



# Coventry & Warwickshire Economic Strategy

December 2024

*Final draft Final*

Appendix 1

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# Executive Summary

## 1: Introduction

This document sets out a new **Economic Strategy for Coventry & Warwickshire**. It has been developed by **Warwickshire County Council and Coventry City Council** – not because government requires it but because the two upper tier local authorities believe that Coventry & Warwickshire has a **pivotal role to play at a sub-national scale that continues to be very important**. The purpose of the strategy is to **chart a course for one of the UK's most significant sub-national economies over the next decade**.

Coventry & Warwickshire can contribute much to the government's growth agenda. There is also a very strong read-across to the **Modern Industrial Strategy Green Paper**, which was published as this document was nearing completion.

## 2: Coventry & Warwickshire: A strong but evolving economy

Overall, Coventry & Warwickshire performs reasonably strongly, certainly if the benchmarks are defined within the West Midlands. It has substantial assets including: its know-how, skills and labour market (particularly linked to engineering and creativity); its pedigree in terms of research and innovation (with major universities and a range of internationally-significant research organisations with deep engineering specialisms and a renewed commitment to local connections); its cultural and creative assets (including its games development cluster); its places, ranging from Coventry, through Warwickshire's market towns, to the area's countryside; and its location which is internationally significant as well as nationally connected.

However the area is facing challenges and risks too. The risks are real – and they have upside as well as downside dimensions. They signify an economy that is changing in important respects.

Uppermost among these are: Coventry & Warwickshire's faltering performance in terms of the scale-up and growth of early stage businesses; its vulnerability in relation to net zero carbon and the challenges/opportunities associated with electrification; its skills shortages and gaps; its challenges in relation to developable land and commercial floorspace; its housing issues; its wider infrastructural challenges; and its high levels of inequality across different communities and places.

## 3: A new Economic Strategy for Coventry & Warwickshire

This new **Economic Strategy for Coventry & Warwickshire** has been defined in response. It is structured around **five key Themes** which are **sub-regionally relevant and**

**appropriate.** They are also **strongly inter-related and synergistic.** They have been identified in order to:

- provide **flexibility and agility** in the context of risk and uncertainty (politically, economically, institutionally)
- distil the core of **what Coventry and Warwickshire needs to ‘do’** (given the area’s assets, opportunities and challenges)
- be **appropriate at a sub-national scale** (given the raft of strategies and plans at both larger and smaller spatial scales)
- allow **real progress to be made** in pursuit an overall **Vision.**

The **Vision and five key Themes** which define the core of the **Economic Strategy** are summarised below.



## 4: Understanding the five key Themes

**Theme 1** is concerned with **supporting and investing in a profound process of industrial restructuring across Coventry & Warwickshire.**

It links to both specific transitions (notably electrification at the core of automotive and aerospace) but also more general processes of industrial change driven by autonomy and automation, AI, etc. Businesses and sectors will need to modernise and adapt if they are to take advantage of new market opportunities. In parallel, people and communities will need to be equipped to respond.

**Theme 2** is defined around **processes of creativity and innovation.**

While Coventry & Warwickshire already has clear strengths, there is much more that could be achieved. Theme 2 is intrinsically cross-cutting and cross-sectoral, and the aim is to encourage creativity and innovation across the board, including through tacit forms of knowledge exchange. The wider innovation ecosystem has a role to play in this context, but Theme 2 needs to be understood more broadly. Theme 2 is concerned with cultural and attitudinal dimensions of creativity and innovation – and the benefits that could follow.

**Theme 3** links to the effectiveness of the wider innovation ecosystem, but the focus is on **systemic barriers to scale-up** – which is a major challenge for Coventry & Warwickshire.

Theme 3 assumes a high level of creative entrepreneurship and that start-up businesses – of many different forms – are in place; the challenge is unlocking their growth potential. This requires a particular set of intervention priorities, but it is important both in effecting sustainable economic growth and building the resilience of Coventry & Warwickshire as a whole.

**Theme 4** is concerned with **Coventry & Warwickshire’s ‘place in the world’.**

The area has many world-class assets and sectoral specialisms built up over many decades, and these have a global reach – including through international students. It is already a leading inward investment destination; on a per capita basis, it is the leading geography in the UK according to recent national government data. Looking ahead, its growth opportunities need to be global. International trade and export has become more difficult in recent years, but requires support to both SMEs and UK branches of global companies. The focus on international profile also means promoting and growing the area’s visitor economy offer to international leisure and business tourists.

**Theme 5** is concerned with **infrastructure and major projects.**

Within Coventry & Warwickshire, sustainable economic growth will require infrastructure investment. Some of this is already underway – but progress needs to be sustained and

accelerated. In other cases, there is research to be done, business cases to develop, and funding to be secured. Priorities need to be agreed in line with the Economic Strategy, and then driven forward. More generally, there is a need to research and implement new policy and approaches, and to bring forward new development opportunities if the area's growth is to be realised fully.

## **5: Advancing the new Economic Strategy for Coventry & Warwickshire**

In advancing the Economic Strategy there is no 'silver bullet', nor a significant funding stream to be harnessed and used. However, Coventry City Council and Warwickshire County Council are committed to working together – building on a long track record of successful joint working. They are also committed to working with the districts and boroughs in Warwickshire. Core to this will be an ongoing dialogue – both with each other and wider stakeholders – and a commitment to sharing new evidence and insight as these become available.

The two upper tier authorities will align their own activities behind the strategy wherever it is possible to do so – noting that delivery will rely on a lot of 'influencing' and shaping mainstream processes. At the same time, each council will pursue local priorities too as set out in county and city-level strategies and plans; these have a particular focus on different aspects of employability and inclusion (which need to be advanced as a matter of urgency).

The delivery of this Strategy will rely on developing strong working relationships with others. This includes the West Midlands Combined Authority, neighbouring upper tier authorities and the new government (noting that this Strategy has much to say in relation to the emerging Modern Industrial Strategy). This will be key to making the case and unlocking investment to deliver many of the interventions identified.



# 1. Introduction

This document sets out a new **Economic Strategy for Coventry & Warwickshire**.

Its purpose is to **chart a course for one of the UK's most significant sub-national economies over the next decade**.

Already, the area is home to approaching a million people and well over 500,000 jobs. The value of its economic output (GVA) is close to £30bn.

## The importance of economic growth – and doing it well

Economic growth is a national priority – the new government has made that very clear. But **economic growth does not happen anywhere; it needs to happen somewhere**. Coventry & Warwickshire has the assets, the appetite and the opportunity to respond.

However **economic growth also needs to be done well**. This means it should accompany – or even accelerate – the transition to net zero carbon, recognising that substantial headway needs to be made over the next decade. It also means that achieving more equitable outcomes is a non-negotiable, acknowledging the levels of inequality that continue to exist between different places and communities across Coventry & Warwickshire.

## Why this strategy has been developed

Coventry & Warwickshire has had economic strategies before but with major institutional changes over recent years, the status of this one is different.

It has been developed by **Warwickshire County Council and Coventry City Council** – not because government requires it but because the two upper tier local authorities believe that Coventry & Warwickshire has a **pivotal role to play at a sub-national scale that continues to be very important**.

Notwithstanding the administrative boundaries, Coventry & Warwickshire approximates to a functional economic area: this means that many of Coventry's businesses rely on workers who live in Warwickshire (and *vice versa*), and the area's growing innovation ecosystem – which is a core part of its future economic growth narrative – can only be understood in relation to the area as a whole.

## How it fits with other strategic statements

This statement of economic ambition sits alongside a suite of other strategies and plans. These are wholly complementary: most have been developed at different scales for different purposes and/or with different foci.

The suite of complementary strategies (illustrated below) includes statements developed individually by each of Coventry City Council and Warwickshire County Council. Also relevant are the key strategic statements from the West Midlands Combined Authority, particularly the **West Midlands Plan for Growth**. Wider regional level statements are significant too – most notably the



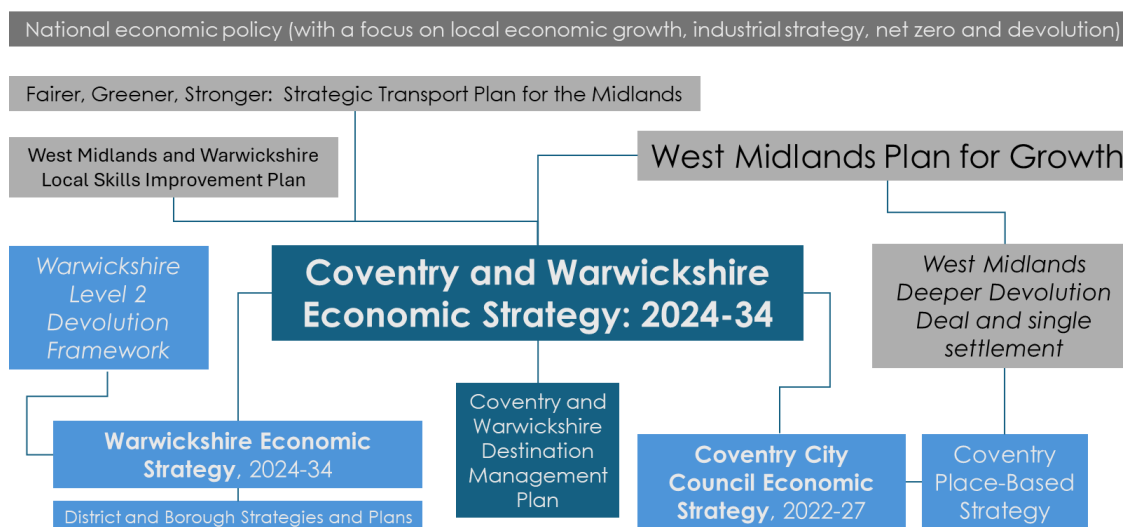
**Strategic Transport Plan for the West Midlands** and the **West Midlands and Warwickshire Local Skills Improvement Plan**. Finally, a range of more local strategies and plans – many developed at district or borough level – provide an insight into priorities and possibilities at a more granular scale.

In addition, it is important to consider how this strategy sits within **the fast-changing landscape of devolution**. The new government is committed to both broader and deeper devolution, accelerating a process that is now well established, and a White Paper on English Devolution is

promised shortly. At the time of writing, Warwickshire is progressing a **Level 2 Devolution Framework** while Coventry is part of the **Level 4 West Midlands Deeper Devolution Deal**. The latter brings with it more resources and powers and Coventry City Council is currently developing a **Place-Based Strategy** that will help to determine local priorities within this context.

Both in ambition and in delivery, the Coventry & Warwickshire Economic Strategy will need to work with the grain of both devolution journeys.

**Figure 1-1: Synergies between different strategies across and beyond Coventry & Warwickshire – and where this one fits**



### The commitment to ‘looking outwards’

In framing the new Economic Strategy for Coventry & Warwickshire, one final introductory comment is important.

**Coventry & Warwickshire occupies the heart of England, and it ‘looks outwards’.** It is fundamentally well-

connected – to Birmingham and the wider West Midlands, Leicester, Oxford (and onto London). Whilst in regional terms, its role within the West Midlands continues to be extremely important, Coventry & Warwickshire also has strong connections into the East Midlands, the South East and on to London. Particularly as sectoral configurations change in the

light of technological and other drivers, these wider connections are becoming increasingly important too.

The area's connectivity is not just about the UK however. **Its global connections**

**are a core part of its economic make-up.** As the UK seeks to redefine its wider economic relationships – post-Brexit and post-pandemic – Coventry & Warwickshire has a major contribution to make.

# Coventry & Warwickshire Economic Snapshot



**978,500**  
people (2023)



**4.2%**  
claimant count rate  
(July 2024)



**118,600**  
Economically inactive  
people (aged 16-64)  
(2024)



**521,000**  
jobs (2021)



**25,115**  
people claiming  
unemployment benefits  
(July 2024)



**3,100**  
More economically  
inactive people in 2024  
than in Jan 2020 (aged  
16-64)



**43,375**  
enterprises (2023)



**49%**  
qualified to degree-level  
or above (2023)



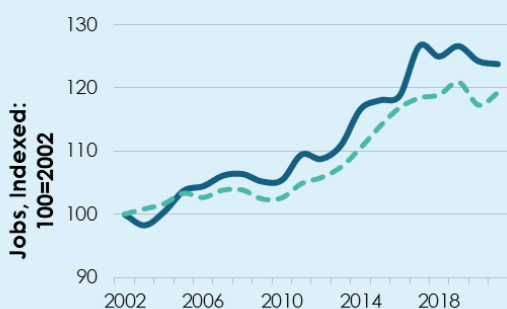
Coventry & Warwickshire generated

**£28.7 billion**

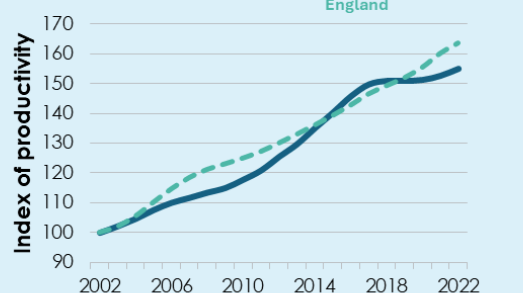
of GVA in current prices in 2022

## Recent Economic Performance

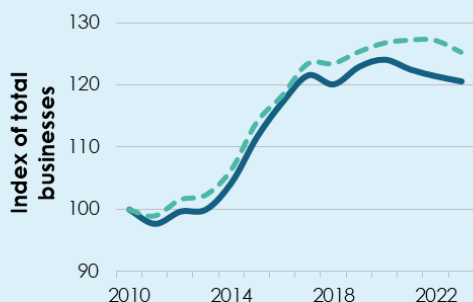
### Jobs



### Productivity



### Businesses



### Since C&W SEP (2016):

**9%** employment growth

**10%** GVA per capita growth

**4%** growth in business stock



**80%**  
economic activity rate  
(2024)



**£645**  
average weekly employee  
earnings (full-time) (2023)



**1<sup>st</sup>**  
best performing former  
LEP area for the number  
of new jobs created  
through FDI investment  
(per capita) (2023)



**6%**  
of neighbourhoods  
among the most 10%  
deprived nationally (2019)



**89%**  
Are micro businesses  
(employing 0-9 people)  
(2023)

## 2. Taking the long view: looking back and looking forward

Coventry & Warwickshire has an economy which performs well overall – albeit there are substantial variations within it.

Coventry & Warwickshire is usually compared to the West Midlands. From this perspective (and however the West Midlands is defined), skills levels are generally high, employment rates are strong, and unemployment rates are low.

### Looking beyond – and drawing in a different perspective

The West Midlands should not be the sole benchmark. For a sub-national area with globally significant assets, there is much to be learned by looking to the east and south. We have labelled this area the ‘Eastern Crescent’. It includes adjacent parts of three ITL1 regions (East Midlands, South East, South West)<sup>1</sup> and within it are three small cities (Leicester, Oxford and Milton Keynes) and the predominantly rural area surrounding them. In a comparative perspective, it sheds a different light on Coventry & Warwickshire – particularly when the West Midlands Metropolitan area<sup>2</sup> is also added to the mix.

<sup>1</sup> This is a large area, which includes 14 local authority districts/boroughs and unitary areas. These are adjacent or close to Coventry & Warwickshire, but exclude neighbours in the West Midlands. The Eastern Crescent is therefore defined as: Blaby, Daventry, Harborough, Hinkley and Bosworth, Leicester, Northampton, Oadby and Wigston, South Northamptonshire, West

The charts overleaf take the long view – and most have a 20 year perspective. From this vantage point, Coventry & Warwickshire has seen:

- generally rapid jobs growth – at least until the pandemic
- more volatile performance in terms of GVA (particularly around the Global Financial Crisis), but a strongly positive picture overall
- relatively high absolute levels of productivity (and also growth in productivity) until recently: the apparent ‘flattening’ of recent years is a matter for this Economic Strategy to address
- rapid growth in business stock until 2017, but little net growth since.

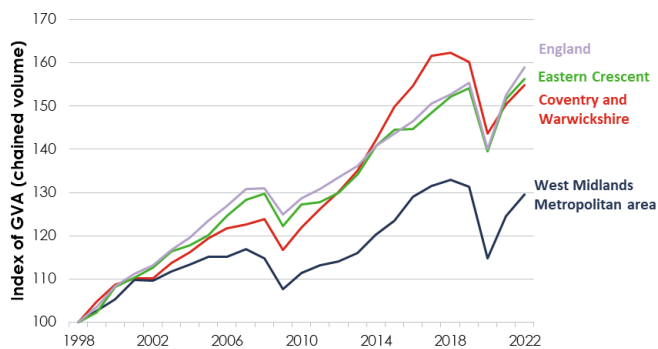
On all four indicators, Coventry & Warwickshire’s growth trajectory has been closer to that of the Eastern Crescent (and England) than to the West Midlands Metropolitan area. This perspective is important.

Northamptonshire in the East Midlands ITL1 region; Milton Keynes, Cherwell, Oxford and West Oxfordshire in the South East ITL1 area; and Cotswold in the South West ITL1 area

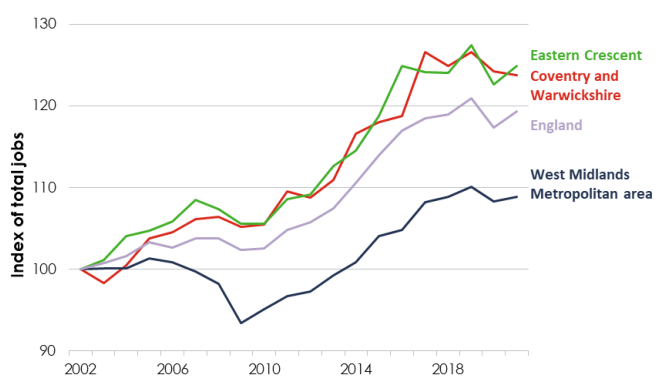
<sup>2</sup> This is the core WMCA area and includes Coventry (which is also obviously included in Coventry & Warwickshire)

**Figure 2-1: Comparing headline metrics for Coventry & Warwickshire with (a) West Midlands Metropolitan area; (b) Eastern Crescent; and (c) England**

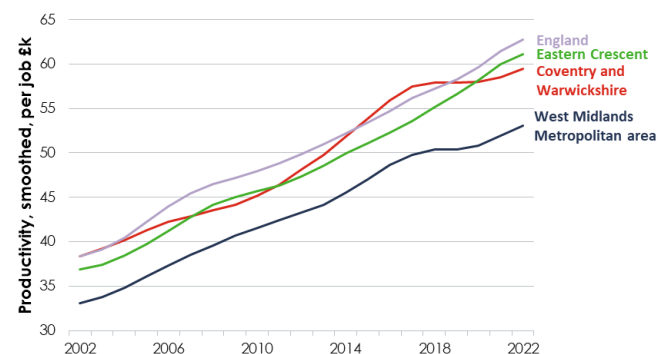
(i) Index of GVA performance



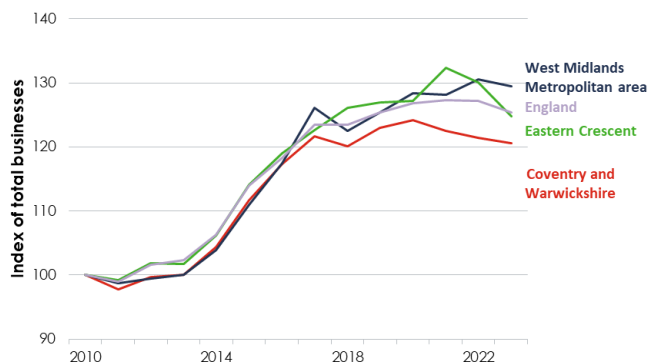
(ii) Index of total jobs



(iii) Productivity



(iv) Index of total businesses



(Source: Analysis of ONS datasets – Total Jobs, Regional Accounts, UK Business Counts (IDBR))

## Baseline forecasts

To inform the new Economic Strategy, a set of baseline forecasts was developed for Coventry & Warwickshire. The findings were considered alongside similar modelled output for the West Midlands (on different definitions); for the 'Eastern Crescent' (and for Great Britain).

In terms of (BRES) **employment**, the historic data confirm that Coventry & Warwickshire grew more quickly than any comparator between 2012 and 2022. It also grew more quickly than was the case nationally.

Looking ahead, the modelling suggests that the rate of employment growth will be lower across the board. For Coventry & Warwickshire, the model points to employment growth of 0.7% per annum between 2022 and 2032, and 0.8% per annum over the following decade. This is less than half the rate seen in the last decade. However the modelling indicates that the pattern is likely to be very similar elsewhere<sup>3</sup>.

In relation to **GVA**, Coventry & Warwickshire again saw the fastest

growth amongst the areas considered over the period between 2012 and 2022. Looking ahead, the model points to GVA growth of 2.9% per annum between 2022 and 2032, before slowing slightly in the following decade. The forecasts for Coventry & Warwickshire are more bullish than for all comparators – albeit the differences are modest.

Considering the forecasts for GVA and employment in combination provides some indication of prospects for **productivity** – which is a key indicator looking forward. Again, the picture for Coventry & Warwickshire appears to be quite strong. On this measure, it performs better than both the West Midlands comparators, and the Eastern Crescent.

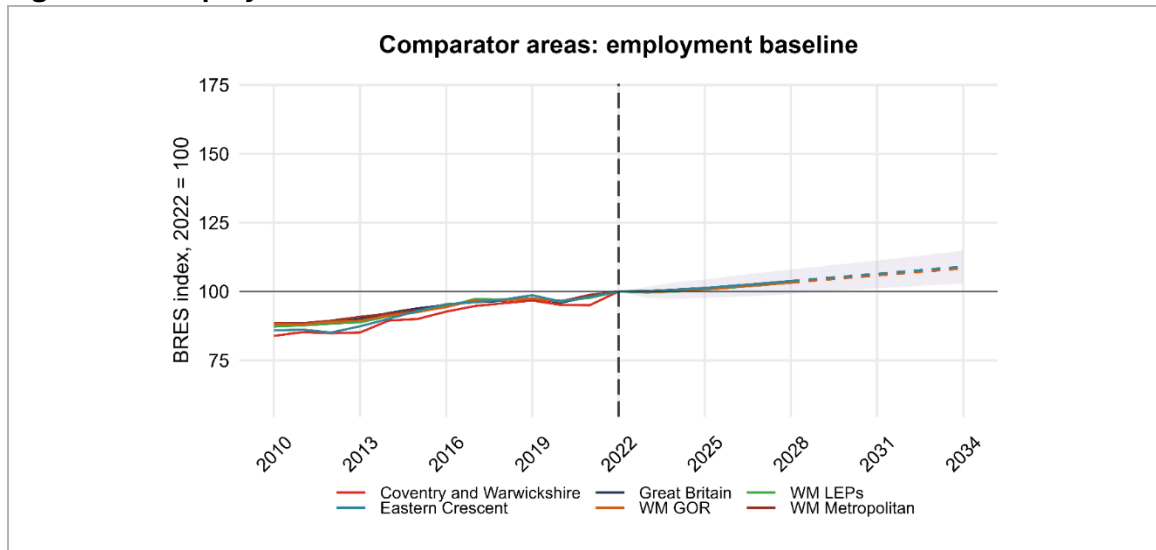
**Whilst modelled forecasts need to be treated with a good deal of caution, they provide some indication of the overall prospects of the local economy. For Coventry & Warwickshire, they suggest a reasonably strong foundation on which to build as the area looks forward.**

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<sup>3</sup> Note that although not directly comparable, this overall pattern is similar to that reported in the *Coventry & Warwickshire Housing and Economic Development Needs Assessment (HEDNA)* (completed by Iceni Projects (on behalf of Coventry & Warwickshire local

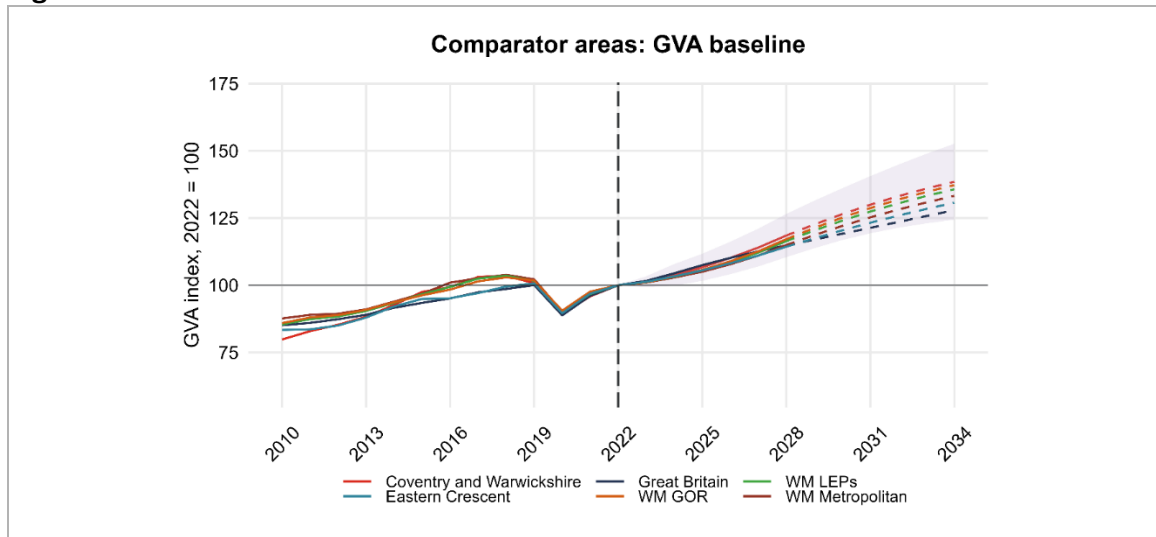
authorities, November 2022)). The baseline forecasts in the HEDNA suggested employment growth of 0.5% per annum between 2019 and 2043 (compared to a much faster historic growth rate of about 1.0% per annum)

**Figure 2-2: Employment forecasts**



Source: SQW

**Figure 2-3: GVA forecasts**



Source: SQW

### 3. Assets, opportunities, challenges and risks

This chapter distils much of the evidence underpinning the Economic Strategy. It explains – in substantive terms – why the new strategy is so important. **In short, Coventry & Warwickshire has assets, opportunities, challenges and risks that are inherently bound up with each other. There is much on which to build – but there are also some clear risks and vulnerabilities in doing so.** The new Economic Strategy needs to navigate and respond to all this.

#### Assets and opportunities...

Coventry & Warwickshire has significant economic assets – many of which are inter-related and mutually reinforcing. These were identified by businesses during the strategy’s preparation; and they are also apparent through secondary evidence and data.

#### Its ‘know-how’, skills and labour market

Coventry & Warwickshire has deep ‘know how’ and a labour market that is – in many respects – second to none. It includes highly skilled engineers – many with experience of working for major primes in automotive and aerospace (most especially Aston Martin, Lagonda, BMW, JLR, Meggitt and Polestar) and across their supply chains. Whilst many individuals have entered the sector and thrived as apprentices, specialist provision has also been developed in response – for example, Coventry

University offers higher degrees in automotive engineering.

This deep engineering pedigree is well established and well documented, but alongside it, Coventry & Warwickshire also benefits from outstanding digital and creative skills and knowledge.

Some of this is linked to the growth of the games sector which is driving forward digital innovation and next generation creative content. There is a major hub in and around Leamington Spa (Box 3-1).

#### Box 3-1: Creativity and gaming in and around Leamington Spa

Coventry & Warwickshire has a globally significant gaming cluster which is one of the largest in the UK.

Its origins can be traced to the 1980s and the formation of Codemasters. The company grew rapidly, and in parallel, some early employees left to set up their own small businesses locally; these processes were synergistic and they led to the emergence of a distinctive games development cluster. SEGA (now part of EA), Tencent and Ubisoft now have a significant local footprint while Mediatonic, the studio behind the Gears of War mobile game, has also opened a local facility. There are, in addition, large numbers of much smaller companies and also a network of talented people working on a freelance basis.

The cluster is focused on Leamington Spa. Some 75% of the digital media companies in the area are games



companies. Research by CWLEP/Invest Warwickshire suggests that over 3,000 skilled games professionals work in Leamington Spa, equating to over 10% of the UK total in games development. Their skillsets include design, software development, artificial intelligence, augmented reality, virtual reality and product development; they therefore have widespread application which extends far beyond gaming.

There is another dimension too – and this has become more apparent since the pandemic. It surrounds the skills and networks of the people who live in Coventry & Warwickshire even if their employers are based elsewhere. Many of these individuals are spending time working from home – and benefiting from the area’s outstanding quality of life. The business networks they are forming as residents (rather than necessarily as workers) appear to be gaining traction.

**Put together outstanding engineering pedigree with creative and digital skills, and the latent potential of those who live locally but formally work elsewhere, and there is a labour market cocktail of enormous opportunity .** This ought to be materially significant in creating a foundation for sustainable and added value growth in the years ahead.

### **Its pedigree in terms of research and innovation**

Intrinsically linked to the character of its labour market is the area’s pedigree in respect of research and innovation.

In part, this is driven by its major businesses. The latest data produced by ONS (*Business enterprise research and development, 2022*) suggest that nationally, R&D expenditure by businesses summed to just under £50bn (in current prices) in 2022. This implied a real (constant price) increase of about 30% from the figure in 2014. The West Midlands (ITL1) region accounted for 7.7% of expenditure and 8.4% of UK business R&D employment. Extracting data below ITL1 levels is problematic, but the sectoral breakdown of national business R&D expenditure by sector is aligned with Coventry & Warwickshire’s private sector research specialisms – in motor vehicles and parts (where £3.7bn was invested by businesses in R&D nationally) and aerospace (£2.0bn) in particular.

### **Box 3-2: Research and innovation in the automotive sector**

Coventry & Warwickshire has huge pedigree in relation to the automotive sector. JLR’s principal research site is at Gaydon. According to its Annual Report 2022/23, it employed over 8,600 people (company-wide) in R&D in 2023. Aston Martin’s HQ is also at Gaydon, as is its main R&D centre. Other global OEMs with a significant R&D presence include Polestar and TATA Motors.

For the automotive sector, the major challenge/opportunity surrounds the transition to electric vehicles. Coventry & Warwickshire has seen significant corporate investment in this context, sometimes involving both businesses and academic collaborators (from within the sub-region). This is driven in part by the

type and direction of government funding at a national level, which links to the Advanced Propulsion Centre and focuses on collaborative R&D.

In 2023, for example, Aston Martin's electrification programme was awarded £9m funding from the Advanced Propulsion Centre, supplementing its in-house battery electric vehicle platform; the award involved a six-partner collaborative R&D project and other partners included the Manufacturing Technology Centre (based at Ansty Technology Park) and WMG, University of Warwick.

Coventry & Warwickshire is also home to two major universities. **University of Warwick** is a Russell Group university. It is the Midlands' top ranked university according to the Sunday Times. The university has just under 30,000 students. Under the Research Excellence Framework (REF, 2021), over 90% of its research was rated 'world leading' or 'internationally excellent', and in 2022/23, its research income was £191m (*Warwick 2030: Reshape, Refresh, Renew* (updated in March 2024)). Its research specialisms span business, science, engineering, mathematics, computer science, and arts and cultural disciplines.

**WMG (Warwick Manufacturing Group)** is part of the University of Warwick, and accounts for about a third of the university's activity by spend and headcount. Its research is focused on five themes (data, electrification, manufacturing, materials and transport).

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<sup>4</sup> Note that the name has been changed since the Annual Highlights report was published

It has specialisms in battery technology. It is also one of the UK's seven Advanced Manufacturing Catapult Centres, delivering the Advanced Materials Battery Industrialisation Centre (AMBIC) – a scale-up facility – which builds on earlier investment in UKBIC (also involving WMG). WMG is working closely with WMCA to deliver the Electric Vehicle and Battery Storage cluster (*Annual Highlights, 2023*, published by WMG)<sup>4</sup>.

University of Warwick is increasingly seeing itself as a regional player. It has launched a major initiative to develop **Warwick Innovation District** – spanning the main university campus but also a range of other facilities. This will be increasingly important over the lifetime of this strategy.

**Coventry University** has different and distinctive specialisms. The university has long had a strong reputation in automotive and industrial design, and before that it had its roots in Lanchester College (a name associated with the highly innovative Lanchester company).

Coventry University formed an Institute for Advanced Manufacturing and Engineering (a collaboration between Coventry University and Unipart Manufacturing Group) in 2014.

It also has a collaboration with HORIBA MIRA to create a Centre for Connected and Autonomous Automotive Research to pioneer and test new developments linked to future transport needs.

This is based at MIRA Technology Park, which is a leading automotive research and development facility. It offers advanced testing and engineering services for the automotive, defence, aerospace, and rail industries. The Park includes specialised test tracks, laboratories, and simulation tools, providing a hub for innovation in vehicle technologies, autonomous driving, and electric vehicle development. It attracts global companies and fosters collaboration between engineers, researchers, and manufacturers.

Coventry University developed a *Research Strategy 2030* which emphasises eight research themes. These are: health and wellbeing; clean growth and future mobility; data science and emerging technologies; sustainability, equity and resilience; responsible business, economies and society; peace and security; global education; and creative cultures. The Strategy is committed to enterprise and innovation. It states: *“linked to our campus locations and research facilities, we will establish a series of innovation districts, bringing together innovators, entrepreneurs, researchers, creatives, and investors to work together to create the conditions for significant economic growth”*.

### **Its cultural and creative assets**

Coventry & Warwickshire has major assets in respect to culture and creativity.

Coventry hosts the Belgrade Theatre and the Herbert Art Gallery and Museum. It is home to two leading transport museums:

Coventry Transport Museum and the British Motor Museum at Gaydon (featuring the largest automotive archive and the largest collection of British-made cars). It also has a thriving independent arts sector.

Stratford-upon-Avon is the birthplace of William Shakespeare and home to the Royal Shakespeare Company Theatre; it is a major destination for international visitors. Warwick is the county town. Warwickshire also has a successful and growing festival scene encompassing music, performing and visual art, literature and food.

Coventry & Warwickshire is a successful visitor destination with a strong and compelling offer. Over 26 million visits and £2.1bn in spend are generated in the local economy. Tourism alone is worth £1.3bn to Warwickshire’s economy and supports some 70,000 jobs across Coventry & Warwickshire.

Coventry was awarded City of Culture status for 2021, and this ought to have been a significant fillip to the sector. In practice it was badly affected by the restrictions linked to the pandemic, and the City of Culture Trust, an independent charity set up to oversee its delivery, went into administration. Nevertheless, associated economic impacts have been estimated to include £20.9m of net additional off-site and organisational expenditure in Coventry & Warwickshire;

and 225 one-year net additional full time equivalent (FTE) jobs<sup>5</sup>.

In the round, Coventry & Warwickshire's cultural and creative assets are a further reason why individuals and businesses choose to locate in the area. They need to be recognised as a key part of its economic asset base.

### Its places

Also important is the diversity of its places.

**Coventry** is a city with international ambition and potential. It is a place that has reinvented itself multiple times, but it has resilience as a consequence – and it is now seeing renewed investment and growth, some of it linked to the key sectors outlined above.

The major market towns of Warwickshire – including **Atherstone, Leamington Spa, Nuneaton, Rugby, Stratford-upon-Avon and Warwick** – are all different. Some are historic and relatively affluent; some host key clusters (such as games development in Leamington); and some are on-going priorities for regeneration.

The **Warwickshire countryside** must also be recognised as an asset. Large parts of the districts of North Warwickshire, Rugby and Warwick are within the West Midlands Green Belt. This means that developable land is often in short supply – and for the new Economic Strategy, the implications are important.

<sup>5</sup> *Coventry UK City of Culture 2021 – Impact Evaluation*, completed by University of

That said, some of the largest developments of industrial space in the West Midlands have taken place in North Warwickshire and Rugby (e.g. at Hams Hall, Birch Coppice, Ansty Technology Park and Tritax Symmetry Rugby).

### Its location

Finally, it is crucial to recognise the economic significance of Coventry & Warwickshire's location, and its connectivity – at the heart of the UK and globally. It occupies the 'golden triangle' of the motorway network (M1/M6/M42) which means that a substantial population is within easy reach. It has strong rail (freight and passenger) links. It also benefits from proximity to Birmingham International Airport and East Midlands Airport, while Heathrow Airport is two hours away.

The route of HS2 crosses Warwickshire. Although there is not a planned HS2 station within Coventry & Warwickshire, the HS2 project is an important driver of economic growth currently (through the construction phase) and longer term economic benefits ought to follow – particularly in North Warwickshire (which is close to the UK Central / Arden Cross and the Interchange station in Solihull) and Coventry (noting that the mainline station is 10 minutes from Birmingham International).

### Challenges and risks

Alongside these assets and opportunities, Coventry & Warwickshire faces a series of

Warwick and Coventry University in partnership with Coventry City Council

challenges and risks. These need to be acknowledged within the Economic Strategy and addressed, whether directly or through the companion strategies identified in Figure 1-1. Some of the challenges and risks are the ‘flip side’ of major assets.

### **Its faltering performance in terms of scale up and growth**

Despite the strength of its research base and the pedigree of its innovation assets, Coventry & Warwickshire actually has a poor track record in relation to scaling growth for businesses. From this perspective, it is a long way behind key comparators – notably neighbouring Oxfordshire (and recognising that three of Oxfordshire’s districts are included within the definition of the Eastern Crescent set out earlier).

The Scale-Up Institute has examined changes in scale-up density between 2013 and 2021 across (former) LEP areas in England and the devolved nations. Across over 40 local economies, Coventry & Warwickshire is identified as the second worst performing (in front only of the Black Country) on this measure.

Quite why this should be the case is hard to explain. It could be a quirk of data, but there appear to be substantive issues too: early-stage equity investment appears to be in short supply and investor networks are underdeveloped (certainly as compared to elsewhere). There may also be issues linked to the supply of appropriate commercial premises. A third factor may be the challenging ‘growth routes’ that typically need to be

navigated by firms within the area’s strongest sectors.

### **Its vulnerability in relation to net zero carbon – but also the opportunity linked to it**

One reason why the area’s poor performance in relation to scale-up is such a concern is that Coventry & Warwickshire is structurally vulnerable to the full implications of decarbonisation and the shift away from fossil fuels. In practice this is both an opportunity and a threat: the sub-region owes much to automotive, aerospace and vehicle engineering and these activities are being transformed through electrification. Seeking to scale-up start-up businesses as a route to broader diversification is therefore important as a route to greater economic resilience.

### **Its skills shortages and gaps**

Coventry & Warwickshire needs also to address skills shortages and gaps. Whilst its overall qualifications profile is good, the demand for new and different skills is relentless – and as sectors evolve, the requirements of employers change. There is strong provision within the area – including through the Warwickshire Skills Hub and the Coventry Careers Hub – but there is more to be done.

### **Its challenges in relation to developable land and commercial floorspace**

The corollary of an outstanding location, fast growth and large areas of Green Belt is pressure on developable land – although the overall picture is

complicated. A recent study by Icení found that:

- **office floorspace** has been lost across Coventry & Warwickshire since 2012 at a rate that is three times greater than the regional average. Office markets are strongest in Coventry and Leamington/Warwick but elsewhere there are major issues linked to viability. Some office space has been upgraded but some space is vacant and awaiting refurbishment.
- conversely, there is a strong demand for **industrial premises**, particularly in the north (North Warwickshire, Coventry, Rugby), but much of this is driven by demand for logistics/distribution space (particularly in relation to larger ‘big box’ provision). Whilst some new supply is coming forward, *“there will likely be a continuing need to replenish industrial supply over time if economic growth is not to be constrained”*<sup>6</sup>.

Within this context, **there is a real need for ‘move-on’ space** (particularly units of <10,000 sq ft and 10-50,000 sq ft). This has been identified through property market studies and could well be a contributory factor in relation to poor scale-up performance identified above.

<sup>6</sup> *Coventry & Warwickshire Housing and Economic Development Needs Assessment (HEDNA)*, Icení Projects (on behalf of Coventry & Warwickshire local authorities, November 2022)

<sup>7</sup> *Coventry & Warwickshire Housing and Economic Development Needs Assessment*

More generally, the commercial property market is both complicated and under some pressure. It will be important that appropriate consideration is taken of the nature and scale of demand from key sectors, recognising that this itself is changing.

### **Its challenges in relation to housing and affordable housing**

Coventry & Warwickshire – like most local economies – is facing a range of issues linked to housing. House prices grew by an average of 6.9% per annum between 2000 and 2020 – about a percentage point more than the average for the West Midlands ITL1 area and for England<sup>7</sup>. Housing affordability has deteriorated, although it varies substantially across the area: Stratford-upon-Avon is the least affordable district (with an affordability ratio of 11.15 in 2023, compared to a national average of 8.14); Coventry is the most affordable local authority area (5.57)<sup>8</sup>.

The shortage of **affordable homes and rented accommodation** is a challenge for residents and businesses alike.

### **Its infrastructure challenges**

As it looks forward, Coventry & Warwickshire is also facing wider infrastructure challenges.

(HEDNA), Icení Projects (on behalf of Coventry & Warwickshire local authorities, November 2022) – para 4.3

<sup>8</sup> House Price Statistics for Small Areas and Annual Survey of Hours and Earnings from the Office for National Statistics

Whilst the area has outstanding links to the national transport network (road and rail), **local connectivity** is considered to be less strong. This is stifling economic ambition and change – and it means that those in more deprived parts of the sub-region may not be able to access the growth opportunities that do exist. Within this context, there is a need to identify network capacities and constraints, and to establish sustainable transport opportunities (corridors, nodes, active travel, electric vehicles and accessible places), linking to the work and evidence of Midlands Connect, and making the best use of the existing transport infrastructure. In this context, working with other partners – notably WMCA – will continue to be important.

There is also a need to establish other key infrastructure capacities, needs and opportunities that could be a significant driver of, or barrier to, future growth. These include utilities, waste, education and health infrastructure, and energy needs (demand and supply). Issues surrounding power supply appear to be a particular concern. They will affect the growth of key sectors if not addressed.

Water is identified as a further challenge – both in guiding development towards the most appropriate locations (taking into account flood risk, future resilience and climate change impacts) and establishing

the capacity and need for new water and wastewater infrastructure<sup>9</sup>.

### Its challenges linked to inequality

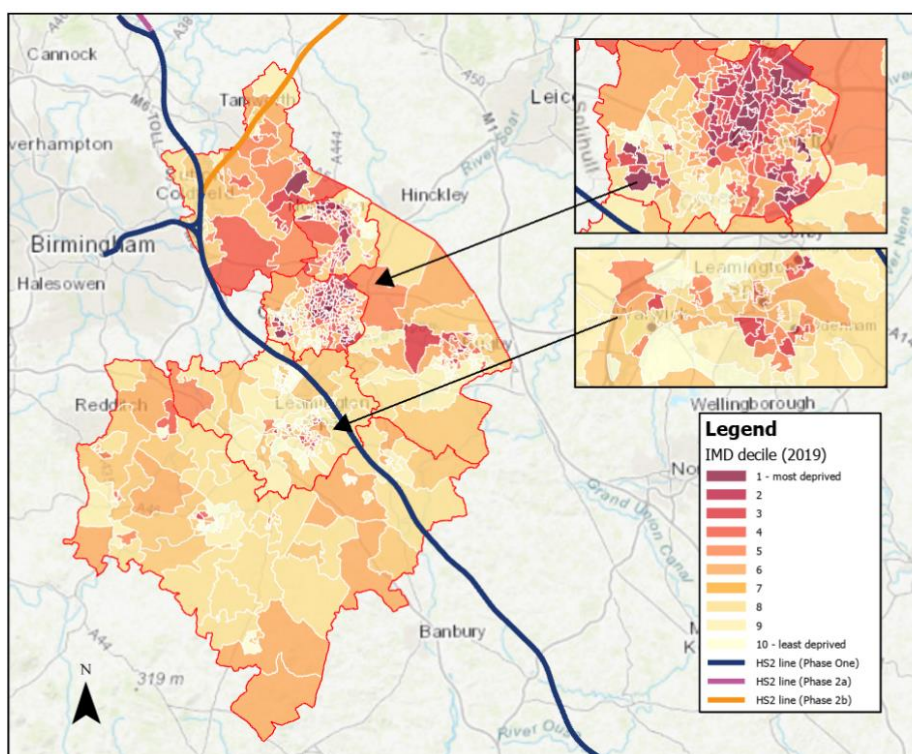
Finally – and perhaps most importantly – there are significant and ongoing challenges linked to **the scale of inequality** across the sub-region. Data from the Index of Multiple Deprivation (2019) highlight the spatial differences which exist across Coventry & Warwickshire. The south is more prosperous than the north. Warwick and Stratford-on-Avon districts fare better than Coventry (particularly the north and east of the city), Nuneaton and Bedworth, and North Warwickshire. Figure 3-1 (below) provides an indication of the extent of inequality across the sub-region.

A similar picture is apparent in relation to the qualifications profile. The proportion of working age people qualified to NVQ level 4 and above ranges from 35.4% in Nuneaton & Bedworth and 31.7% in North Warwickshire to 49.1% in Stratford-on-Avon and 49.4% in Warwick. Warwickshire's *Economic Growth Strategy* and the Coventry *Economic Development Strategy* both identify inclusive growth as a key principle for the future development of the area.

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<sup>9</sup> *Strategic Planning Case Study – Coventry & Warwickshire*, Planning Advisory Service, 2020

**Figure 3-1: Index of Multiple Deprivation, 2019**



Source: *Index of Multiple Deprivation, MCLG, 2019*

## Conclusions

The evidence summarised above is complicated and mixed. It highlights Coventry & Warwickshire's assets and potentials – but also the scale of challenges that the sub-region needs to address. Some of these challenges are a corollary of success and – in a sense – they are good problems to have; but they are problems nonetheless. Others are simply unacceptable: the scale of

inequality across the wider sub-region is a case in point.

A third set might be regarded as possible problems rather than immediate threats, but they do point to the need for resilience and – implicitly – the fragilities that exist in the context of constant change. Many of these are likely to be tested over the years ahead in the light of a whole series of future trends and drivers. It is these that provide the focus for the chapter that follows.



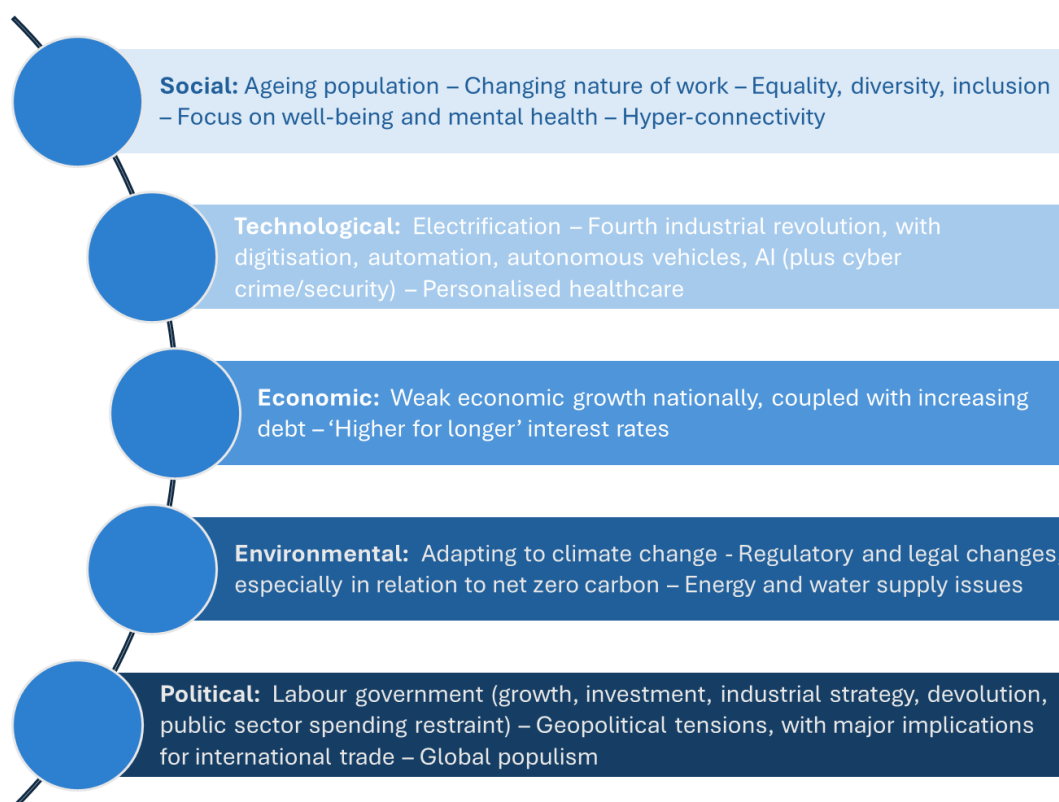
## 4. Trends and drivers shaping the future

In framing a forward-looking strategy, it is a truism that the future may look really quite different from either the present or the past. Many established trends and drivers are generic in character, affecting every sub-national economy in the UK, and most have international dimensions too. However they have a particular form in Coventry & Warwickshire – particularly given the assessment set out in Chapter 3.

Moreover they are likely to work through in combinations that could well be unique. They present a distinctive set of challenges and risks given the area’s economic structure, character and heritage.

Some key trends and drivers that are likely to be especially relevant are illustrated in Figure 4-1 and then described in the paragraphs that follow.

**Figure 4-1: Key trends and drivers that might shape the next decade**



### Social trends and drivers

Looking back, the 2020-22 pandemic provides an important ‘marker’ in relation to societal change – and in many

respects, it is a watershed in defining the end of the ‘early’ part of the 21<sup>st</sup> Century. While it did not cause many of the changes that were observed, it accelerated the pace of change

substantially: short term adaptations have quickly become accepted as the new 'normal'.

One very obvious element is linked to the **nature of work** – specifically, where and when it is done, and what forms it takes. The shift to working from home was fundamentally enabled by digital technology, but the pandemic made it first essential and then acceptable such that in many sectors, remote and/or hybrid working is now commonplace. The consequences are different routines, different uses of public transport (which is often now busier at the weekends than during the week), different relationships to work places (and particularly town centres) and different forms of social interaction. All of this brings with it major questions linked to both innovation and productivity – which are key themes in this Economic Strategy.

Whilst not the cause, the pandemic also prompted far greater consideration of **wellbeing** in general and issues linked to **mental health** in particular. This in turn links to changing social relationships – some work-related, some the consequence of smaller households, and many linked to 'hyper connectivity' through social media, and the levels of scrutiny/pressure that can come through it.

It also links to an increasing **generational chasm**, especially through a new form of digital divide. The 'digital natives' of Gen Z have a very different relationship to digital technology than their parents and grandparents, and the rest of the 'baby boomer' generation. This has huge

implications, including in relation to appropriate forms of service delivery and consequential risks of exclusion.

Across Coventry & Warwickshire – as the rest of the UK – the population is now far more **diverse** than a generation ago. In 2021, half of all children born in Coventry had at least one parent who was born outside of the UK and in 2019, over 190 languages were spoken by Coventry school pupils, in addition to English. The whole area is ethnically diverse and it is culturally richer as a consequence. There is also far more awareness of protected characteristics and intersectionality – and also greater recognition of the structural biases this can create.

Cutting across all of this is a need to recognise the pace and consequences of a population which is **ageing**: as lifespans increase and birth rates fall, the population is getting older. The economics of an old population are challenging, both for individuals (given increasingly challenging pension arrangements) and for the nation as a whole given huge demands for health and social care.

### Technological trends and drivers

The pace of technological change is relentless.

The **decarbonisation of the economy**, including manufacturing and transport, with the wider use and deployment of **electrification**, will continue to be a challenge and opportunity (particularly for

Coventry & Warwickshire, given its links to internal combustion technology).

The **digital transformation** – or the fourth industrial revolution as it has been described – continues to redefine many dimensions of how people live and work and how the economy functions.

**Automation** is a key part of this and one that will shape the future. Many jobs will be lost through automation – but new ones are also likely to be formed. For an economic strategy, this is very important: it means that many of the jobs that will provide the livelihoods of people in Coventry & Warwickshire ten years from now do not yet exist – which in turn means that forward planning is very difficult. The challenge is obvious for businesses and education providers.

The possibilities – and challenges – linked to **artificial intelligence** (AI) is another dimension. It too will be transformational – from the delivery of healthcare to the management of transport networks.

On a different front, in the context of scientific advances, the transition to more **personalised medicine** is likely to accelerate – improving outcomes for patients and also bringing with it imperatives in relation to the growth of life sciences as a key sector nationally.

### Economic trends and drivers

In the economic sphere, the challenges of **consistently weak economic growth, coupled with significant national debt**, are an ongoing concern – particularly given the financial costs of the pandemic and the UK's continuing adjustment

following its departure from the EU. In the UK at least, the consequence is widely expected to be fiscal changes which will affect individuals and businesses alike.

In addition, after a decade of very low interest rates pre-pandemic, **the cost of borrowing** has escalated and it is likely to remain relatively high (despite a recent reduction in the base rate from the Bank of England). This is likely to be problematic for businesses which are seeking to borrow money – whether to fund growth or to effect ownership changes.

### Environmental trends and drivers

In the environmental sphere, the imperatives surrounding the urgent need to **adapt to climate change** are both clear and wide-ranging.

The UK has had a legally binding net zero target since 2019. This has led to ambitious targets linked to the net zero transition – although early milestones have been reprofiled as the practicalities of achieving them became more apparent. Nevertheless, significant progress will need to be made – including with regard to electrification and also to retrofit – if the targets are to be achieved. Importantly, similar ambitions and targets have been set in many other national economies.

There is also a question as to whether expectations surrounding **consumption** simply need to be managed – with more emphasis on the circular economy (reusing and recycling materials) and reduced consumption overall.

Linked in part to the climate emergency are substantial challenges relating to **energy and water supply**. These are biting across Coventry & Warwickshire – albeit many other areas are under similar pressures. Resolving these challenges will be imperative if sustained and sustainable economic growth is to be achieved.

### Political trends and drivers

As of July 2024, the UK has a new Labour government with a large majority in the House of Commons. Its priorities include:

- accelerating the pace of economic growth
- addressing the housing crisis and introducing planning reforms
- advancing both deeper and wider devolution, as a route to addressing spatial disparities across the UK
- supporting clusters and place/area-based economic assets – including through a new Modern Industrial Strategy
- achieving green growth and progress towards net zero carbon targets

- redefining the UK’s role and profile internationally.

Although there is a commitment to investment, priorities will need to be delivered in the context of continuing pressure on the public finances.

There are also political drivers that are international. These include: geopolitical instability (notably war in Ukraine and conflict in the Middle East); the possibility of emerging bilateral alliances, particularly given levels of debt in some less developed nations; the structures put in place to deal with misinformation, including in relation to cybercrime; and the range and effectiveness of global responses to climate change mitigation and adaptation.

After thirty years of globalisation, international trade has become more challenging, and is likely to remain so given the shifting global political backdrop.

In addition, the rise of populism globally – fuelled in part by social media – is a further political driver. It brings with it a fundamental questioning (or even distrust) of core institutions.



## 5. Vision and Strategic Economic Framework

### Defining a Vision...

Consistent with the evidence summarised in chapters 2, 3 and 4 – and the statement of purpose in Chapter 1 – the **Vision** at the heart of Coventry & Warwickshire’s new Economic Strategy is set out in full below.

**The Vision is aspirational and ambitious.** It reflects some of the risks facing the area but also the huge opportunities which are available to it. It

recognises fully the need to be more inclusive and more sustainable – so that all places within Coventry & Warwickshire, and all communities, might benefit.

**As partners and stakeholders strive towards the Vision, Coventry & Warwickshire will fulfil its potential and achieve high value economic growth which will deliver a range of benefits locally, regionally, nationally and internationally.**

### Vision

By 2034, Coventry & Warwickshire will be **recognised for the role of its innovation-focused knowledge economy**, particularly in **nurturing creativity, harnessing digital possibilities and solutions, enabling future mobility, and unlocking the opportunity of electrification.**

This will be achieved through **major research-intensive businesses and universities/institutions**, but also through the dynamism and effectiveness of a **rich but varied innovation ecosystem** in which creativity flourishes and new businesses are formed, nurtured and grown.

Over the next decade, Coventry & Warwickshire will see economic transformation and growth, through new skills and competencies, and through a process of economic restructuring (especially as established businesses/sectors pivot in response to regulatory and technological change).

As a result, **the whole area will be known around the world for its economic vibrancy, founded on creativity and innovation.** The **productivity** of the local economy will also have grown.

The **benefits will be enjoyed by all** who live and work in Coventry & Warwickshire, and **inequalities between people, communities and places will be much reduced.**

### ...and respecting the distinctive character of Coventry & Warwickshire

The delivery of this Vision will be shaped by (and will respond to) the **distinctive character of Coventry & Warwickshire as a series of places**.

This includes:

- the **towns (and their environs) which help to define the area's economic distinctiveness**, particularly in relation to some key growth sectors/clusters and locations
- **Coventry**, as a compact, vibrant and ambitious city
- those areas across Coventry & Warwickshire that **experience economic underperformance currently** (both absolutely and relatively)
- the **rural areas**, which set Coventry & Warwickshire apart and help to define what makes Coventry & Warwickshire special
- **links beyond Coventry & Warwickshire**, particularly to Birmingham (as England's second city) and into Oxfordshire, Northamptonshire and Leicestershire
- the **international connections** that help to define Coventry & Warwickshire, and the opportunities arising from them.

## Strategic Economic Framework

Progress towards the Vision will be made through **five Themes**. These will galvanise activity and give it purpose, focus and intent.

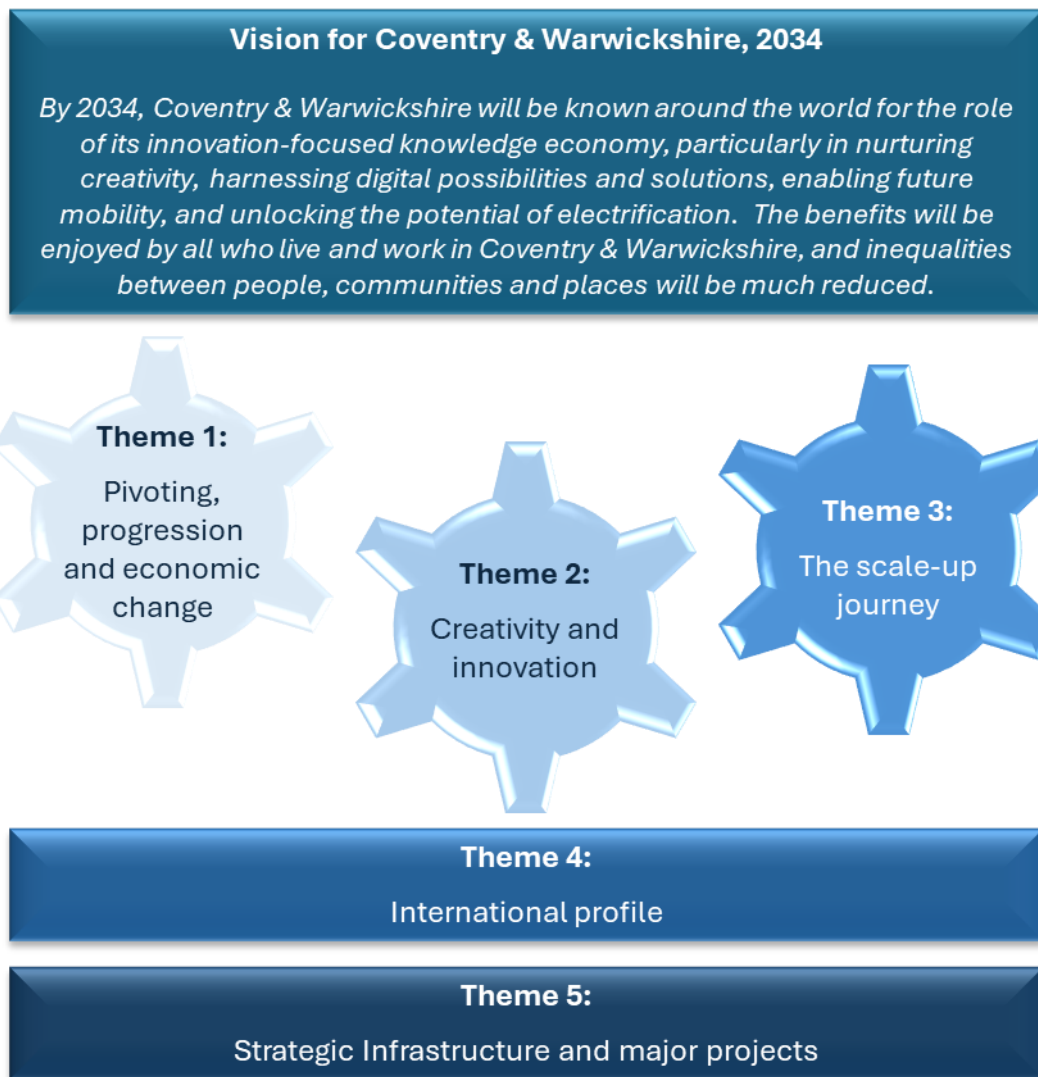
The five Themes have been defined because they are **sub-regionally relevant and appropriate**. They are also **strongly inter-related and synergistic**.

They have been defined in order to:

- provide **flexibility and agility** in the context of risk and uncertainty (politically, economically, institutionally)
- distil the core of **what Coventry & Warwickshire needs to 'do'** (given the area's assets, opportunities and challenges)
- be **appropriate at a sub-national scale** (given the raft of strategies and plans at both larger and smaller spatial scales)
- allow **real progress to be made** in pursuit of the Vision.

The **Vision** and **five Themes** together provide a **Strategic Economic Framework** for Coventry & Warwickshire. This is summarised in the graphic below and explained in the remainder of this document.

**Figure 5-1: Strategic Economic Framework for Coventry & Warwickshire**





## 6. Theme 1 – Responding to economic change

### Summarising Theme 1

Theme 1 is concerned with supporting and investing in a profound process of industrial restructuring across Coventry & Warwickshire – linking to both specific transitions (notably electrification at the core of automotive and aerospace) but also more general processes of industrial change driven by autonomy and automation, AI, etc.

Businesses and sectors will need to modernise and adapt if they are to take advantage of new market opportunities. In parallel, people and communities will need to be equipped to respond.

In many other local economies, the scale of transformation is such that it could have been catastrophic. However Coventry & Warwickshire has so far appeared to be reasonably resilient.

In part this is because new businesses and sectors are emerging (see Themes 2 and 3) and in part it is because major businesses and organisations in the area have actually been at the vanguard of industrial change – through for example technologies linked to electric vehicles, batteries and battery storage, hydrogen vehicles, low energy mass transport solutions (e.g. Coventry Very Light Rail (CVLR)), and renewable energy production. Further, the area has invested (or is investing) in specific ventures to realise the associated opportunities and mitigate the surrounding risks (see Box 6-1).

### Rationale

Coventry & Warwickshire is experiencing significant economic change. This involves both sectoral shifts and major developments within existing key sectors, notably automotive and future mobility (including aerospace and other vehicle engineering and advanced manufacturing more generally). An industrial revolution is ongoing, precipitated by regulatory and technological change, and particularly the shift towards autonomy and electrification: major businesses and their supply chains are literally being re-engineered in the context.

### Box 6-1: Key assets and investments in Coventry & Warwickshire linked to electrification and the future of mobility

**UK Battery Industrialisation Centre (UKBIC)** officially opened in 2021. It is a first-of-a-kind battery manufacturing scale-up facility and is funded in part by the UK government Faraday Initiative. It provides the space and skills for the UK's growing battery sector. It hosts a range of specialist manufacturing equipment installed for the benefit of UK industry.

Located on the boundary between Coventry and Warwick (district), **Greenpower Park**, will be a location for

battery research, industrialisation, manufacturing, testing, recycling and electrified logistics on the outskirts of Coventry. The factory will bring together global battery manufacturers; it is the only available site in the UK within an investment zone and with planning permission for a large-scale battery manufacturing facility. Greenpower Park is located within the **Coventry & Warwick Gigapark**, part of the **West Midlands Investment Zone**. This provides further incentives (e.g. tax reliefs) to encourage investment into this location.

**MIRA Technology Park** is the leading UK vehicle test and development facility, and home to more than 40 major OEM companies (including Bosch, JLR, Polestar and Toyota). The Park is one of Europe's leading mobility R&D locations for automotive technology, with a focus on Connected and Autonomous Mobility and vehicle propulsion systems (including battery electric and hydrogen). The campus includes MIRA Technology Institute (MTI) (a specialist facility to train engineers both onsite and in the local area) and MIRA South Site (a high-quality, masterplan development incorporating 2.3m sq ft of large scale manufacturing and industrial facilities, to support the 2m sq ft of existing space and permission on the park for R&D activity).

**National Transport Design Centre** (connected to Coventry University) is a Centre that focuses on exploring the future of transport design, bringing together a cross-disciplinary group of individuals/academics to research future transport ideas.

**Long Marston Rail Innovation Centre** provides rail infrastructure, testing infrastructure and innovation space to develop new railway technologies, many of which aim to reduce emissions associated with the railways.

**Jaguar Land Rover's Future Energy Lab** is a state-of-the-art electric vehicle test facility, which will support JLR in launching nine electric models by 2030.

The **JLR Product Creation Centre** at Gaydon is home for almost 13,000 designers, engineers, procurement and related staff. Alongside the JLR Future Energy Lab and NAIC in Coventry, it will drive the development of global vehicle creation and related technology for JLR.

The **National Automotive Innovation Centre (NAIC)** is the flagship 150,000 sq ft facility at the WMG Campus at the University of Warwick. It brings academics together with engineers from JLR, TATA and TVS (among other OEMs) to research and develop new technologies around vehicle propulsion, light weighting, cyber technology and autonomy in vehicles.

The process of re-inventing large swathes of the economy inevitably creates losers as well as winners. It has been (and will be) extremely challenging for some businesses, people, communities and places. There is therefore a need to recognise the scale of upheaval and to put appropriate measures in place – through training and upskilling, enterprise support, access to capital and through effective connections to new employment opportunities.

### Fit with strategic priorities regionally/nationally – and locally

Although it relates to only part of the area, the **West Midlands Plan for Growth** (like the earlier West Midlands Local Industrial Strategy) identifies the ongoing structural shift driven by electrification as one of the key challenges facing the West Midlands. In response, it identifies a series of clusters that might drive forward the region's economic future. These are relatively well represented across Coventry & Warwickshire.

The **West Midlands and Warwickshire Local Skills Improvement Plan (LSIP)** identifies the importance of transitioning to new technologies within existing sectors. The LSIP identifies the engineering and manufacturing, construction, ICT and digital, and logistics and distribution sectors as being the most critical for the future, with a need to develop current and future green skills needs, and develop more digital skills needed by businesses to support their growth aspirations.

The **West Midlands Electric Vehicle Inward Investment Strategy** has been developed to support investment into Coventry & Warwick Gigapark. It is also designed to support the sustainability and growth of the wider auto sector, including sites locally like University of Warwick Innovation Campus at Wellesbourne, and MIRA South Site expansion.

### Priority Interventions

In advancing Theme 1, partners across Coventry & Warwickshire will seek to:

- **facilitate (and sustain) a Coventry & Warwickshire-specific dialogue between businesses and training providers**, to ensure that skills provision continues to be aligned with changing business needs.
- **invest in skills and workforce development**, recognising that jobs are changing rapidly and there is a need to plan for roles that do not yet exist and respond to significant skills shortages/gaps.
- **build digital skills across Coventry & Warwickshire** – to ensure that everyone has a basic digital literacy, but also start developing more advanced digital skills to support business needs.
- **put in place relevant and innovative business support** that bolsters national products and key regional and national networks to help businesses manage the transition. This could include:
  - packages of support for enterprises seeing major changes in their operating environment
  - packages of support linked to SMEs' transition to net zero carbon
  - packages to drive innovation across the area, to enable and support growth and diversification.
- **instigate local transport measures** to ensure that those in more deprived areas across Coventry &

Warwickshire are fully able to access emerging opportunities.

- **recognise and identify those who are at risk of socio-economic**

**exclusion as a result of technological/regulatory change** and put in place measures to support them (linked especially to skills and training).

## 7. Theme 2 – Creativity and innovation

### Summarising Theme 2

Theme 2 is defined around processes of creativity and innovation. While Coventry & Warwickshire already has clear strengths, there is much more that could be achieved. Theme 2 is intrinsically cross-cutting and cross-sectoral, and the aim is to encourage creativity and innovation across the board, including through tacit forms of knowledge exchange. The wider innovation ecosystem has a role to play in this context, but Theme 2 needs to be understood more broadly. Theme 2 is concerned with cultural and attitudinal dimensions of creativity and innovation – and the benefits that could follow.

### Rationale

The nature of value creation is changing: both creativity and innovation need to be pervasive and cross-cutting, underpinned by effective processes of knowledge exchange.

Coventry & Warwickshire has real strengths in relation to creativity and innovation. It has a long history in innovation, including the birth of the modern bicycle, the motor car and aerospace propulsion. It is already recognised as a creative and innovative place. This has tangible expression in the digital creative space in the form of the

video games development cluster and other digital creative companies in and around Leamington, and the skills and knowhow that comes with them. There is also a clear read-across to advanced engineering, and there is plenty of evidence of a rich cross-fertilisation taking place. As these two specialisms come together more consistently, the scope for innovation ought to be spectacular.

But Theme 2 is actually much broader. Its focus is system-level creativity and innovation. Coventry & Warwickshire needs to be a place where more people and more businesses have the confidence and the wherewithal ‘to try’. Sometimes they will fail, but this is the route to learning and the wider environment needs to be enabling and encouraging in this context.

Coventry & Warwickshire needs to be a place where chance encounters lead to new and better business activity. The area is at the heart of England and in this sense, it is a natural meeting place. This needs to translate into an evolving culture of, and appetite for, creativity and innovation, particularly among new entrepreneurs.

The wider innovation ecosystem has a role to play in this context. It is important partly because it is linked to the management of risk, and it needs to continue to develop and mature. The recently established Warwick Innovation District (established by the University of

Warwick) is part of this, as are various organisations initiated by Coventry University.

There are already good examples of best practice. One example is the work of 1 Mill Street in providing a sustainable focus for the digital creative community in the south of the county. Another is the work of HORIBA MIRA and WMG in bringing together a future mobility version of the Plug and Play concept to the local area.

Theme 2 needs to be seen, fundamentally as ‘innovation and creativity *in place*’. It is therefore relevant to *both* those who call Coventry & Warwickshire home but who work elsewhere; and to entrepreneurs who are setting up new businesses locally. It is about a culture of innovation and enterprise – and the wide range of outcomes and impacts that might follow.

### Fit with strategic priorities regionally/nationally – and locally

Whilst Theme 2 is not sector-specific, there are clear links to some sector-specific statements – such as the **Creative industries sector vision: a joint plan to drive growth, build talent and develop skills** which was developed nationally (by the previous government).

Drawing these strands together, there is likely to be a strong crossover with the **Modern Industrial Strategy** which is being developed by the new government. It is likely to include a growing recognition of the links between innovation and place. Creativity and innovation happens in places – and therefore alongside

investment in R&D, many different factors play their part – including the effectiveness of local labour markets; the availability of local sources of equity investment; the provision of specialist property.

At a regional level, the **West Midlands Plan for Growth** has aspirations to develop a region where innovation flourishes. The **West Midlands Innovation Accelerator** is a key venture in this context.

Locally, the **Coventry & Warwickshire Launchpad** – which is focused on immersive technologies and creative industries – is aligned fully with the ambitions and encompassed by Theme 2. At its core is a recognition of the importance of clustering. It highlights the role that local universities and local authorities can play in directing national funding and support to the local area. As the Launchpad is delivered, it will be important that appropriate learning takes place.

### Priority Interventions

In advancing Theme 2, partners across Coventry & Warwickshire will seek to:

- **put in place mechanisms to learn from the Coventry & Warwickshire Launchpad**, and to disseminate the findings quickly at a local level.
- **develop measures to ‘engineer serendipity’ (i.e. chance encounters) between sectoral specialisms in a place setting**; in practice, this means creating conditions in which ‘chance

meetings' across disciplines, sectors and technologies are more likely to happen (e.g. through sandpits and the like).

- **encourage creativity and innovation at a local level** – through stronger local hubs (including in town centres), which can support the sharing of ideas amongst smaller businesses and those living and working in more remote locations of Coventry & Warwickshire.
- **recognise the significance of freelancers** – who are a key part of creative sectors yet often are isolated

and with a slightly precarious existence – and find ways of supporting them. This could be by offering bespoke training or work experience opportunities.

- **encourage the development of networks**, both locally (e.g. town level and across rural areas) and across Coventry & Warwickshire as a whole.
- **promote Coventry & Warwickshire as a place known for creativity and innovation** in dialogue with the two universities and wider cultural, creative and research institutions.

## 8. Theme 3 – The scale-up journey

### Summarising Theme 3

Alongside Themes 1 and 2, Theme 3 links to the effectiveness of the wider innovation ecosystem, but the focus is on systemic barriers to scale-up – which is a major challenge for Coventry & Warwickshire.

Theme 3 assumes a high level of creative entrepreneurship and that start-up businesses – of many different forms – are in place; the challenge is unlocking their growth. This requires a particular set of intervention priorities, but it is important both in effecting sustainable economic growth and building the resilience of Coventry & Warwickshire as a whole.

### Rationale

Coventry & Warwickshire has outstanding research and innovation assets (through its universities, businesses and research organisations), and it is producing new enterprises. But the evidence points to sluggishness in the growth process – such that despite its assets, Coventry & Warwickshire is one of the worst performing areas nationally in respect to the process of scale-up.

Coventry & Warwickshire has major businesses. For the most part, these are long established and they are playing key roles as anchor institutions through their supply chains and through the training

and knowledge transfer they provide. However this brings with it vulnerabilities too, particularly as technologies change (as explored through Theme 1). What Coventry & Warwickshire lacks is the unicorns that other knowledge economies can claim. In this respect, it is some way adrift. Logically, there is no shortage of possibilities, but realising the associated potential is proving challenging and there is widespread recognition that it needs to be a focus for the sub-region looking ahead.

In practice, many different factors are at play – including access to skills/knowledge, space, leadership and management skills, and finance; and the particular requirements of the area's key sectors. Addressing these issues is the focus for Theme 3.

### Fit with strategic priorities regionally/nationally – and locally

A **Modern Industrial Strategy** is being developed by the Labour government. Whilst focused on key sectors/clusters, this is also likely to emphasise the importance of scale-up businesses.

Although it does not relate to the whole of Coventry & Warwickshire, the development of a vibrant innovation and scale-up ecosystem is a priority for the West Midlands Combined Authority. WMCA's **Plan for Growth** signals much continuity with the earlier Local Industrial Strategy for the West Midlands, and with various Strategic Economic Plans



(including that for Coventry & Warwickshire which was developed by the former Local Enterprise Partnership).

Within this context there is a particular commitment to the **West Midlands Innovation Accelerator**, overseen by West Midlands Innovation Board. This is a core part of the Deeper Devolution Deal (March 2023). It will accelerate investment in *‘applied and translational research to spark commercial growth and bolster the region’s R&D capability and capacity’*.

### Priority Interventions

In advancing Theme 3, partners across Coventry & Warwickshire will seek to:

- **identify high growth businesses in Coventry & Warwickshire and sustain an active dialogue with them** to understand and to help navigate particular challenges (e.g. linked to recruitment, commercial property and/or planning issues, securing finance, etc.).
- **put in place mentoring and coaching support for those seeking to grow businesses** after the initial start-up phase.
- **develop an appropriate sites strategy**, with a focus on ‘grow on’ space and a commitment to use existing sites well. Partners must look to use direct and indirect powers and resources to encourage the provision of grow-on space within new developments and through the redevelopment of existing employment sites.
- **work with public and private sector partners to improve access to finance and build investor confidence to invest in scale-up businesses.** This will include building/supporting Midlands Mindforge in expanding its activities in the region, helping to accelerate and enhance the commercialisation of science and technology innovations from local universities.
- **develop sector-based Accelerators focused on emerging specialisms within Coventry & Warwickshire**, focusing firstly on those sectors with the greatest potential in the area (including those identified by Coventry City Council and Warwickshire County Council in their growth plans (and similar documents); those identified within the West Midlands Plan for Growth; and those highlighted within the Modern Industrial Strategy Green Paper (and eventually the White Paper)).
- **actively promote the the area for scale-up businesses** through marketing and other activities (linking with Theme 4).

## 9. Theme 4 – International profile

### Summarising Theme 4

Theme 4 underpins Themes 1-3 and is concerned with Coventry & Warwickshire's 'place in the world'.

The area has many world-class assets and sectoral specialisms built up over many decades, and these have a global reach – including through international students.

Coventry & Warwickshire is already a leading inward investment destination; on a per capita basis, it is the leading geography in the UK according to recent national government data. Looking ahead, its growth opportunities need to be global. International trade and export has become more difficult in recent years, but requires support to both SMEs and UK branches of global companies.

The focus on international profile also means promoting and growing the area's visitor economy offer to international leisure and business tourists.

### Rationale

Coventry & Warwickshire has assets of international significance. These range from academic institutions to major tourism attractions to internationally recognised businesses which are addressing global challenges.

International connections are already important to the local area, but they need to be nurtured further. There are many different reasons for this.

One factor is that the national market arguably lacks scale given the level of investment into key new technological advances (such as electric vehicle and battery technologies which are very important for Coventry & Warwickshire). The businesses and organisations that are operating in these spheres need access to global collaborators and global investors. For the businesses, global markets are similarly important and they need quickly to become part of international supply chains.

### Box 4-1: The global transition to electric vehicles – and the opportunity for Coventry & Warwickshire

Nationally, the zero emission vehicle (ZEV) mandate became law in January 2024. It means that 80% of new cars and 70% of new vans sold in Great Britain will be zero emission by 2030, increasing to 100% by 2035. The transition however is challenging and in autumn 2024, it was reported that details of the ZEV mandate may be reviewed.

The transition, however, is global. The UK's timeframe is replicated across other major economies (including France, Germany and Sweden). In the USA, there is a target for 56% of all new vehicles sold to be electric by 2032 (BBC News website, 20.03.24); although slower than

elsewhere, this still represents a substantial transition.

Within this context, the worldwide commercial opportunity is enormous and the stakes are very high indeed – particularly in a year of general elections. Currently, this is translating into friction surrounding international trade and, specifically, tariffs on electric vehicles. Meanwhile major automotive companies are shifting their production locations in order to avoid tariff barriers. The global industry is therefore very fluid. Activities in Coventry & Warwickshire are fully part of this wider narrative, with the opportunities and threats afforded by it.

For similar reasons, there is a strong case for seeking to attract more inward investment.

Locally, Invest Coventry & Warwickshire works with partners to promote key sectors and provide soft-landing support to investors. Looking ahead, public and private partners should continue to work together to attract new UK and overseas investment to support the occupancy of new commercial office and industrial space coming onto the market, including new development at Coventry & Warwick Gigapark and MIRA South Site.

Both the University of Warwick and Coventry University attract thousands of international students into the area, although many of these also leave after graduation. UK government policy in relation to migration is a factor here

<sup>10</sup> See [New Government drives forward trade talks to turbocharge economic growth - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-government-drives-forward-trade-talks-to-turbocharge-economic-growth) July 2024

(particularly in respect of the families of international students). However retaining more of these students after graduation would help in terms of augmenting the area's skills base (which is very important in respect of Themes 1, 2 and 3).

The area attracts millions of visitors each year to the likes of Stratford-upon-Avon and Warwick Castle, but international tourism numbers have not yet returned to pre-pandemic levels. The new Coventry & Warwickshire Destination Partnership should help to articulate and promote the wider offer; it is important that this reaches international visitors too.

#### Fit with strategic priorities regionally/nationally – and locally

Rebuilding the UK's role in the world – post-Brexit and post-pandemic – is a clear national priority. UK government has plans to **publish a new trade strategy** which will align with the forthcoming **Modern Industrial Strategy**; this will also enhance the UK's economic security and support its net zero ambitions. The new trade strategy should help to reset the UK's relationships with the EU, support more small businesses to export and remove unnecessary barriers to trade<sup>10</sup>. There is a real opportunity for Coventry & Warwickshire to make a key contribution.

Locally, **Invest Coventry & Warwickshire** is already showcasing the assets and 'investibility' of the area, with its '*Be Here...*' branding and a focus on key

sectors (automotive and future mobility; digital creative and video games; and business, professional and financial services). The Invest Coventry & Warwickshire website and ‘*Be Here...*’ inward investment brochure highlight the many strengths of the area and provide a focal point for those interested in setting up in the city and county.

### Priority Interventions

In advancing Theme 4, partners across Coventry & Warwickshire will seek to:

- **support international collaborations and actively encourage international business tourism.**
- **continue to develop materials for targeted inward investment marketing.** These might focus on:
  - the EV and battery inward investment opportunity
  - cultural and creative assets and opportunities (including heritage and the visitor economy)
  - Coventry & Warwick Gigapark, and Greenpower Park
- the local sustainability and ESG offer
- the benefits of Coventry & Warwickshire at the heart of the UK.
- **support businesses in Coventry & Warwickshire which are seeking to trade internationally**, helping them to overcome regulatory and trade barriers.
- **attract and welcome international visitors to Coventry & Warwickshire**, and promote the Visitor Economy more generally.
- **recognise the large numbers of international students at both Coventry University and University of Warwick and equip them to be ‘area ambassadors’ over the long term:** helping them to ‘understand this place’ might create alumni networks through which the strengths of Coventry & Warwickshire are articulated and shared around the world.

## 10. Theme 5 – Strategic Infrastructure and major projects

### Summarising Theme 5

As a foundation of Themes 1-4, the fifth and final Theme is concerned with infrastructure and major projects. Within Coventry & Warwickshire, sustainable economic growth will require infrastructure investment. Some of this is already underway – but progress needs to be sustained and accelerated. In other cases, there is research to be done, business cases to develop, and funding to be secured. Priorities need to be agreed in line with the Economic Strategy, and then driven forward. More generally, there is a need to research and implement new policy and approaches, and to bring forward new development opportunities if the area's growth is to be realised fully.

### Rationale

Within Coventry & Warwickshire, there are already major infrastructure initiatives and projects – but these are complicated, long term, dependent on national government (and sometimes WMCA) priorities (which can change – as has been seen in relation to HS2). Although there have been some major successes in recent years, some critical projects have

proceeded slowly, which has challenged the credibility of the area to deliver.

The **transport infrastructure** across Coventry & Warwickshire is regularly mentioned by businesses as a major constraint. It affects access to workers, and it can constrain the functioning of supply chains.

The **availability of employment space** is also frequently cited as a major barrier to business growth, hindering expansion plans and impacting on the local economy<sup>11</sup>. There are currently major existing development sites for industrial uses, and others in the pipeline, but these have not always delivered the mix of space required, particularly for SMEs. Quality grade A office space has been in short supply in some locations.

In addition – as discussed in Chapter 3 – there are **constraints and challenges linked to a wide range of other infrastructures**. These include the supply of both energy and water, but also issues linked to social infrastructure (provision for hospitals, schools, GP surgeries, etc., given population growth).

Beyond the immediate area, the changed circumstances of HS2 present both an opportunity and threat for Coventry & Warwickshire.

<sup>11</sup> Employment Land Report, Coventry & Warwickshire Chamber of Commerce, 2023

### Fit with strategic priorities regionally/nationally – and locally

The Labour government is committed to economic growth, and the delivery of infrastructure is a key element of this. The new National Wealth Fund should have an important role to play in this context.

In its manifesto it commits to a **new 10-year infrastructure strategy** to guide investment and provide certainty about the project pipeline. It has also indicated that this will be aligned with the new Modern Industrial Strategy and also be cognisant of regional development priorities. In practice, much of it will be linked to the journey of devolution.

For Coventry & Warwickshire, there are two **devolution journeys** at work – one at Level 2 currently and the second focused on deeper devolution (Level 4). The latter brings with it an investment fund that needs to respond to infrastructure (and other) priorities. It will be important that these are articulated clearly given the different boundaries and jurisdictions. Alignment between the requirements of the Coventry & Warwickshire Economic Strategy and Coventry City Council's Place-Based Strategy will also be important.

### Priority Interventions

In advancing Theme 5, partners across Coventry & Warwickshire will seek to:

- **promote and advance both the Greenpower Park (the location of the West Midlands Gigafactory) and the wider Coventry and Warwick**

**Gigapark**, recognising the key roles of both within the regional economy.

- **promote and advance similar net zero future mobility opportunity sites** at MIRA South Site and University of Warwick Innovation Campus, Stratford-on-Avon.
- **continue to progress long term schemes and extract social/economic impacts from them.** Examples include: Coventry City Centre South/Friargate; and Transforming Leamington.
- **develop an 'economy first' approach to identifying and promoting strategic sites**, linking them to Themes in this strategy – particularly the emergence of new economic sectors and encouraging the provision of space for manufacturing as well as e-commerce and logistics, and the provision of space suitable for SMEs.
- **continue to improve the area's strategic transport infrastructure**, recognising the importance of links across Coventry & Warwickshire but also those into neighbouring counties and the West Midlands Combined Authority area.
- Encourage a reassessment of the position on **HS2**.
- **ensure that all places and all people within Coventry & Warwickshire have access to an outstanding digital infrastructure** – and the skills and confidence to use it fully.

- **encourage investment in the infrastructure which is critical for growth** (energy, water, waste), taking note of the constraints that are identified currently.
- **recognise the importance of green infrastructure**, and ensure that it is valued and used.

## 11. Delivering the Economic Strategy

This Economic Strategy sets out a bold and fresh Vision for Coventry & Warwickshire. It seeks to achieve this through the delivery of five key Themes.

### A shared endeavour

In advancing the Economic Strategy there is no ‘silver bullet’, nor a significant funding stream to be harnessed and used.

However, Coventry City Council and Warwickshire County Council are committed to working together – building on a long track record of successful joint working. They are also committed to working with the districts and boroughs in Warwickshire.

Core to this will be an ongoing dialogue and a commitment to sharing new evidence and insight as these become available. There is already positive and strong stakeholder engagement across the area, including through the *Coventry and Warwickshire Growth Hub*, *Coventry and Warwickshire Champions*, *Coventry and Warwickshire Chamber of Commerce*, *Invest Coventry & Warwickshire*, the *Federation of Small Businesses*, *Coventry & Warwickshire First* and the recently-established *Coventry & Warwickshire Destination Partnership*.

### Working with the business community and with key organisations

The strategy has been advanced because it ‘makes sense’ for Coventry & Warwickshire as a whole, particularly in

relation to key sectors and clusters, and the innovation and creativity associated with them. In this context, the two upper tier authorities will engage actively with the business community in driving key elements of the strategy forward. It will also work closely with the area’s universities and its cultural, creative and research organisations.

### Developing strategic relationships

The two upper tier authorities will align their own activities behind the strategy wherever it is possible to do so – noting that delivery will rely on a lot of ‘influencing’ and shaping mainstream processes. At the same time, each Council will pursue local priorities too as set out in county- and city-level strategies and plans; these have a particular focus on different aspects of employability and inclusion (which need to be advanced as a matter of urgency).

The delivery of this Strategy will rely on developing strong working relationships with others. This includes the West Midlands Combined Authority, neighbouring upper tier authorities and the new government. This will be key to making the case and unlocking investment to deliver many of the interventions identified. In particular new funding opportunities linked to the new National Wealth Fund should be explored (including the proposed allocations towards gigafactories).



If opportunities do emerge, the two upper tier authorities will engage jointly in a dialogue with central government and bid for funding support. Much of this strategy could, for example, be advanced through (something like) a Strength in Places fund programme, if such a scheme was to be launched.

### **Delivering this Strategy for local people and communities**

Whilst this Economic Strategy must deliver economic growth for Coventry & Warwickshire, it should also ensure that all people and communities (both rural and urban) across the area are able to

benefit as investment is unlocked. All projects and interventions delivered as part of this Strategy have local communities in mind. Where relevant, this will mean:

- **consulting with communities (including through districts and boroughs)** to identify the most effective/appropriate ways to intervene locally.
- **delivering social value** throughout, ensuring that those investing locally create supply chain, employment and learning opportunities for local people.

