The Industrial Strategy 8 Sectors in the Black Country

September 2025

Data Considerations

*This analysis is **based on Office for National Statistics (ONS, 2023) data**, which provides the baseline for **proportions of businesses by sector**, **proportions of employees by sector**, and **business-size distributions**. **Building on this baseline**, **The Data City**'s **Industrial Strategy Classification (ISC)**—developed with the **Department for Business and Trade**—is also used to capture key measures and company-level dynamics. Differences in definitions, coverage and reference dates mean figures from these sources are **not directly comparable**; The Data City results should be treated as **indicative**. The source for each item is specified on the relevant slide.*

*As there is no clear SIC definition for **Clean Energy Industries**, **all data for this sector (including business and employment)** are taken from **The Data City**.*

*ONS data shows **no current presence** for the **Defence sector** in the Black Country. However, **The Data City ISC system** does identify activity, and given the Black Country's important role in the **Defence supply chain**, the sector has been **included in this analysis**. All data for this sector including **business** and **employment figures** are therefore drawn from **The Data City**.*

Location Quotient

The Economic Intelligence Unit

- **Manufacturing strength:** Advanced Manufacturing shows concentration in the Black Country with a **Business LQ of 1.49**, **Employee LQ of 1.36**, and **Turnover LQ of 1.74**, making it a key specialism.
- **Defence turnover base:** Defence shows limited business presence (**Business LQ 0.39**) but strong **Turnover LQ of 1.59** and **Employee LQ of 1.02**, pointing to a high-value niche.
- **Energy workforce:** Clean Energy has weak **Business LQ (0.66)** and **Turnover LQ (0.63)** but moderate labour concentration (**Employee LQ 0.83**).
- **Creative and digital gaps:** Creative Industries (**Business LQ 0.71; Employee LQ 0.54**) and Digital & Technologies (**Business LQ 0.47; Employee LQ 0.32**) are underrepresented compared to national, though Digital shows neutral **Turnover LQ (0.52)**.
- **Services underrepresented compared to national:** Professional and Business Services (**Business LQ 0.69; Employee LQ 0.69**) and Financial Services (**Business LQ 0.64; Employee LQ 0.41**) show limited presence compared to national averages, while Life Sciences is closer to neutral (**Business LQ 0.77; Employee LQ 0.75**).

Sector	Business LQ	Employee LQ	Turnover LQ
Advanced Manufacturing	1.49	1.36	1.74
Clean Energy Industries	0.66	0.83	0.63
Creative Industries	0.71	0.54	0.47
Defence	0.39	1.02	1.59
Digital and Technologies	0.47	0.32	0.52
Financial Services	0.64	0.41	0.34
Life Sciences	0.77	0.75	0.5
Professional and Business Services	0.69	0.69	0.76

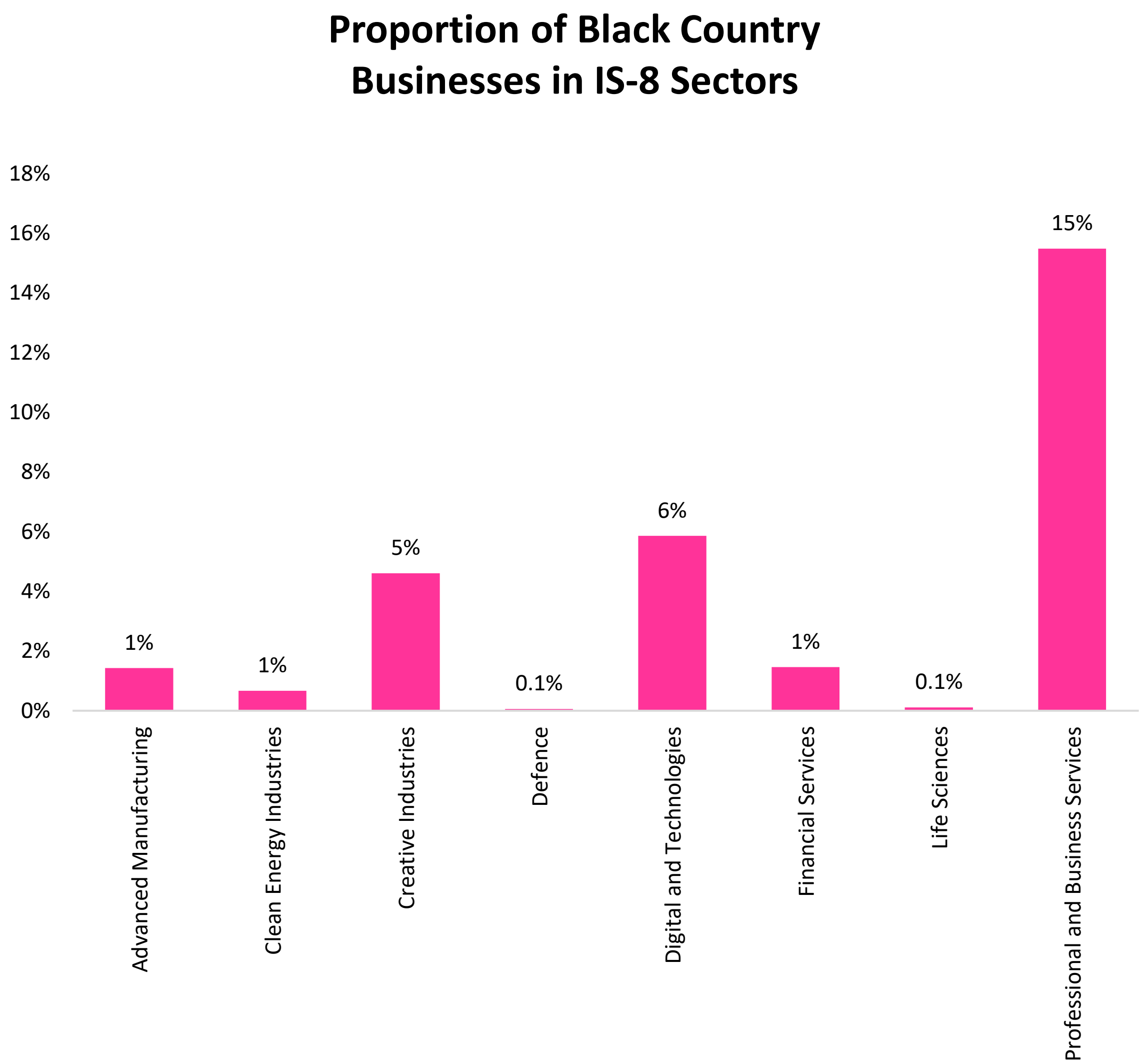
- Underrepresented (LQ < 0.75)
- Neutral (0.75 ≤ LQ < 1.25)
- Emerging strength (1.25 ≤ LQ < 2.0)
- Highly specialised (LQ ≥ 2.0)

While LQs offer a valuable indication of regional specialisation, they should not be interpreted as a definitive measure of opportunity. A low LQ score may reflect an early-stage or emerging opportunity area that has yet to develop scale in terms of employment, business count or turnover, but nonetheless holds significant strategic or innovation potential. As such, the LQ analysis should be considered alongside other contextual insights.

Source: The Data City. A Location Quotient (LQ) is a measure that compares the concentration of an industry, sector, or occupation in a specific region to its concentration at a broader geographic level (in this case, the national average).

Proportion of Businesses

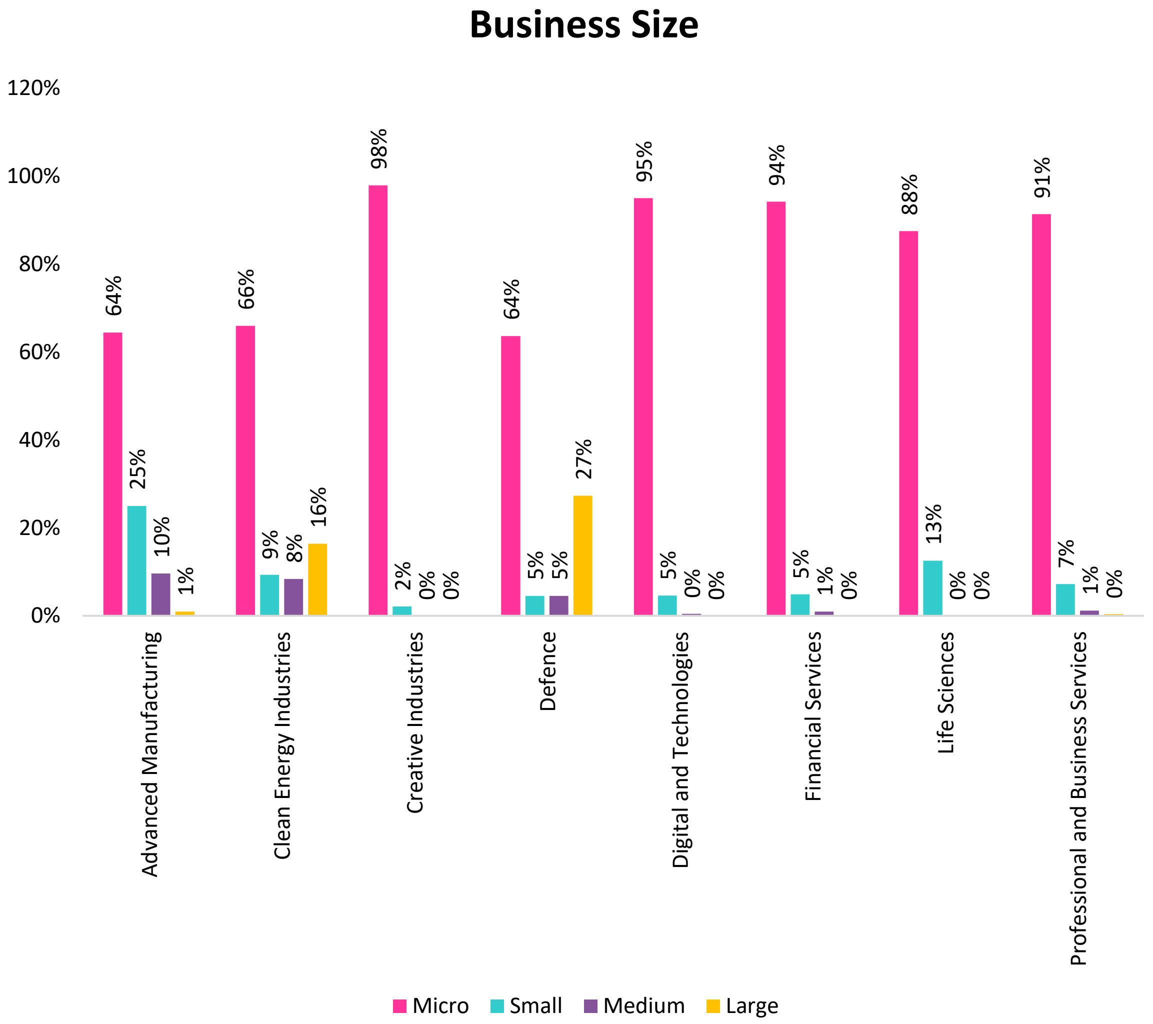
- **Professional services dominate:** Although location quotients indicate a limited presence compared to national, Professional and Business Services make up **15%** of all firms in the Black Country, making it the largest IS-8 sector in the Black Country.
- **Digital industries visible:** Digital & Technologies represent **6%** of businesses, giving the Black Country a relatively strong presence in this sector.
- **Creative industries notable:** Creative Industries account for **5%** of firms, contributing to the region's cultural and innovation activity.
- **Industrial sectors limited:** Advanced Manufacturing and Clean Energy Industries each represent just **1%** of businesses, while Financial Services are also small at **1%**.
- **Minimal elsewhere:** Defence and Life Sciences show almost no measurable presence within the business base.



Source: ONS, 2023. Data for 'Clean Energy Industries' and 'Defence' taken from The Data City, 2025.

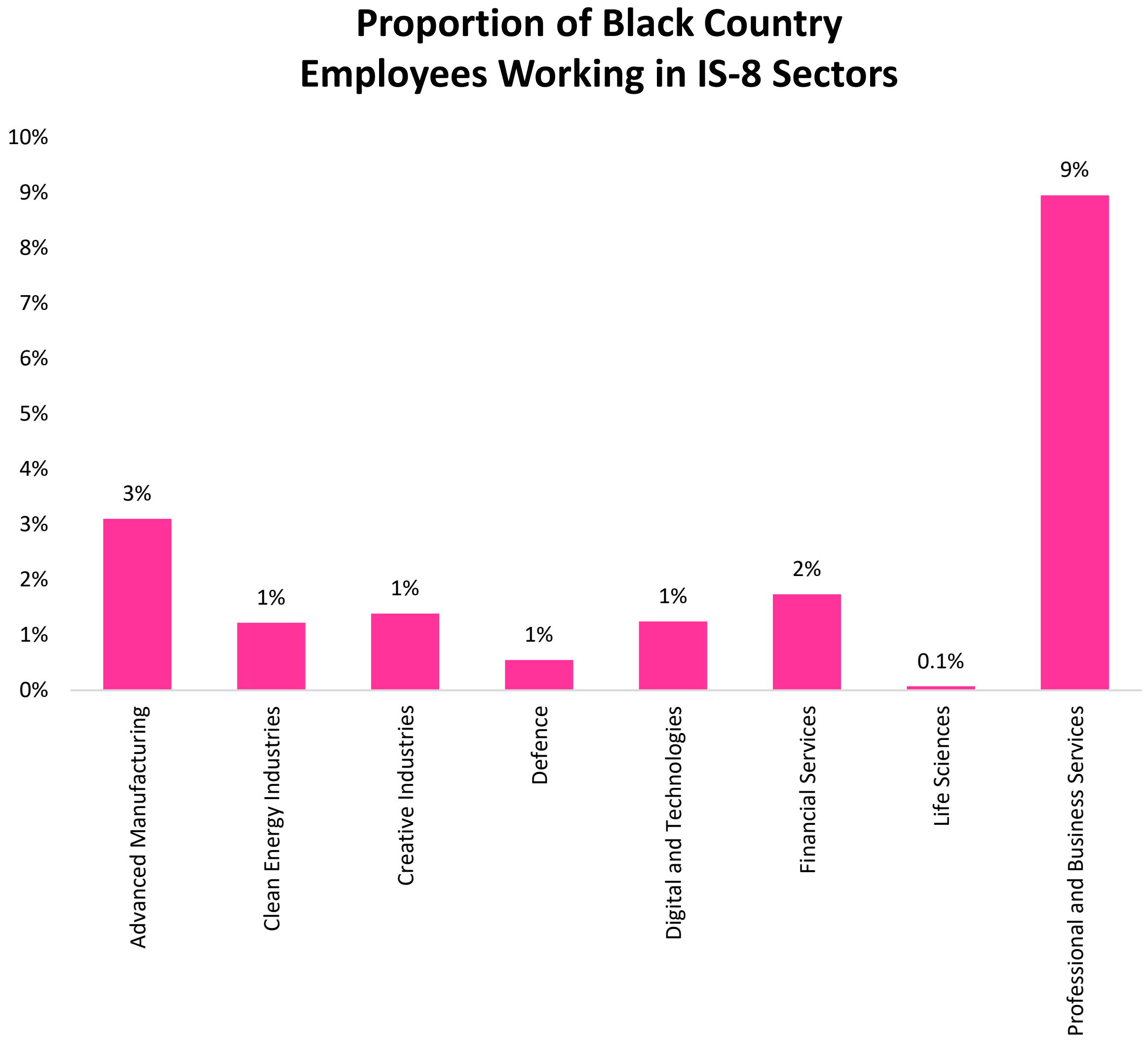
Business Size

- **Micro-business dominance:** Most sectors are heavily micro-led, with Creative Industries (98%), Digital & Technologies (95%), and Financial Services (94%) almost entirely made up of micro firms.
- **Professional services fragmented:** Professional and Business Services are **91% micro**, underlining a dispersed business base despite being the largest sector.
- **Advanced manufacturing more balanced:** While 64% are micro-businesses, the sector has **25% small firms** and **10% medium firms**, giving it a more diverse size structure.
- **Clean energy diversity:** Clean Energy shows **66% micro**, alongside **9% small**, **8% medium**, and **16% large firms** – the widest spread across sizes.
- **Higher share of large firms in Defence:** Although a very small sector locally, Defence has a greater proportion of **large firms (27%)** compared to other IS-8 sectors.



Source: ONS, 2023. Data for 'Clean Energy Industries' and 'Defence' taken from The Data City, 2025.

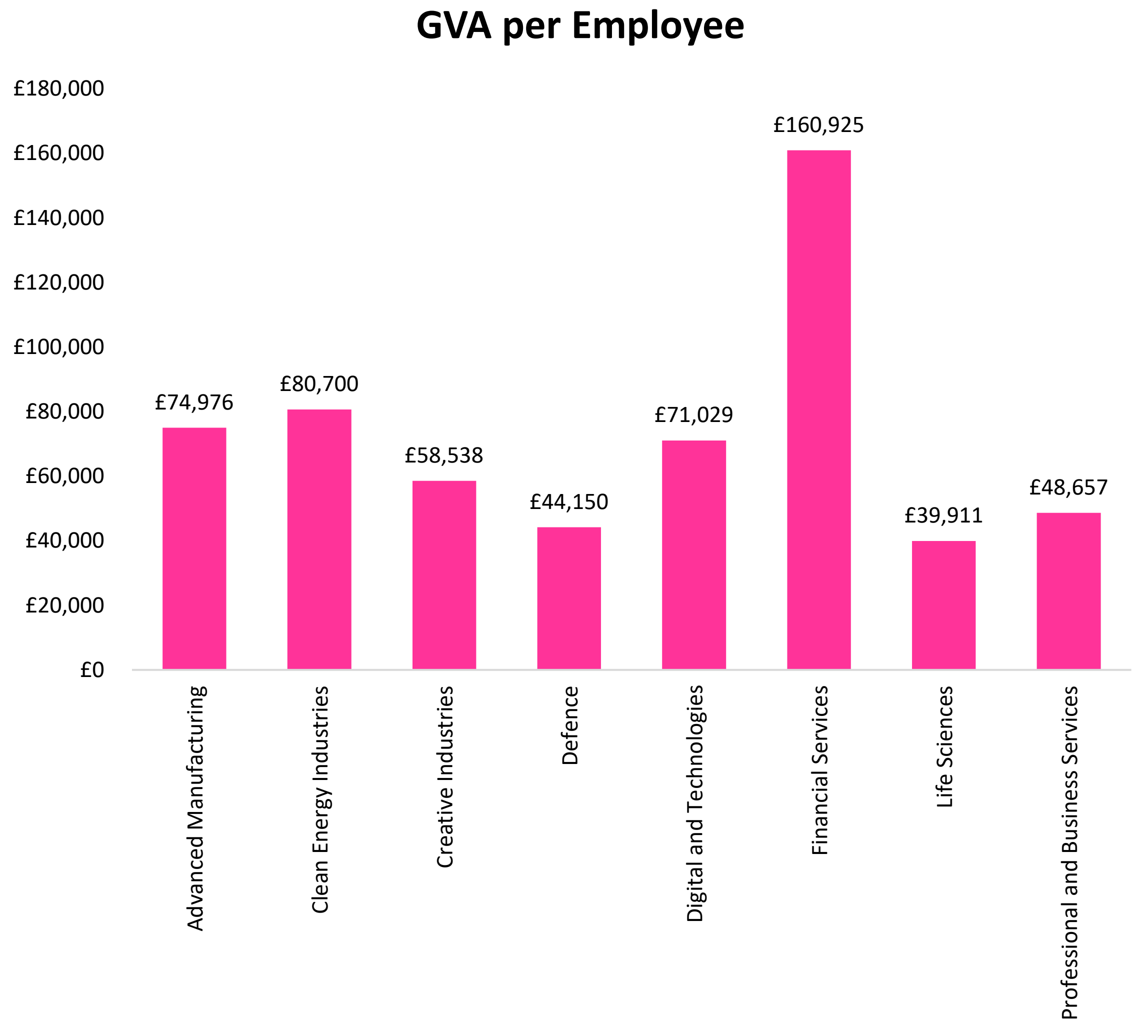
Proportion of Employees



- **Professional services largest employer:** Professional and Business Services account for **9%** of all jobs, making them the single biggest sectoral employer.
- **Advanced manufacturing important:** The sector provides **3%** of total employment, reflecting its ongoing industrial role in the local economy.
- **Finance modestly represented:** Financial Services employ **2%** of the workforce, a moderate but visible contribution.
- **Other sectors smaller:** Clean Energy, Creative Industries, Digital & Technologies, and Defence each account for just **1%** of local jobs.
- **Life sciences minimal:** The sector records **0.1% employment share**, showing little workforce presence in the Black Country.

Source: ONS, 2023. Data for 'Clean Energy Industries' and 'Defence' taken from The Data City, 2025.

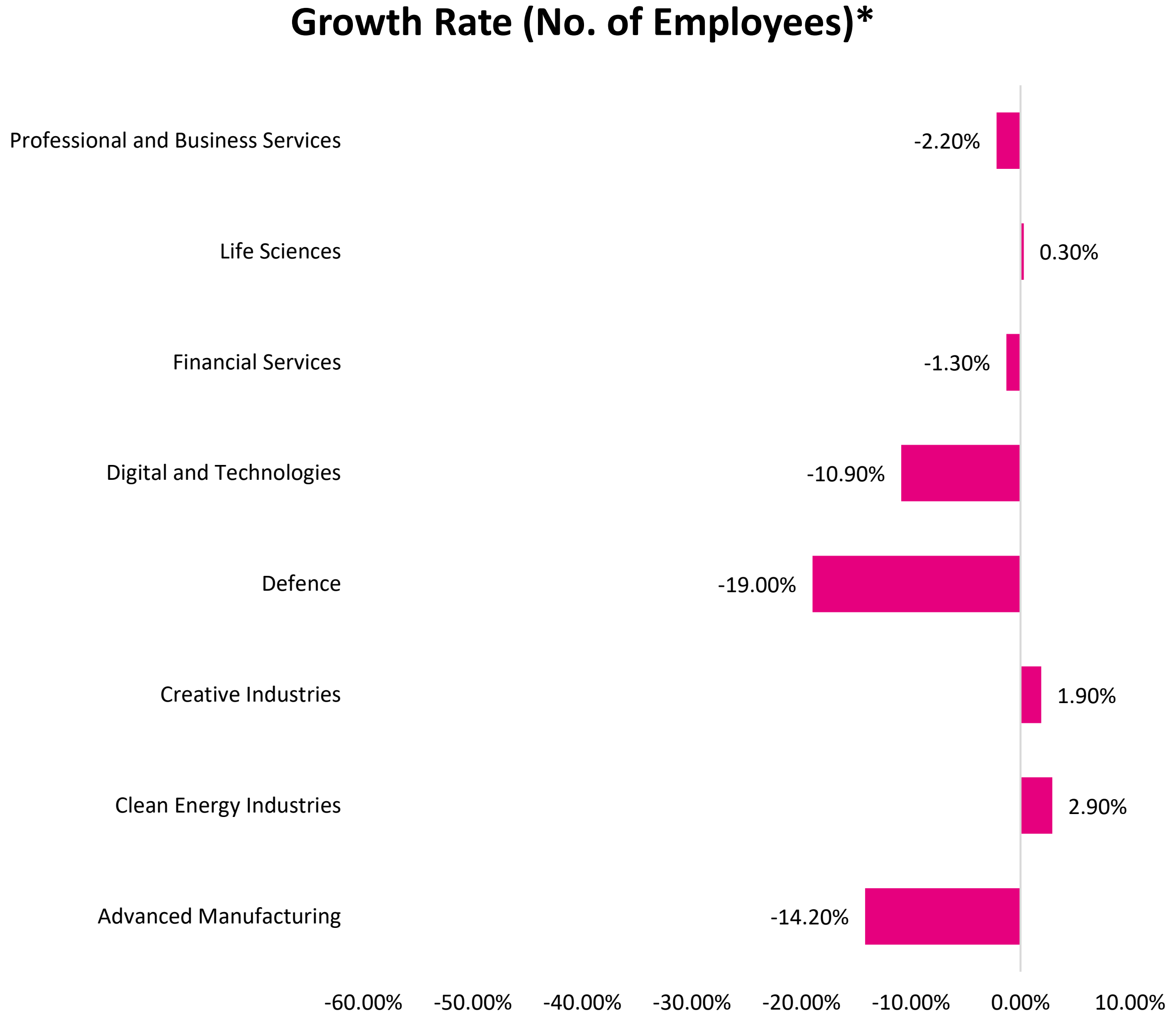
GVA per Employee



- **Financial services highly productive:** The sector leads with **£160,925 GVA per employee**, more than double most other sectors.
- **Clean energy competitive:** Clean Energy Industries show strong productivity at **£80,700 per employee**, above manufacturing and digital.
- **Advanced manufacturing solid:** Productivity stands at **£74,976 per employee**, reflecting its industrial efficiency.
- **Digital mid-range:** Digital & Technologies contribute **£71,029 per employee**, aligning with advanced industries but below financial services.
- **Lower productivity sectors:** Creative (£58,538), Professional Services (£48,657), Defence (£44,150), and Life Sciences (£39,911) record significantly lower GVA per worker.

Source: The Data City, 2025

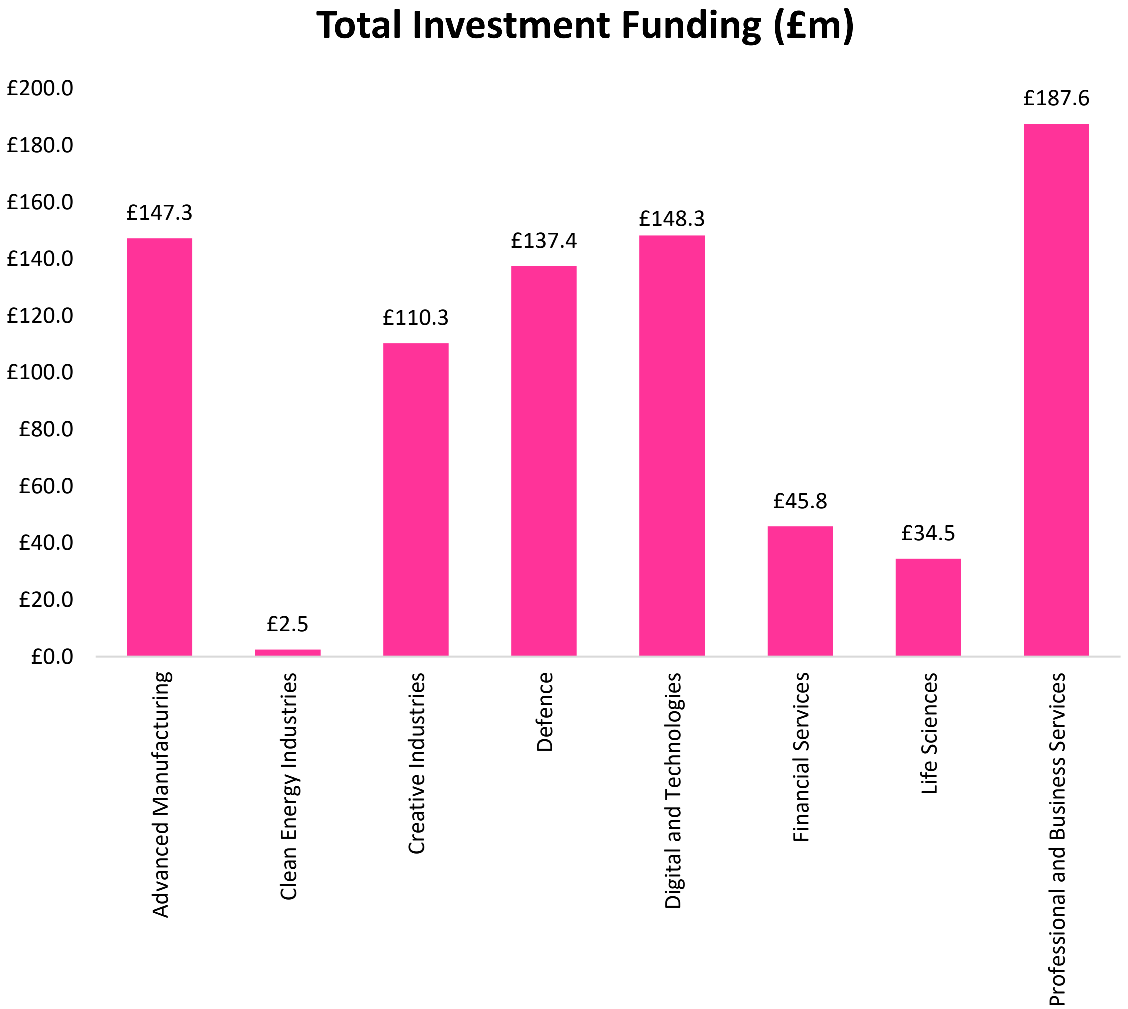
Growth Rate



- **Clean energy expanding:** Clean Energy Industries show the strongest growth at **+2.9% annually**, signalling potential momentum in the low-carbon transition.
- **Creative industries modest growth:** Employment sees increases of **+1.9% per year**, suggesting resilience in the sector.
- **Life sciences stable:** Growth is minimal at **+0.3%**, indicating the sector is holding ground but lacks major expansion.
- **Manufacturing and tech contracting:** Advanced Manufacturing (-14.2%) and Digital & Technologies (-10.9%) see sharp employment declines.
- **Defence in steep decline:** Defence employment sees a fall of **-19% annually**, the largest contraction of any sector.

**Source: The Data City, 2025. The growth rate is calculated by The Data City as a best estimate of the annual growth rate of the number of employees of all companies in the sector.*

Investment



- **Professional services lead:** Professional and Business Services attracted the highest investment at **£187.6m**, underlining strong investor focus on the sector.
- **Advanced manufacturing and digital highly backed:** Advanced Manufacturing (£147.3m) and Digital & Technologies (£148.3m) both secured significant levels of funding, reflecting their strategic importance.
- **Defence and creative also strong:** Defence (£137.4m) and Creative Industries (£110.3m) attracted substantial investment, highlighting continued confidence in their potential.
- **Moderate support for finance and life sciences:** Financial Services (£45.8m) and Life Sciences (£34.5m) secured lower but still notable funding totals.
- **Clean energy underfunded:** Clean Energy Industries received just **£2.5m**, suggesting underinvestment in a sector often seen as critical to future growth.

Source: The Data City, 2025

IS-8 Sector Summary

Summary of jobs and enterprises by IS-8 sector for Black Country (and percentage of total for the UK):

Shaded cells indicate sectors where Black Country's share is at or above the national level.

	Employees			Businesses		
	Black Country	Black Country % of Total	UK % of Total	Black Country	Black Country % of Total	UK % of Total
Advanced Manufacturing	13,870	3%	2%	520	1%	1%
Clean Energy Industries	5,457	1%	3%	244	1%	1%
Creative Industries	6,205	1%	5%	1,675	5%	10%
Defence	2,449	1%	0.1%	22	0.1%	0.1%
Digital and Technologies	5,565	1%	7%	2,130	6%	10%
Financial Services	7,750	2%	3%	530	1%	2%
Life Sciences	320	0.1%	0.1%	40	0.1%	0.1%
Professional and Business Services	40,010	9%	14%	5,630	15%	21%
Total	**81,626**	**18.1%**	**34.2%**	**10,791**	**30.2%**	**45.2%**

Source: ONS, 2023. Data for 'Clean Energy Industries' and 'Defence' taken from The Data City, 2025.