



Worcestershire
Local Enterprise Partnership

WLEP Economy Report 2023 Headlines

WLEP Board

31 March 2023

Context...



In 2022, WLEP launched the inaugural edition of the WLEP Worcestershire Economy report at the WLEP Business Leaders event in May

The first edition was well received with positive feedback from businesses, and we have now finalised the 2023 edition for publication

The report draws together the latest key information we have on the Worcestershire economy and presents it to the audience structured around the 5 key pillars of productivity referenced in our Plan for Growth (2020-2040)

Performance against our strategic KPIs is reported alongside a LEP Analysis of the story behind the data

Strategic KPI performance...



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Strategic KPIs (2025 targets)

GVA

£2.2bn increase vs £2.9bn target

The Worcestershire economy has grown on average by 3% a year from 2013 to 2020, despite a decrease in 2020 due to the impact of coronavirus

Jobs

30,000 more jobs vs 25,000 target

Between 2013 and 2021 employment in the public sector fell by 4,000 and increased by 34,000 in the private sector.

Housing

19,410 new homes vs 21,500 target

90% of the target in 81% of the time

Energy Strategy (2030 targets)

Carbon emission reduction

42% reduction vs 50% target

There was a larger than usual fall in carbon emissions in 2020, likely to be related to the impact of the coronavirus pandemic

Low Carbon Sector growth

£1.5bn low carbon sector value vs £2.3bn target

The low carbon economy in Worcestershire has grown on average by 5.7% per year between 2017/18 and 2019/20 and is on track to meet the target to grow by 5% annually and double in size by 2030.

Electricity demand generated by renewables

16% electricity demand generated from renewables vs 15% target

Headlines

- 86% of the county classified as rural / 27% of population live in rural areas / 28% of jobs located in rural areas
- Claimant count unemployment is below England average in nearly three quarters of small areas in Worcs
- Deprivation in Worcs is generally below national average BUT some areas of county are in the worst 10% nationally (including parts of Worcester, Redditch, Wyre Forest and Malvern)
- House prices are highest relative to local earnings in Malvern Hills and Bromsgrove (highest of all LAs in WM)
- Tourism is worth nearly £500m per year to Worcestershire economy – 95% visits and 78% spending is day visits rather than overnight trips

Our Analysis

- Worcestershire economy is not reliant on a single employer or sector
- As a result, tends to be more resilient to macro-economic shocks
- Most Place-based interventions are now being decided/delivered by Local Authorities via funding streams from central government including Levelling Up Fund, UKSPF, Towns Deals and Future High Streets Funding – worth in excess of £145m to Worcestershire
- These need to continue to leverage private sector investment to support delivery of the PfG (2020-2040)

Headlines

- 16,000 more working residents than there are jobs in the county
- Worcs has higher proportion of the 16+ population over State Pension age than regionally and nationally
- Workplace earnings in Worcestershire are lower than resident earnings
- Productivity in Worcestershire (GVA per hour worked) is below national average – Wyre Forest is the LA with second lowest GVA per hour worked in England
- Apprenticeship starts began to recover in 2021/22 (3,680) but achievements continued to fall overall
- Profile of qualifications in Worcs is fairly similar to national and regional profiles

Our Analysis

- Working residents vs jobs in county suggests net out-commuting to surrounding areas
- Ageing demography suggests focus of skills agenda must be to embrace reskilling/upskilling within labour market and not solely focused on young people
- Impact of lockdown restrictions continues to be felt across the skills and recruitment needs of businesses – significant levels of vacancies in the county across all sectors – businesses need to take time to future gaze and be more proactive in understanding their needs

Business Environment



Headlines

- Sectors with highest number of businesses in Worcs are Construction, Professional scientific and technical, Business administration & support services, and Transport & storage
- Number of business births in 2021 was higher than business deaths in 4 Districts (Bromsgrove and Redditch the exceptions)
- Number and proportion of enterprises classified as high growth is relatively similar across the six Worcestershire districts – proportion of high growth enterprises is similar to WM but slightly lower than UK
- Worcestershire is a net importer of goods but a net exporter of services
- Around half of trade is with the EU except for exports of services, where over 60% of trade is with non-EU countries
- Vacancy rates for industrial property are highest in Malvern Hills and lowest in Wychavon
- Vacancy rates for office property are highest in Redditch and lowest in Wychavon

Our Analysis

- Quality and availability of commercial property stock (industrial and office) remains a live issue for the county with demand far outstripping supply

Headlines

- Over the last 5 years – 0.3% of Innovate UK funding has been awarded to Worcs companies – less than the 1% share of the business base nationally
- Worcestershire has a high number of claims made for R&D tax credits but a low amount of qualifying expenditure
- The percentage of Worcs businesses which undertake innovation activities is lower than the England average
- Over the last 5 years £1m has been awarded by Innovate UK to Worcs businesses for Knowledge Transfer Partnerships (KTPs) with most of these with Universities in the West Midlands

Our Analysis

- There is evidence that the Worcs business community invests in R&D activities but the county does not benefit from significant HE investment
- Need to explore alliances beyond county borders linked to business needs – evidence this is already happening via KTP activity
- Need to improve our intel on businesses, their approach to innovation, and their innovation assets to help inform future interventions

Headlines

- Broadband speed is below 10Mbps for 0.8% of properties / premises in Worcestershire – better than national average of 1%
- Gigabit capable broadband coverage is lower (46%) than the West Midlands (79%) and England (73%) – but varies considerably across the county with Bromsgrove (82%) and Redditch (90%) above national average
- 4G mobile coverage is generally good – in the more rural districts of Malvern Hills and Wyre Forest the area covered by all four operators is less than 80% whilst in other Districts this is 95%
- Proportions of adults cycling for travel in Worcestershire is similar to WM but below England averages
- Public transport usage has been significantly impacted by the pandemic
- Grid capacity is constrained in just under half of primary electrical substations, with most of these demand constrained

Our Analysis

- Engagement with the rail industry and central government should remain a key focus to seek further improvements to number and frequency of rail services stopping and calling at rail stations in the county
- Net zero projects are being explored and progressed – e.g. River Severn Heat Network and LAEPs

Proposed Next Steps...

- Launch and publicise report to stakeholders more widely and via WGH
- Seek feedback on report and other datasets that are of interest to partners/stakeholders
- Links to Economic Observatory and Research Programme
- Scope of PfG and associated vision/ambition is broader than WLEP only – tries to do a number of jobs
- In light of current circumstances, and tighter financial envelope, there is value in WLEP Board focusing on where LEP should prioritise its activity and resources – to help inform 2 year plan
- Proposed WLEP Board Away Day
 - Look in greater depth at performance of Worcestershire economy
 - Seek some external and independent industry insights to help inform debate
 - Objective is to receive a clear steer and direction for LEP Board and LEP Exec Team to focus and develop delivery plan for 2023/24 – 2024/25
- Initial suggested date for consideration – Friday 23 June



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Worcestershire 2040 Vision:

“A connected, creative, dynamic economy for all.”

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