

Blog: Unlocking opportunities for growth and investment in the Midlands

Date Posted: February 2025



A region ready for growth

The Midlands is at a pivotal moment.

With the right investment and strategy, the region has the potential to accelerate growth, close its well-evidenced productivity gap and create new opportunities for businesses and communities alike. Yet, despite significant strengths in advanced manufacturing, energy, digital industries and medtech, among others, the Midlands economy is still growing at a slower rate than the national average.

According to the Midlands Engine Observatory, the region's economy is projected to grow by 1.2% per year between 2021 and 2040 – lagging behind the UK's 1.4% growth rate. Bridging this gap is essential to ensuring long-term prosperity and it has been central to the Midlands Engine's mission for nearly a decade.

At the Midlands Engine's final Economic Briefing, business leaders, policymakers and regional partners came together to explore how investment, skills and innovation can drive a more inclusive and resilient economy.

Skills: the foundation of inclusive growth

Skills are one of the biggest drivers of economic growth, yet many businesses struggle to invest effectively in workforce development. Some lack clarity on which technologies to adopt, while others face barriers such as rising labour costs, which deter them from training staff in advanced technical skills.

This was a key theme of the Economic Briefing, where the CBI's Mohammad Jamei highlighted that skills shortages remain a major challenge for businesses across the region.

The **Midlands Engine State of the Region** report reinforces this: the Midlands has a lower proportion of degree-level qualifications and fewer high-skilled jobs than the national average.

Universities in the region are stepping up to bridge the gap. Professor Edward Peck, Vice-Chancellor of Nottingham Trent University, spoke about the crucial role universities play in equipping students with the skills needed for high-growth sectors such as creative and digital industries – one of Nottingham’s fastest-growing areas.

For Professor Peck, **skills are the single most important driver of productivity and inclusive growth**. He called for stronger connections between national and local skills policies, ensuring people have access to qualifications that align with regional industry needs.

“There is a real opportunity to connect national and local skills policy in new ways.”

Professor Edward Peck, Vice-Chancellor, Nottingham Trent University

Attracting investment: a turning point for the Midlands

A clear, shared vision is essential to unlocking investment.

The Midlands has no shortage of opportunities – whether in med-tech, advanced manufacturing, agri-food or zero-carbon energy, as highlighted in the Energy Security White Paper. Yet barriers such as planning constraints, political fragmentation and infrastructure challenges continue to hold the region back.

Sir John Peace described this moment as an **‘inflection point’**—a time when businesses, local authorities and investors must align behind a bold and ambitious plan for growth.

For former MP and business leader Andy Reed OBE, ambition is key. He pointed to cities like Leeds and Manchester as examples of how a strong vision can drive economic success. While the Midlands’ cities already have significant potential, a more joined-up, pan-regional approach is needed to match the momentum seen elsewhere.

This is why, later this spring, the Midlands Engine will bring together leaders from Leicester, Nottingham and other regional hubs at [UKREiiF](#), where they will showcase their range of propositions to international investors. Closely entwined within Midlands cities and a driver of that clear ambition – identified by Andy Reed – was the research and development capabilities of the region’s universities. The pioneering [Invest in UK University R&D Midlands campaign](#) is the catalyst for this, presenting £13.5bn in investment opportunities on trade and investment missions across the world. In fact, universities are now one of the most significant players in inward investment and innovation-led growth in the Midlands with their projects now representing around 25% of the region’s major capital investment pipeline.

The role of regional leadership is also evolving. The two **Mayoral Combined Authorities** in the East and West Midlands provide a platform for deeper collaboration and a stronger voice in national investment decisions. By leveraging regional networks and expertise, they can create the long-term certainty that investors look for.

“If you look at successful economies all over the world, they all have long-term plans rather than flitting from one idea to the next.”

Andy Reed OBE, Saje Impact



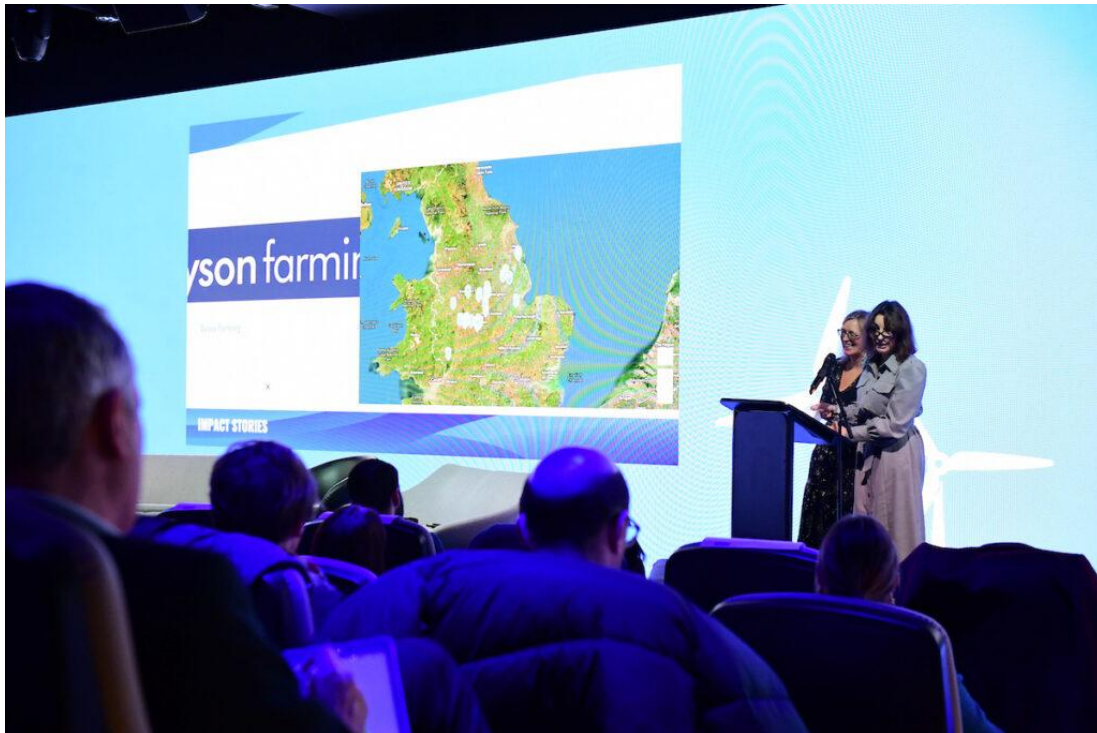
Andy Reed OBE with Mohammad Jamei

The Midlands Growth Story

A unified regional narrative is essential for attracting investment, and the [Midlands Growth Story](#) is designed to do just that.

Launched at the Economic Briefing, this new Midlands Engine portal provides a clear pipeline of opportunities designed to boost investment, create jobs and enhance productivity. From large-scale infrastructure projects like the **STEP fusion power plant** to innovative finance models such as the **Midlands Green Bond**, the Growth Story highlights the region's economic potential.

By presenting a coordinated vision for growth, the Midlands Growth Story will help investors and policymakers understand the scale of opportunity in the region and how they can be part of its transformation.



Rachel Shaw and Delma Dwight launching the Midlands Growth Story

Supporting SMEs: the backbone of the Midlands economy

SMEs make up **90% of businesses** in the Midlands, making their success critical to the region's long-term growth. However, resilient growth requires access to finance, skills and support – particularly in sectors facing rapid technological change.

Ahead of the **Spring Budget**, Mohammad Jamei emphasised the importance of building resilience into industrial strategy. Cyber security is one such example: businesses widely recognise it as a major risk, yet investment in cyber resilience remains limited. Addressing these cross-cutting issues is essential for long-term stability.

“Industrial strategy should not replace economic strategy. We need to also address some of the cross-cutting issues that the economy faces as a whole.”

Mohammad Jamei, Director of Economic Policy, CBI

Finance is another key challenge. The **British Business Bank**, which has already invested **over £300 million** in Midlands SMEs through the Midlands Engine Investment Fund, is seeing growing demand for debt and equity finance. However, **public sector funding alone is not enough** – private investment must play a greater role in scaling up SMEs.

Bringing in private finance will be a game-changer for Midlands businesses. And when SMEs are growing, the wider regional economy will follow.

A region poised for success

With the right mix of investment, skills and collaboration, the region can close the economic gap and build a stronger, more inclusive future. The Midlands Engine and its partners are focused on delivering a shared vision for growth – one that showcases the region's strengths, removes barriers to investment and ensures prosperity reaches all communities.

By bringing together businesses, universities, investors and regional leaders, the Midlands is ready to unlock its full potential.