The Industrial Strategy 8 Sectors in the WMCA

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 WMCA. However, **The Data City ISC system** does identify activity, and given the WMCA'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

- **Advanced Manufacturing specialisation:** Strong concentration with a **Business LQ of 1.33**, **Employee LQ of 3.55**, and **Turnover LQ of 2.20**, marking it as a clear sector strength.

- **Digital and Technologies growth base:** Shows emerging strength with an **Employee LQ of 1.76** and **Turnover LQ of 1.08**, though **Business LQ (0.71)** remains below average.

- **Creative Industries above average:** The sector records a **Business LQ of 0.71**, but higher **Employee LQ (1.50)** and **Turnover LQ (1.22)** suggest a growing concentration of activity.

- **Clean Energy and Defence underrepresented:** Clean Energy (Business LQ 0.67; Employee LQ 0.84) and Defence (Business LQ 0.57; Employee LQ 0.84) remain below average, despite moderate labour concentration.

- **Services mixed:** Professional and Business Services sit near average with **Business LQ 0.80** and **Employee LQ 0.91**, while Financial Services (Employee LQ 0.51; Turnover LQ 0.92) and Life Sciences (Employee LQ 0.66; Turnover LQ 0.39) are weaker.

Sector	Business LQ	Employee LQ	Turnover LQ
Advanced Manufacturing	1.33	3.55	2.20
Clean Energy Industries	0.67	0.84	0.75
Creative Industries	0.71	1.50	1.22
Defence	0.57	0.84	0.94
Digital and Technologies	0.71	1.76	1.08
Financial Services	0.75	0.51	0.92
Life Sciences	0.83	0.66	0.39
Professional and Business Services	0.80	0.91	0.67

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

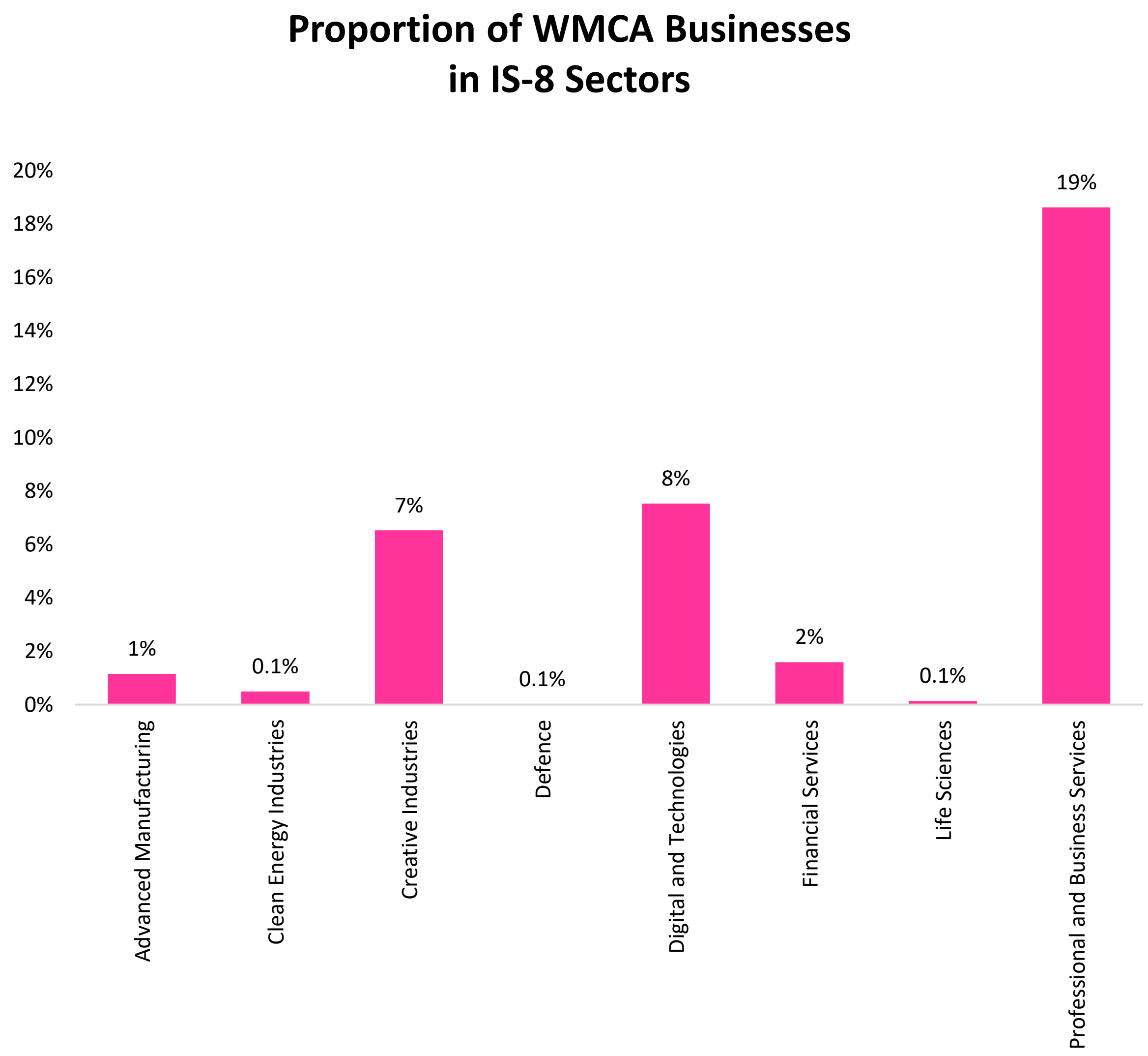
- **Professional and Business Services dominant:** This sector accounts for **19% of all firms**, giving it the largest share of all the IS-8 sectors in the WMCA economy.

- **Digital and Technologies visible:** Representing **8% of companies**, the sector holds a strong position in the regional business base.

- **Creative Industries notable:** Contributing **7% of firms**, this sector plays a key role in diversifying the economy.

- **Financial Services modest:** The sector makes up **2% of businesses**, reflecting a smaller but established presence.

- **Limited elsewhere:** Advanced Manufacturing (1%) is present but lean, while **Clean Energy, Defence, and Life Sciences** have minimal presence.



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

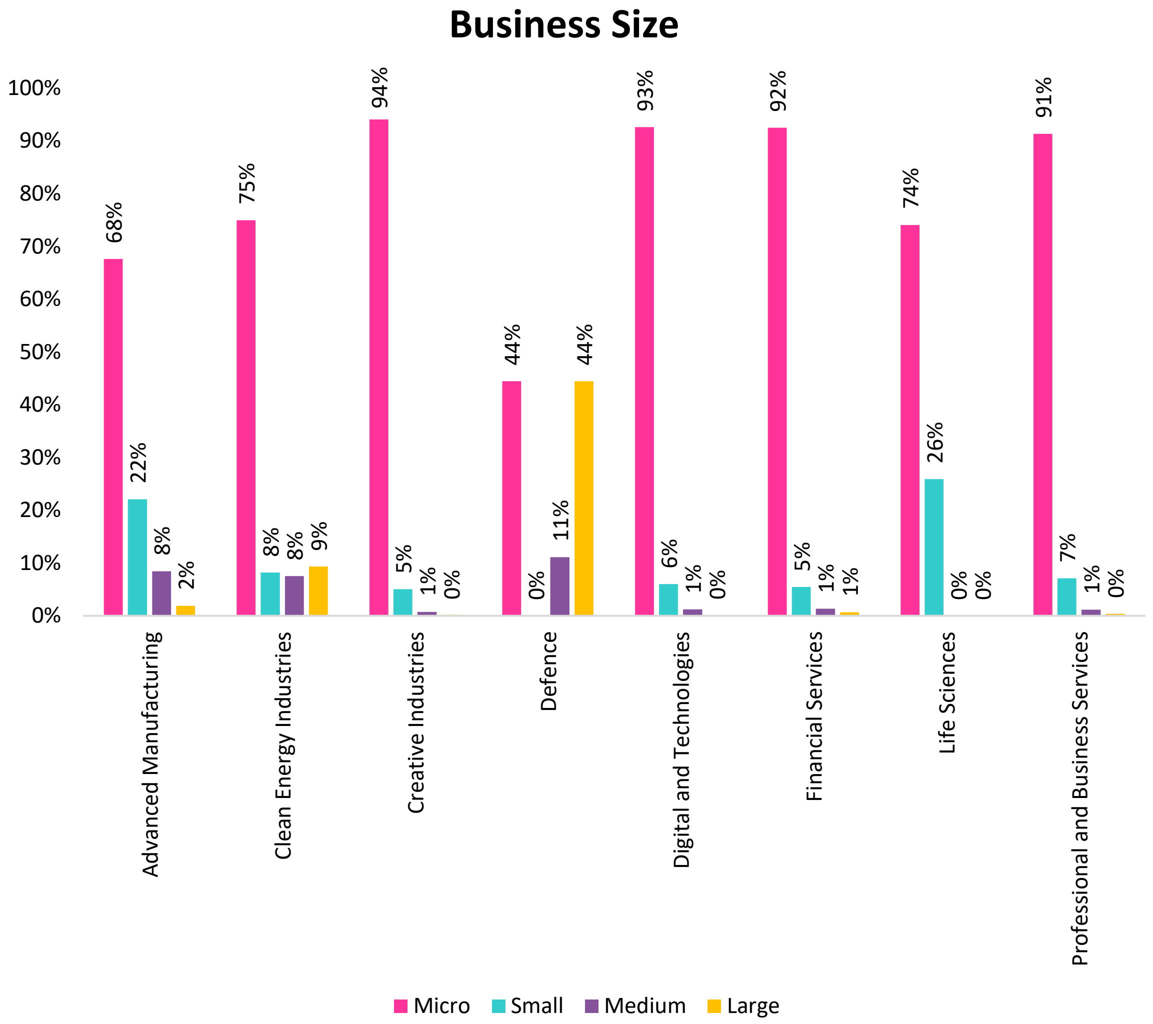
Business Size

- **Micro-business dominance:** Most sectors are heavily weighted towards **micro firms**, with Creative Industries (94%), Digital & Technologies (93%), and Financial Services (92%) showing the highest concentrations.

- **Small business presence:** Sectors such as **Advanced Manufacturing (22%)** and **Life Sciences (26%)** show a more visible role for small businesses compared with other sectors.

- **Medium businesses limited:** Representation is minimal across most sectors, peaking in **Professional and Business Services (10%)** and **Financial Services (10%)**.

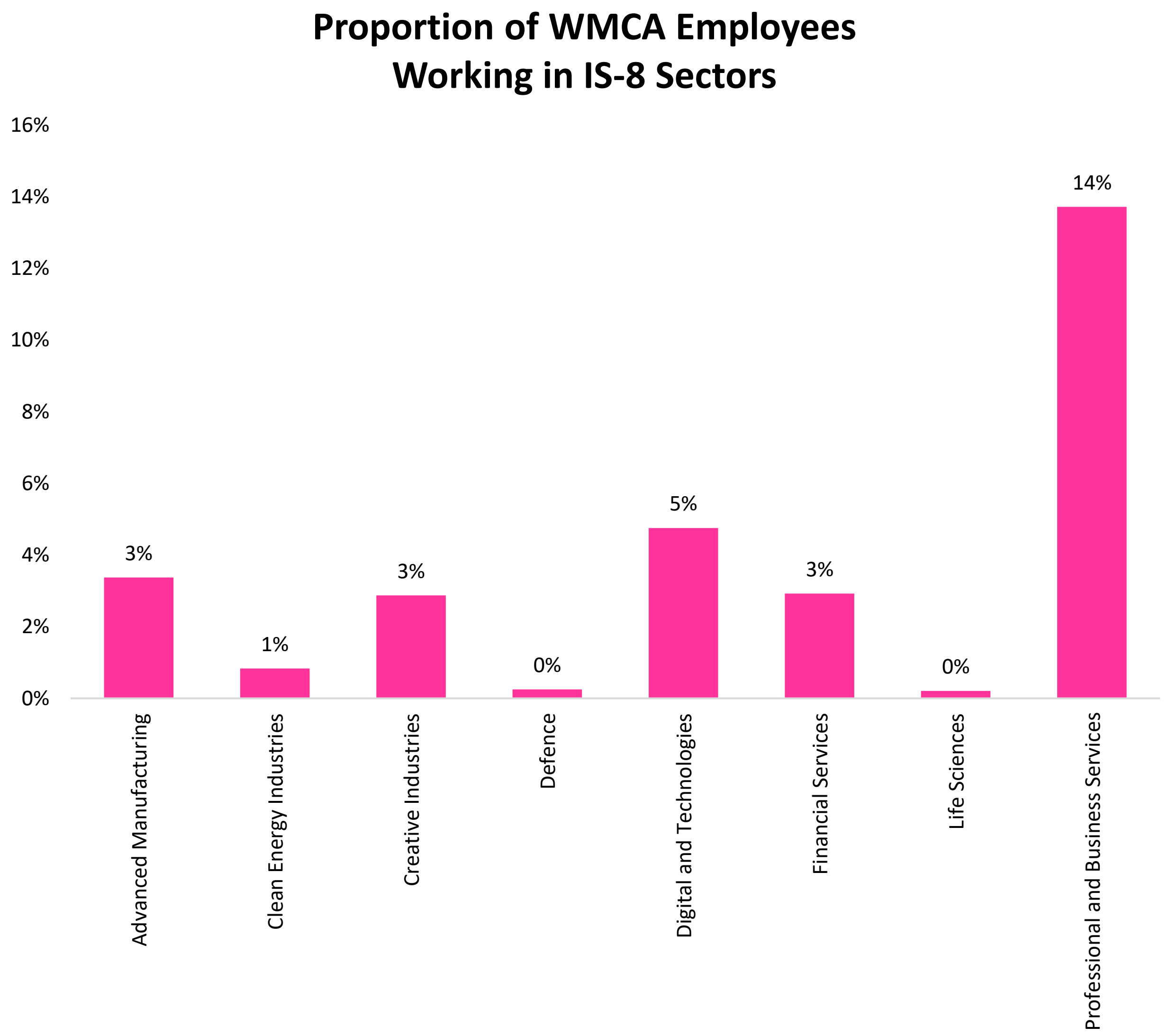
- **Large firms rare:** Very few sectors feature significant large business presence. **Defence (44%)** stands out as an exception but this is influenced by the limited overall number of Defence businesses in the WMCA.



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

Proportion of Employees

The Economic Intelligence Unit



- **Professional services anchor: Professional and Business Services** employ the largest share, accounting for **14% of the local workforce**, highlighting their central role.

- **Digital workforce strength: Digital & Technologies** employ **5% of workers**, making it a key contributor to employment.

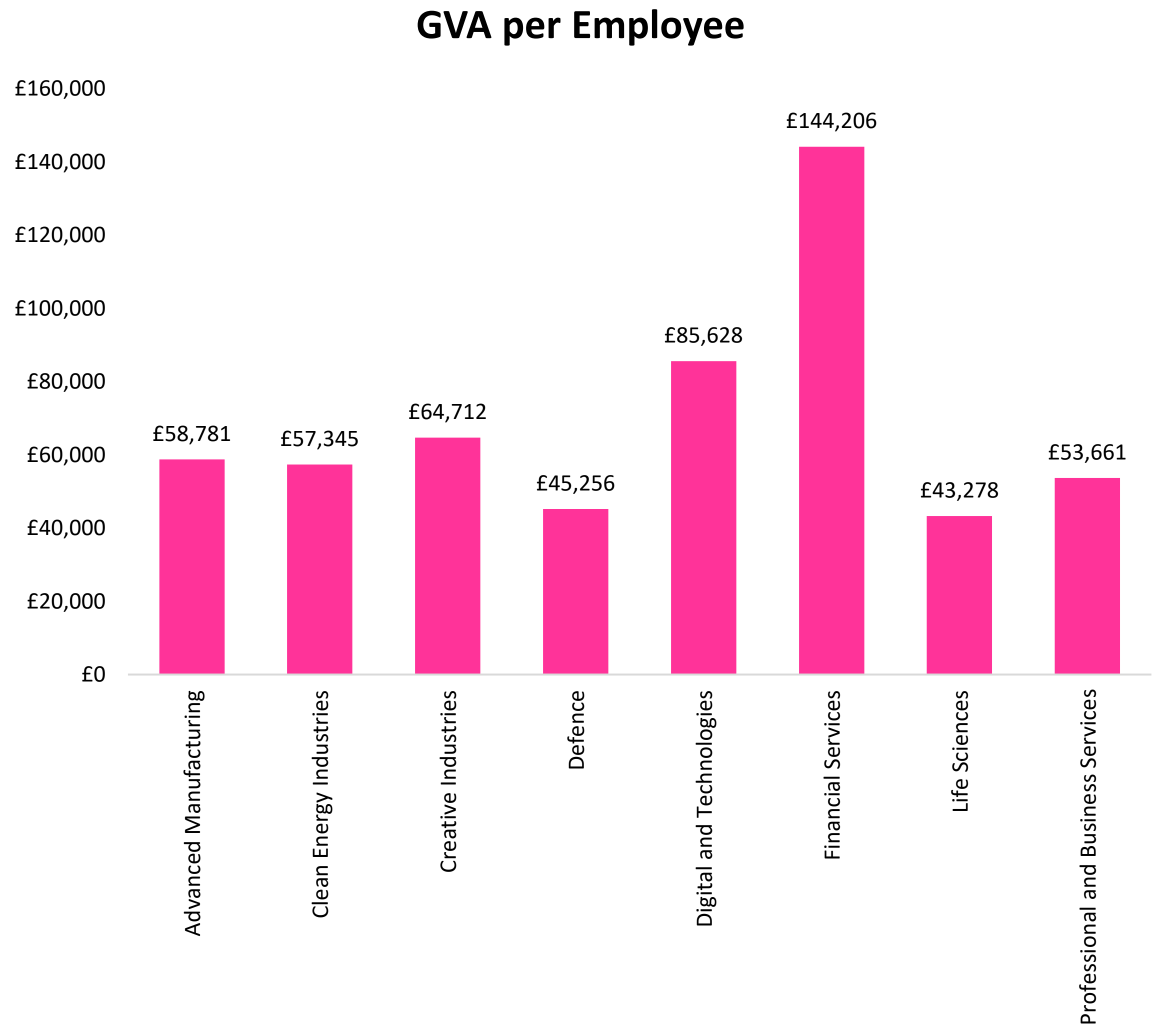
- **Manufacturing , creative and energy base: Advanced Manufacturing, Creative Industries** and **Clean Energy Industries** account for **3%** each of employment, reflecting a notable but moderate presence.

- **Financial employment steady: Financial Services** also provide **3%** of jobs, underlining a balanced but smaller footprint.

- **Limited employment elsewhere: Life Sciences and Defence** show very low workforce representation, each contributing **0.1%.**

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

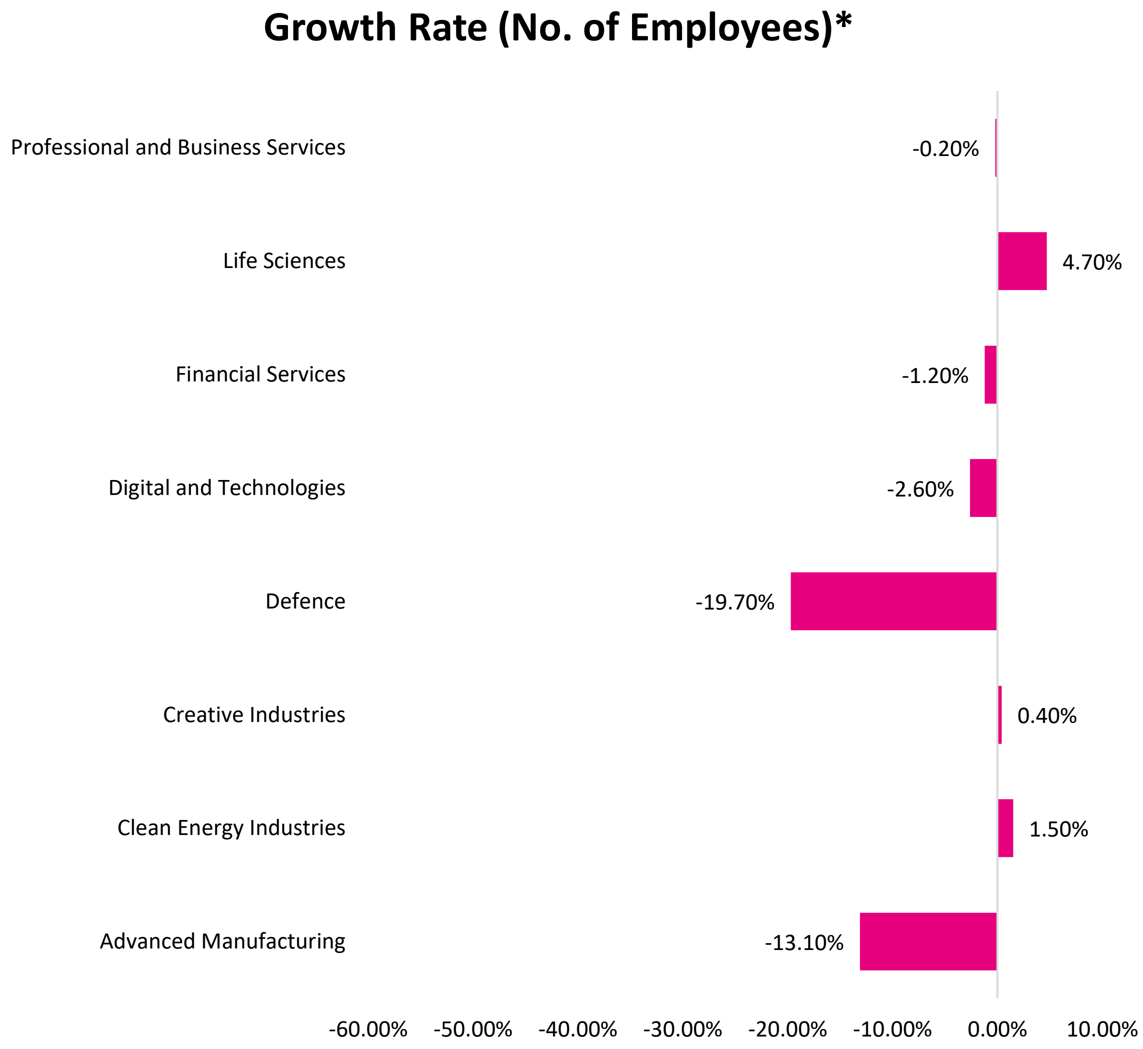
GVA per Employee



- **Financial Services lead:** Productivity is highest in **Financial Services** at **£144,206 per employee**, far above other sectors.
- **Digital productivity strong: Digital & Technologies** show high output with **£85,628 per employee**, positioning it as a key growth driver.
- **Creative sector contribution: Creative Industries** generate **£64,712 per employee**, reflecting moderate productivity.
- **Manufacturing and energy lower: Advanced Manufacturing (£58,781)** and **Clean Energy Industries (£57,345)** sit at mid-range levels.
- **Weaker productivity elsewhere: Defence (£45,256)**, **Life Sciences (£43,278)**, and **Professional and Business Services (£53,661)** trail behind, indicating lower value creation per worker.

Source: The Data City, 2025

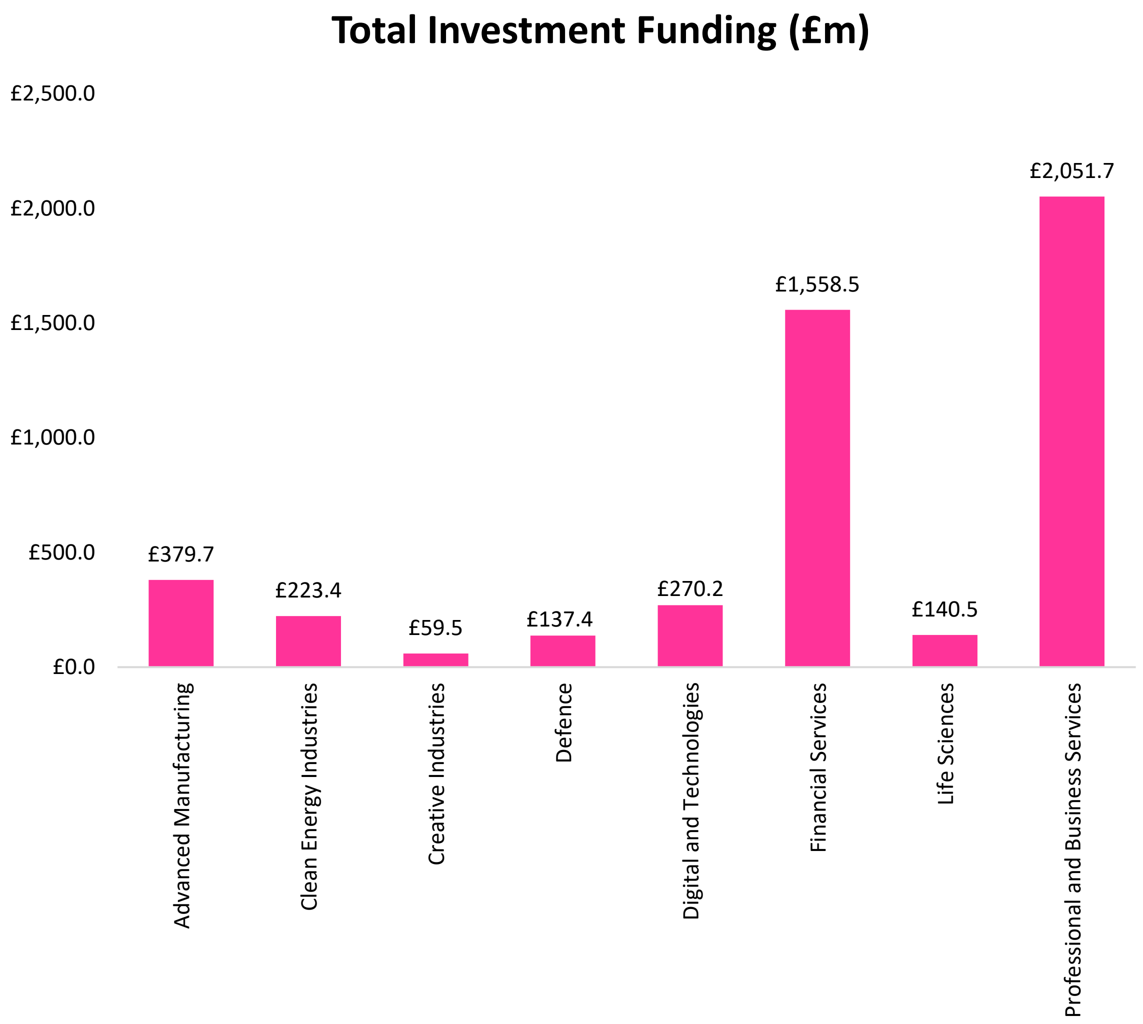
Growth Rate



- **Life Sciences expanding:** Fastest growth at **+4.7% per year**, signalling an emerging strength in the regional economy.
- **Clean Energy growth:** Sector increasing steadily at **+1.5% per year**, despite a weaker base.
- **Creative stability: Creative Industries** show only marginal growth at **+0.4%**, suggesting limited expansion.
- **Declining sectors: Advanced Manufacturing (-13.1%)** and **Defence (-19.7%)** show sharp contraction, highlighting structural challenges.
- **Other sectors shrinking: Digital & Technologies (-2.6%)**, **Financial Services (-1.2%)**, and **Professional and Business Services (-0.2%)** face modest decline.

**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 and Business Services dominant:** Attracts the highest investment at **£2.05bn**, confirming its central role in the WMCA economy.

- **Financial Services strong:** Significant backing of **£1.56bn**, making it a major magnet for capital flows.

- **Manufacturing and tech supported: Advanced Manufacturing (£379.7m)** and **Digital & Technologies (£270.2m)** both benefit from sizeable investment levels.

- **Energy and life sciences moderate: Clean Energy (£223.4m)** and **Life Sciences (£140.5m)** attract mid-range levels of funding.

- **Creative and defence lower:** Investment is more limited in **Creative Industries (£59.5m)** and **Defence (£137.4m)** compared to other sectors.

Source: The Data City, 2025

IS-8 Sector Summary

The Economic Intelligence Unit

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

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

	Employees			Businesses		
	WMCA	WMCA % of Total	UK % of Total	WMCA	WMCA % of Total	UK % of Total
Advanced Manufacturing	45,000	3%	2%	1,065	1%	1%
Clean Energy Industries	11,102	1%	3%	450	0.1%	1%
Creative Industries	38,350	3%	5%	6,000	7%	10%
Defence	3,294	0.1%	0.1%	18	0.1%	0.1%
Digital and Technologies	63,450	5%	7%	6,920	8%	10%
Financial Services	39,000	3%	3%	1,465	2%	2%
Life Sciences	2,800	0.1%	0.1%	130	0.1%	0.1%
Professional and Business Services	183,000	14%	14%	17,120	19%	21%
Total	**385,996**	**29.2%**	**34.2%**	**33,168**	**36.3%**	**45.2%**

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