firm level approach will be key to addressing the overall productivity challenge in the Black Country. The Black Country LEP is aiming to deliver this through the proposed Black Country Productivity Factory in addition to securing a long-term, sustainable role for existing assets like the Black Country Growth Hub and Black Country Enterprise Zones.

The LEP will continue to develop transformative interventions through a suite of sector action plans, at both the Black Country and West Midlands levels, supporting the implementation of the West Midlands Local Industry Strategy and the Black Country’s existing Strategic Economic Plan.

Closing the productivity gap between the Black Country and the national average is an overarching priority for us. The productivity challenge in the Black Country relates to both the public and private sectors. The four Black Country Councils and their public sector partners face significant budget pressures in the short and medium term. The area also faces significant demographic pressures, most notably an ageing population and higher than average levels of deprivation and obesity.

The LEP has a programme of activity to enable businesses in our growth sectors to improve their productivity. We are also supporting the Science and Innovation Audit which has been commissioned by the three LEPs in the WMCA.

The integration of health and care is a priority for the area, within the context of the use of the Better Care Fund and the Black Country Sustainability and Transformation Plan. Health is one of the Black Country LEP's enabling sectors, employing around 66,000 people and contributing £1.5bn GVA. Action to meet the health and care challenge will involve both the public and private sectors, including health and care providers and potentially businesses in the digital, construction and other sectors.



 **PLACE**



99.7%
URBAN
POPULATION



2/38
LEP AREAS IMD
AVERAGE RANK



0.4 MILLION
VISITOR TRIPS



0.8 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.

The 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.

Growth and its associated benefits are unevenly distributed in the Black Country, with key pockets of deprivation, low employment and a lack of access to opportunities.

RURAL POPULATION

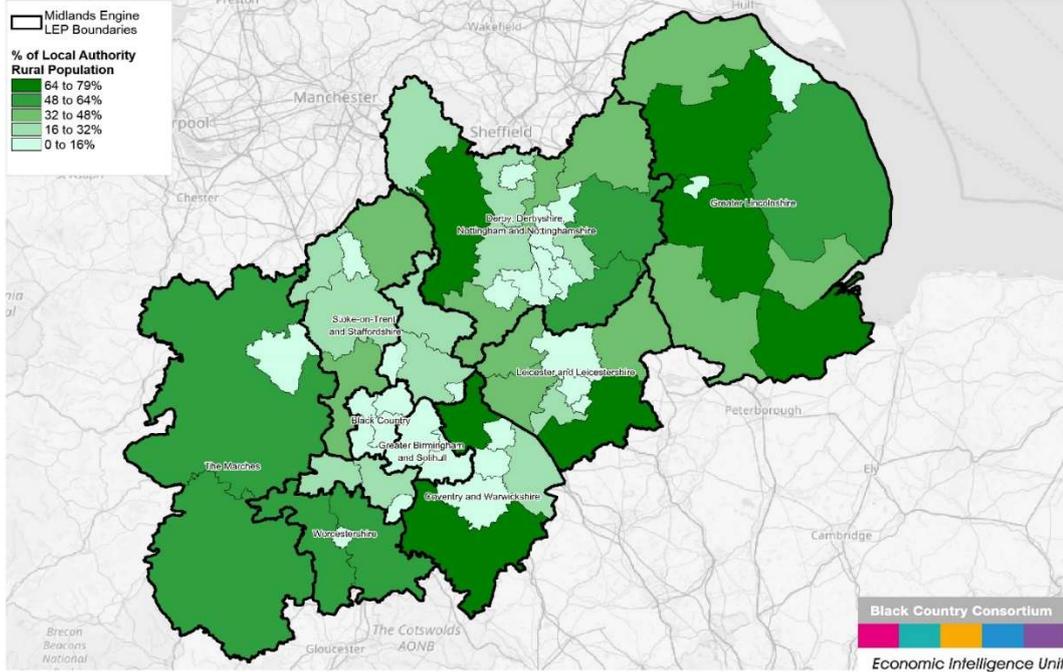


Figure 19
Source:
Huggins et al (2019)

INDICES OF MULTIPLE DEPRIVATION

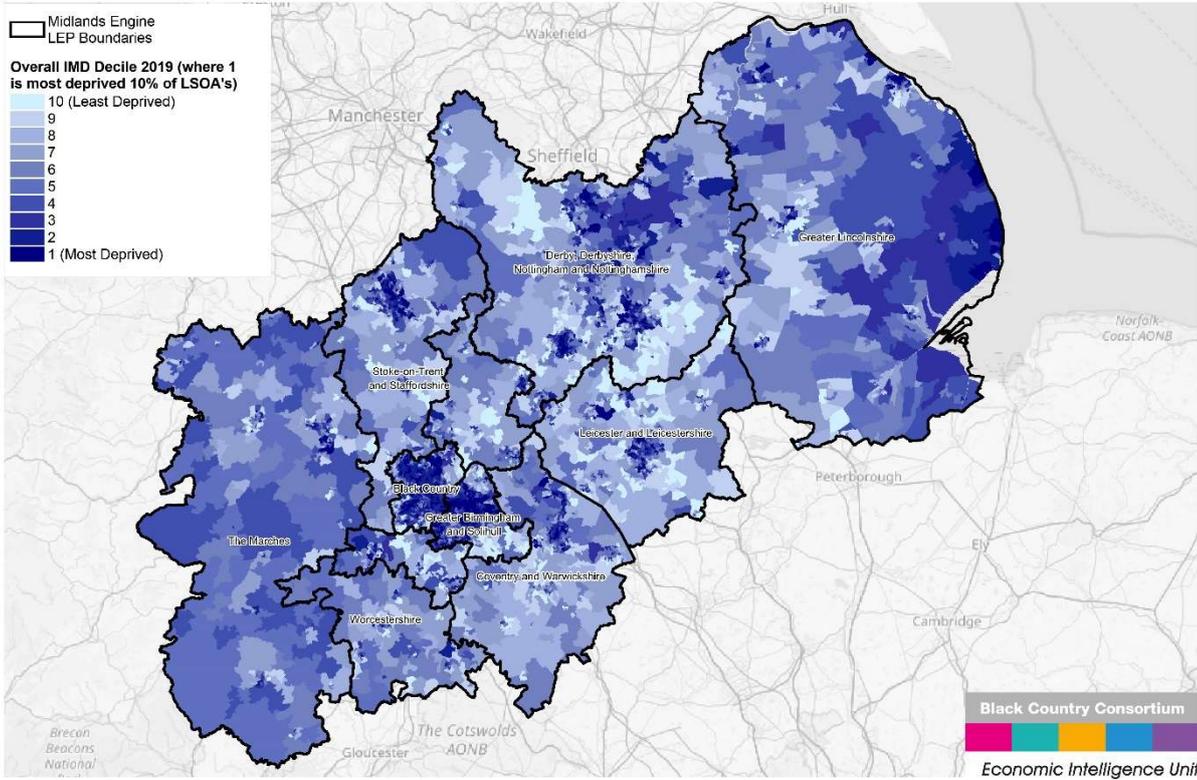


Figure 20
Source:
Gov.uk (2019)

UK COMPETITIVENESS INDEX

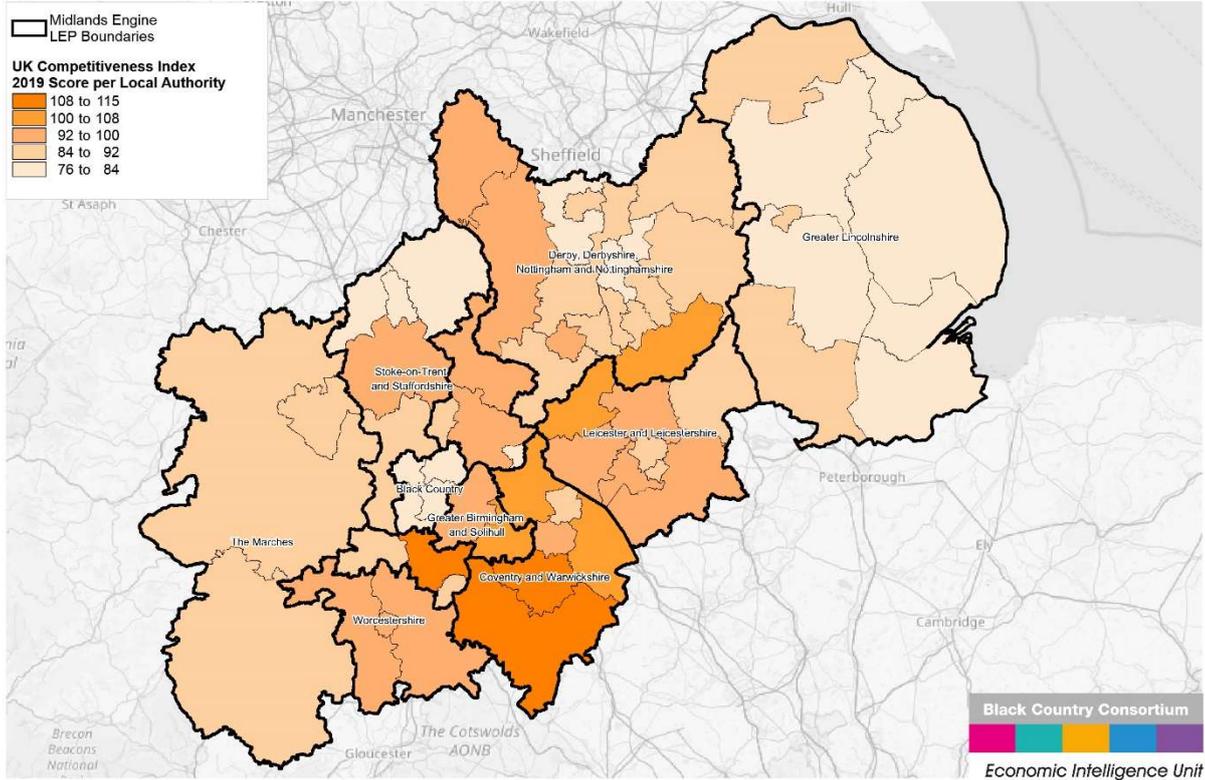


Figure 21
Consumer Data Research Centre (2017)

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

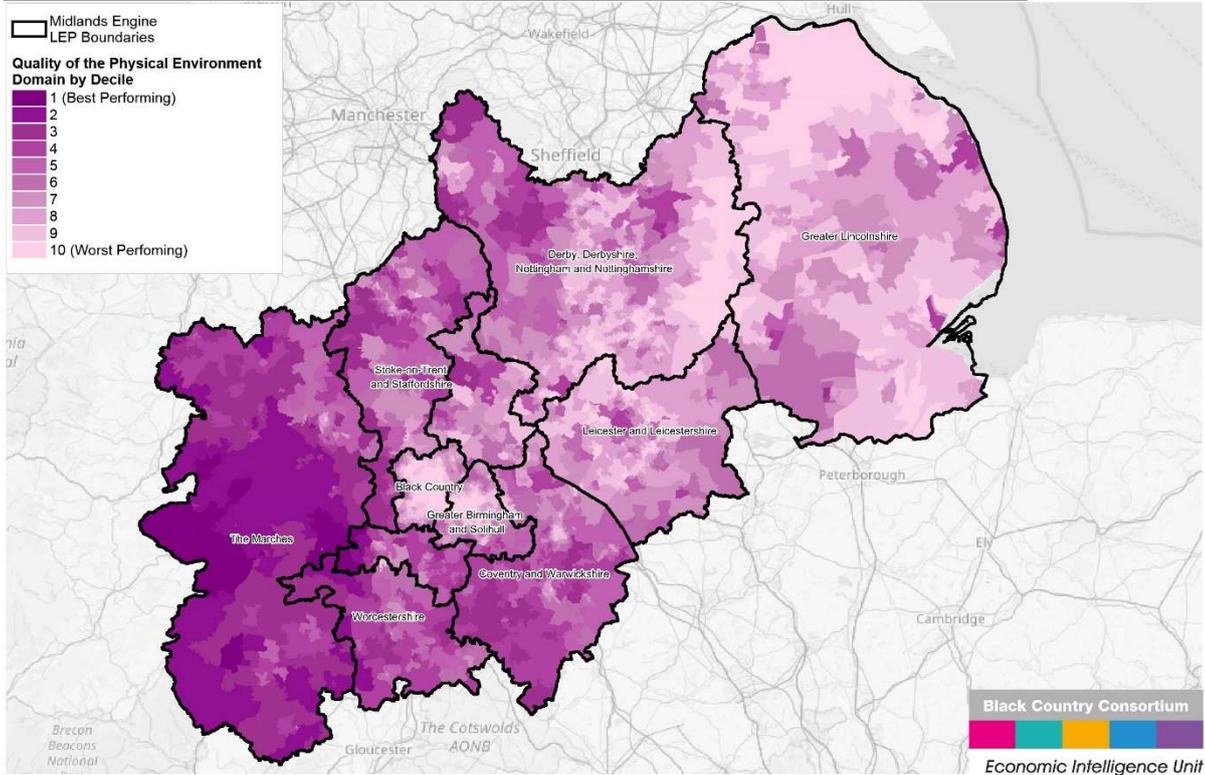


Figure 22
Source: Gov.uk (2015)

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.

INDEX OF ACCESS TO HEALTH ASSETS AND HAZARDS - RETAIL ENVIRONMENT

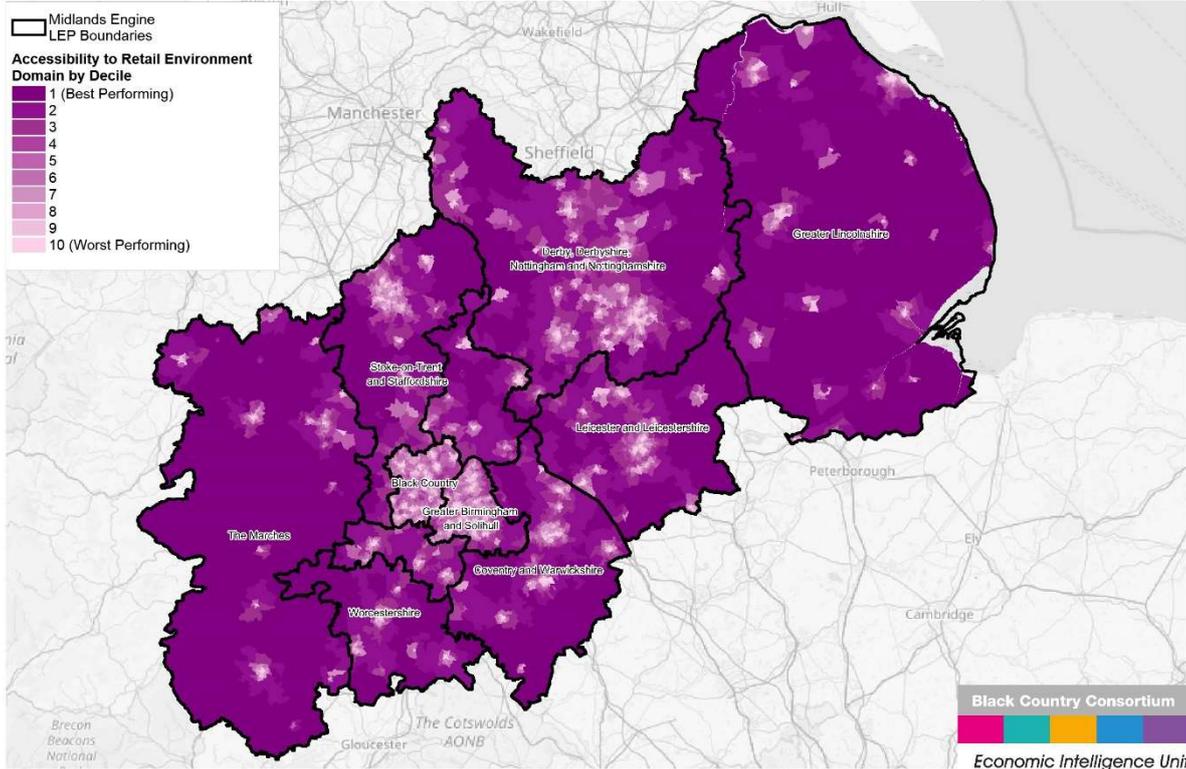


Figure 23
Source: Gov.uk (2015)

The domain of accessibility for Retail Environment relates specifically to 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

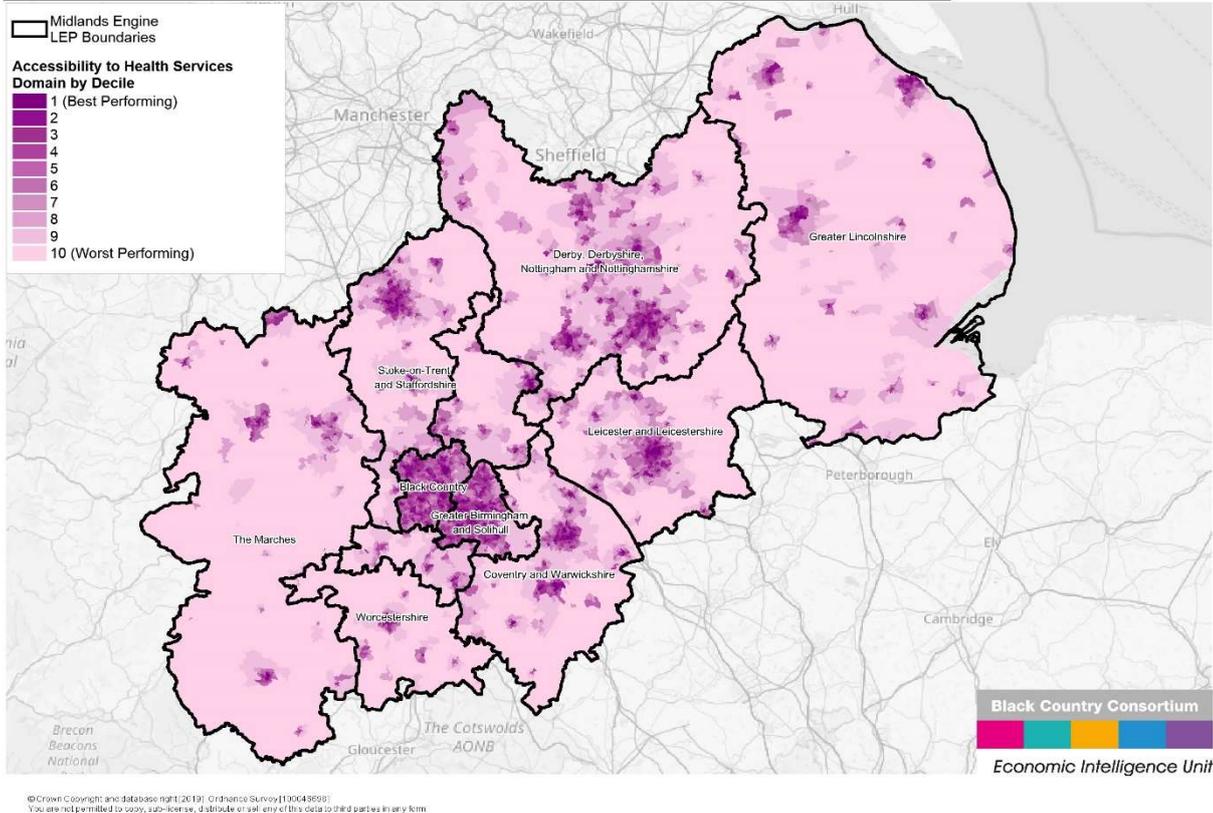


Figure 24
Source: Gov.uk (2015)

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

INDEX OF ACCESS TO HEALTH ASSETS AND HAZARDS

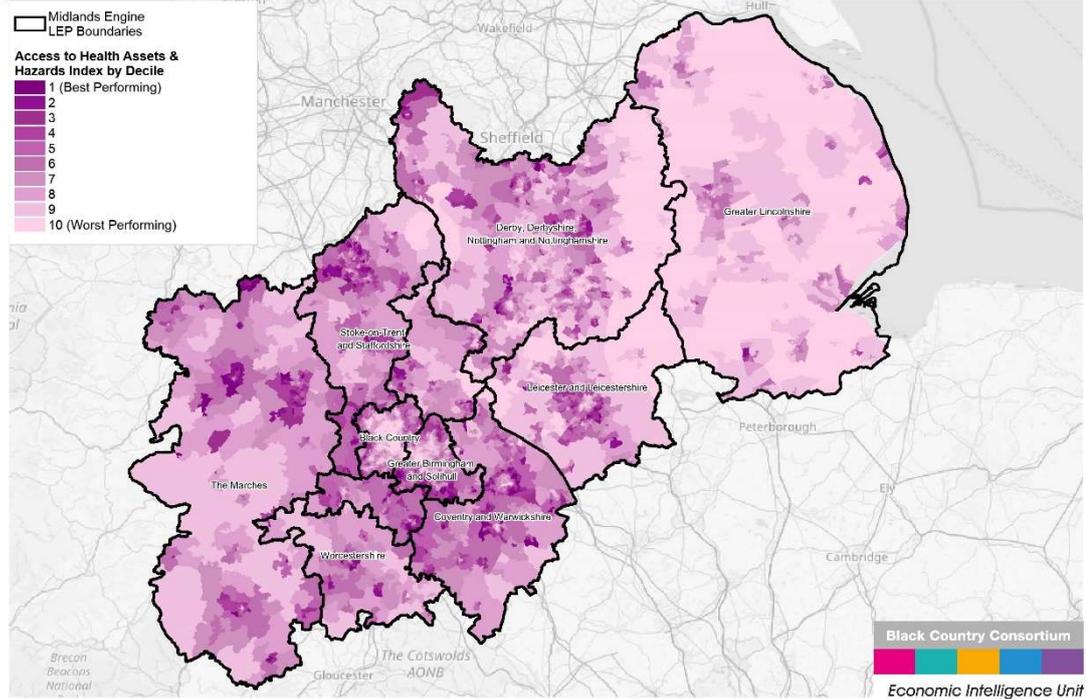


Figure 25
Source: Gov.uk (2015)

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.

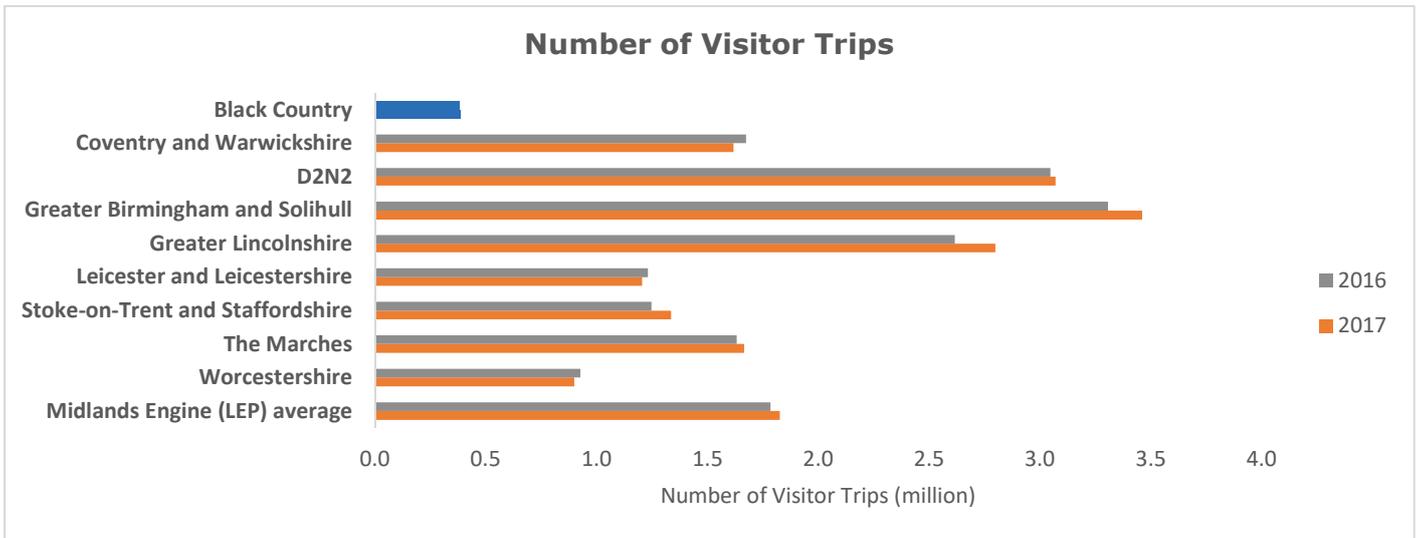


Figure 26 Source: Visit Britain: Great Britain Tourism Survey (2018)

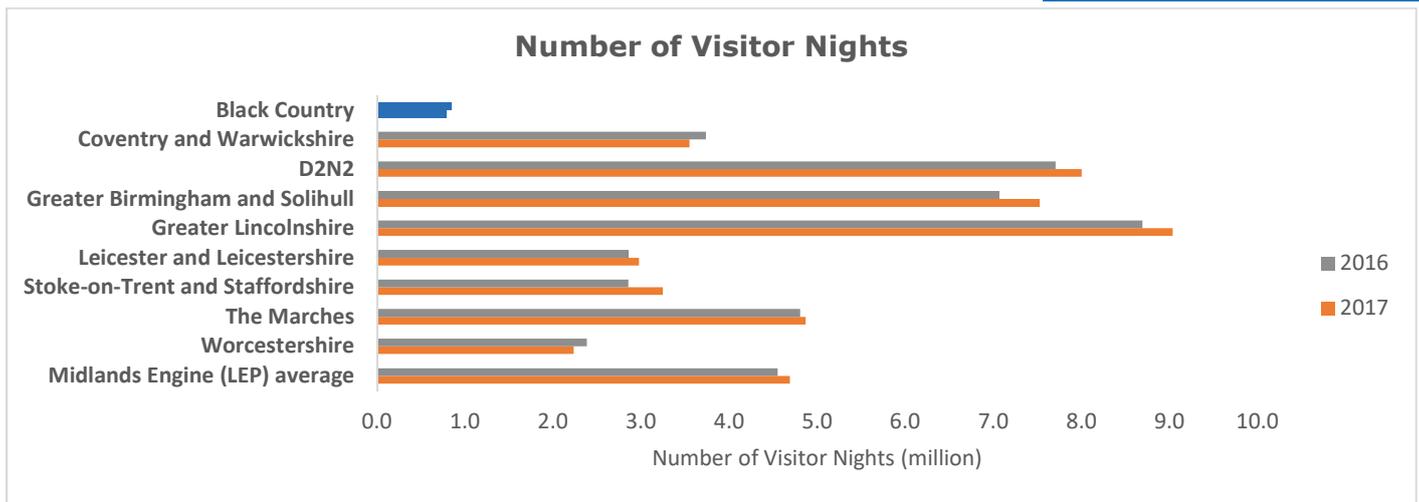


Figure 27 Source: Visit Britain: Great Britain Tourism Survey (2018)

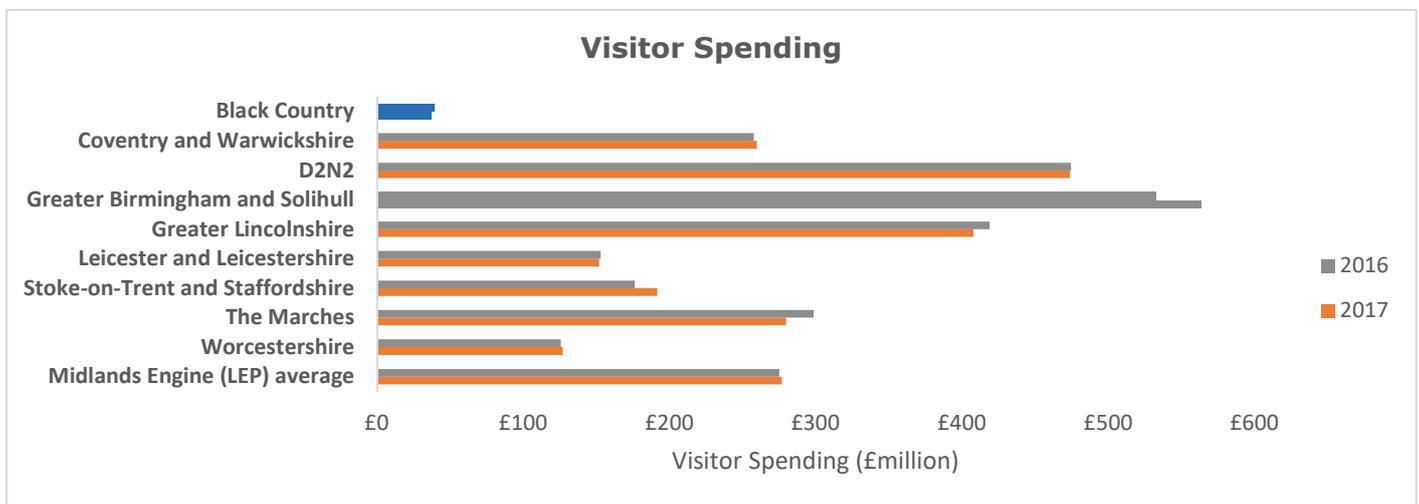


Figure 28 Source: Visit Britain: Great Britain Tourism Survey (2018)

Number of dwellings started and completed 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	2,540	560	0	3,140	2,770	700	0	3,440
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

The Black Country has a distinctive set of 'places' and assets. It contains one city – Wolverhampton – and the industrial supply chains and social and geological heritage of Dudley, Sandwell and Walsall. Within these, the LEP has identified a strategic growth network of centres and corridors that provide a spatial focus to local ambitions. Covering 356 square kilometres and sitting at the heart of England, the Black Country has excellent national transport links, in particular to the M6, M5 and M54 motorways.

A unique mix of urban centres and geological heritage exists:

- **Strategic urban centres** have an important role to play in making the Black Country a good place in which to live, work, visit and invest. Each has a distinctive offer – e.g. the cultural and creative economy in Wolverhampton and the visitor attractions around Dudley Castle Hill.
- The emerging **Black Country Geopark** will celebrate the areas geological heritage and provide a boost to the tourism sector – a key part of the Black Country's **Urban Park** ambition.



The Singing Cavern in Dudley part of the Black Country Geopark.

Barriers and Challenges

As shown in the maps above, the Black Country currently lags behind the regional performance on a range of crucial measures including deprivation, access to services and competitiveness. The Black Country also has the least number of visitors of all Midlands Engine LEPs.

Poor perception of the Black Country as a place to visit needs to be addressed in terms of the region's ability to capitalise on new domestic and international growth. There's also an urgent need to modernise Black Country cultural venues in order to increase turnover and profitability, alongside increasing the quality of on the job training and work experience.

Weaknesses in green and blue infrastructure in parts of the Black Country reduce overall quality of life that the area provides and may damage aims to attract and retain skilled workers, and holds back the development of locally distinctive economies.

Improvements to the Black Country as a place will need to be inclusive of the whole sub-region. LEP analysis has shown that the challenges of addressing worklessness, in-work poverty and low aspirations are particularly acute in specific parts of the Black Country rather than the area as a whole.

Opportunities

The Black Country is ambitious for its strategic centres and growth corridors and determined to help them evolve. Providing the support required is a major delivery priority, to enable town centres to re-establish themselves as vibrant social and economic hubs that meet the needs of residents and local businesses and provide accessible locations for public services in attractive environments.

The government’s Stronger Towns Fund and the Future High Streets Fund provide the basis of dedicated funding to support a long-term, sustained national programme, and they are therefore a key opportunity for Black Country places. Future intervention will build on existing recent investment into Black Country strategic centres. For example, Dudley town centre improvements: the town’s thriving Castle Quarter – including the Black Country Living Museum, Dudley Zoological Gardens and the emerging Black Country Geopark – will connect to other key assets, such as Dudley College and its emerging Institute of Technology, via a Very Light Rail line in future.

Furthermore, the environment is a critical aspect that is being transformed to ensure that current and future residents, workers and visitors to the Black Country can lead healthy and fulfilling lives, breathing clean air, drinking pure water, with access to open spaces of importance to biodiversity.



A aerial view of West Bromwich town centre looking towards the Rowley Hills in the distance.

Going Forward

Re-energising the Black Country’s key strategic urban centres and maximising environmental developments across the sub-region will help the LEP to meet its ultimate ambition of delivering productivity and inclusive growth in the Black Country. Local partners will deliver this in the framework of the emerging Black Country Plan – a refresh of the original Black Country Core Strategy, a planning and regeneration plan for the whole of the sub-region.

The importance of place is woven through the Black Country’s strategy and evidence base. The LEP is committed to ensuring that Black Country residents have the opportunity to benefit from economic growth through our focus on skills and entrepreneurialism, whilst exploiting the contribution of business to public service reform and the delivery of improved outcomes for local people.

Market intelligence points to a period of consolidation in the strategic centres, with no demand for traditional major new retail developments. It identifies a need for public sector intervention to pump prime office development and highlights the importance of a programme of environmental enhancements across all the centres as a pre-requisite to attracting sustained investment.

Enterprise Zone status for Brierley Hill, combined with the Metro extension from Wednesbury is designed to increase demand for office space in the area, enabling further growth in the advanced manufacturing sector through the provision of business services and design, development and technical support.

The Black Country LEP’s ambition is to enable the development of Wolverhampton as a 21st century university city centre, to establish Brierley Hill as the Black Country’s High Tech Office Hub and to be maximising the potential of Walsall and West Bromwich.

Black Country LEP Local Authority Districts:

Dudley
Sandwell
Walsall
Wolverhampton

Prepared on behalf of the Midlands Engine by:



UNIVERSITY OF BIRMINGHAM

BIRMINGHAM BUSINESS SCHOOL



Economic Intelligence Unit



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