WLEP: Worcestershire's Economic Strategy

WLEP Board

25 September 2020

Objectives of Session

Context

Worcestershire Local Enterprise Partnership

- Our SEP was published in 2014 – proved hugely successful reference for WLEP and partners with many schemes having been completed or in delivery

- However, there has been a period of significant change since then:
  - Brexit
  - Paris Agreement on climate change
  - Levelling-up agenda
  - COVID-19 pandemic

- Local Industrial Strategy development was well-advanced – so will utilise this work and ensure our refreshed Strategic Economic Plan is cognisant of this wider remit

- **This is about finalising work developed by Board, Exec Team and partners, having engaged widely – this is a REFRESH not a rewrite**

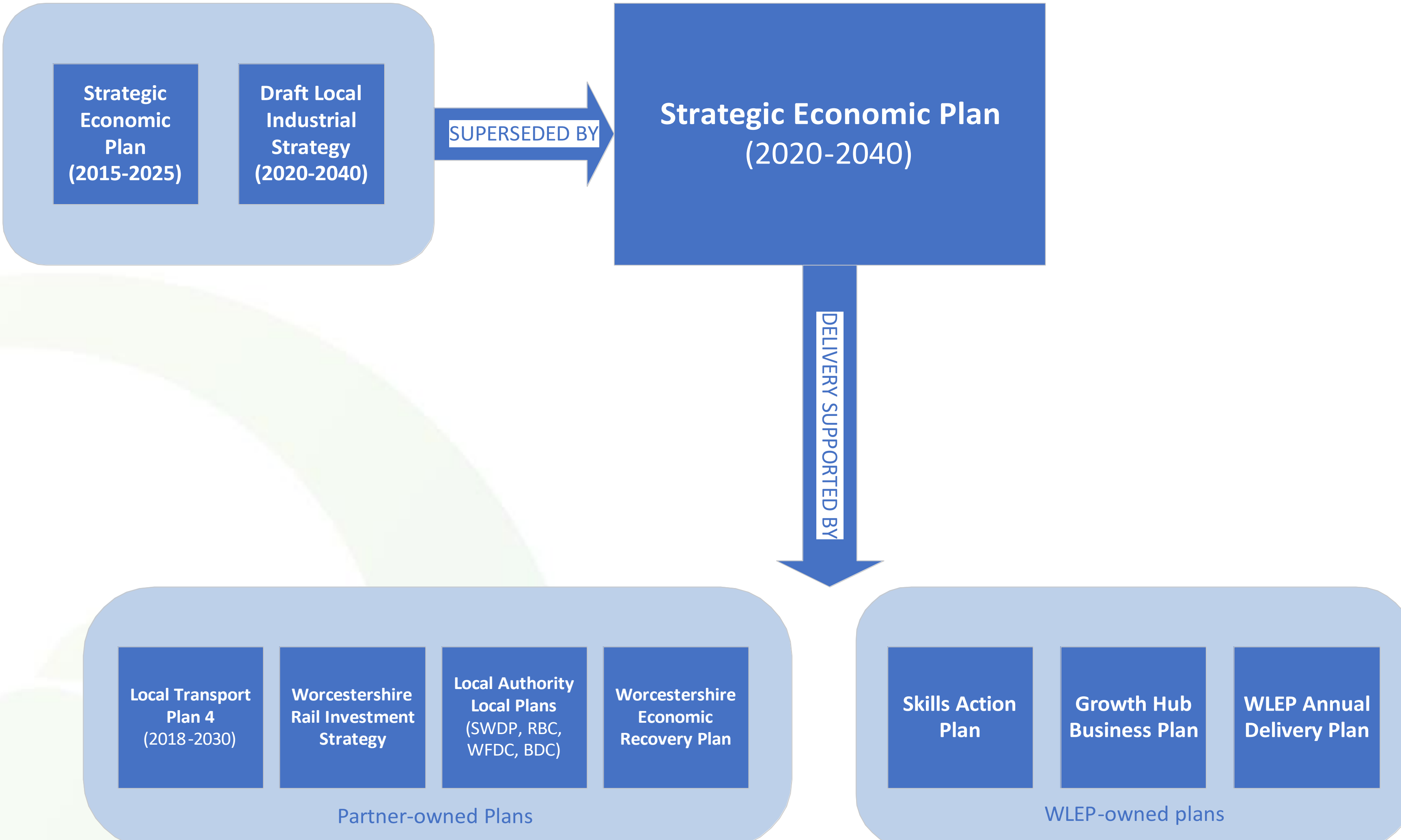
Objectives

- To determine the strategic direction for Worcestershire's economic vision to 2040
- To agree the key long-term economic priorities of the county
- **To seek endorsement from Board to commission a refresh of the economic strategy…which will supersede our existing SEP**

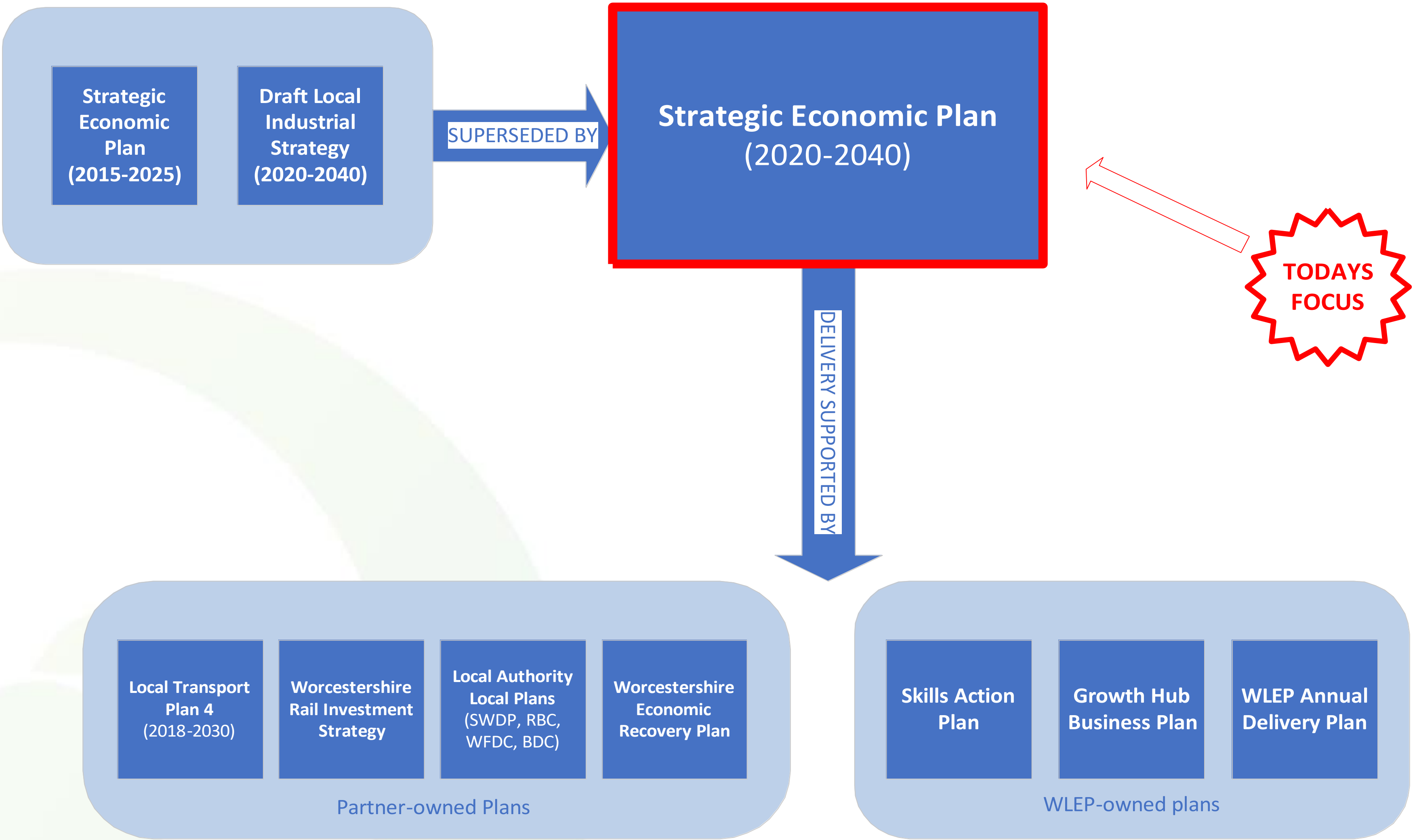
OUT OF SCOPE TODAY

- Detailed focus on the project pipeline
- Economic recovery strategy

Policy Landscape



Policy Landscape



Worcestershire 2040 Vision

Affirmation…

Worcestershire Local Enterprise Partnership

We have a 2040 Vision…

"To build a **connected, creative, dynamic economy** for all."

…and we have developed a clear narrative around what we want Worcestershire to be…

Key Narrative

- Many of the external factors referenced earlier all point towards an **acceleration** of our plan to make Worcestershire an even more appealing place to do business, as opposed to suggesting a need to change tactics

1) Improving our strategic connectivity and investment in enabling infrastructure

- **Physical** – improving movement of people and services within the county, as well as accessibility and connectivity to and from the county via sustainable modes of travel
- **Digital** – maximising digital infrastructure to enable businesses to operate remotely in urban and rural environments and attract investment and entrepreneurs into the county
- **Energy** – supporting a green economic recovery through driving down carbon emissions, championing renewable energy generation and supporting growth of the low-carbon sector

2) Revitalising our Town and City Centres

- **Innovation in our high streets** – supporting city and town centre investment plans that are forward-looking and innovate on how high streets serve their local communities in the future
- **Commercial and employment space** – exploring how high streets can be re-designed to support future commercial and office space requirements

Key Narrative

3) Shaping our Future Skills and Workforce

- **Ageing Demography** – recognising the challenge of an ageing workforce and looking to address this through active engagement with employers and optimising active economic life of existing labour market
- **Talent Attraction and Retention** – understanding the need to match demands of local economy with the local skills and training provision to address recruitment challenges felt by existing employers in the county, and in turn minimise claimant levels
- **Digital and STEM Skills Focus** – future-proofing labour market at all ages

4) Increasing Research & Development and Innovation

- **Brokering relationships with HEIs and businesses** – supporting businesses to broker relationships with academic institutions within the county and beyond to stimulate R&D investment and innovation
- **High Value Jobs creation** – looking to enhance the wealth generation in the county by attracting sustainable employers with high value jobs for residents…talent attracts talent
- **Entrepreneurial eco-system** – nurturing emerging ecosystem, supported by likes of W5G testbed, BetaDen, The Kiln etc and creating the conditions for entrepreneurs to survive and thrive in the county

Questions for Board

- Do Board have a view on the length of time the strategy should focus on – i.e. horizon-scanning to 2040?
- Are the Board in agreement with the headline strategic objectives outlined so far?
- Is there anything else in the Evidence Base which you feel should be drawn out at the headline level?

Worcestershire 2040 Economic Priorities

Proposed Structure

- Proposing to frame the refresh around the 5 pillars of productivity:
  - Ideas
  - People
  - Infrastructure
  - Business Environment
  - Place

- Review the evidence base – acknowledge COVID analysis undertaken

- Consider the Key Aims for each pillar – do we have the right focus?

- Acknowledge that interventions can be developed and flow separately – don't need all the answers now

- This approach will provide structure but enable a degree of flexibility to enable us to be agile to future funding opportunities

Worcestershire Local Enterprise Partnership

IDEAS
(Innovation)

IDEAS – what does the evidence say?

Worcestershire Local Enterprise Partnership

Worcestershire R&D Spend
= Overall R&D spend in Worcestershire is 1% of GVA, well below national target of 2.4%
= BERD = 16th / 38 LEP areas (mid-ranking nationally and with comparator LEPs)
= HERD = 36th / 38 LEP area

Innovation
= Strengths in process innovation and new business practices but less so in product innovation and R&D
= Poor performance in patents registration (32nd / 38 LEPs)

Innovation Assets in County:

Malvern Hills Science Park
Worcestershire 5G Testbed
University of Worcester:
Centre for Dementia Studies
National Pollen and Aerobiology Research Unit
Centre for Violence Prevention
BetaDen: Technology Accelerator
Worcestershire Innovation Network (WINN)

Access to Innovate UK Funding
= Low draw-down of Innovate UK grant funding (35th / 38 LEPs)
= Potential scale-up businesses in Worcestershire would like to see more peer-to-peer networks and support/expertise from Innovate UK and local professional services

Cyber Cluster
= Cyber Valley (in partnership with The Marches, Gloucestershire and Swindon & Wiltshire LEP areas) is second largest cluster of cyber security firms outside London

Employment Trends
= High levels of employment in high-tech manufacturing (Redditch, Wychavon and Malvern Hills) compared with regional/ national comparators but much weaker performance re: knowledge-intensive services

So What?
= Positive story in terms of business expenditure on R&D in the county, punching above our weight – opportunity to develop further
= There is room for improvement in the promotion and uptake of innovation and research funding & advice among the business base to stimulate the development of new products, services and business processes
= Need to explore strategic alliances and partnerships with Higher Education Institutions beyond our borders where it makes sense to local businesses
= We have a growing innovation and entrepreneurial eco-system BetaDen in the county, as evidenced by MHSP growth, , The Kiln etc.
= Looking to the county's key sector strengths, there are opportunities for the wider business base to better adopt technology to increase resilience and productivity (links to Business environment)

IDEAS – key aims and priorities

Worcestershire Local Enterprise Partnership

KEY AIMS

To increase investment in R&D in line with national target of 2.4% and improve links between businesses and HEIs

Increase in the number of R&D assets across the county to enable greater collaboration with HEIs beyond Worcestershire borders

To increase commercialisation success rate of business R&D investment – more products / services to market

RATIONALE

Businesses need access to funding, advice and space to enable innovation

Businesses require better access to research institutions to share knowledge, collaborate and access relevant expertise

Increasing investment in R&D locally will generate higher volumes of higher-value jobs in the local economy with knock-on impact of seeking to attract and retain young skilled workforce

Better identification and engagement with potential high-growth companies should yield greater successes in generating productivity improvements locally and nationally

Further development of existing innovation assets will attract additional R&D investment and skills into the geography (talent attracts talent)

PROPOSED INTERVENTIONS

Define a suite of business support programmes to focus on commercialisation of ideas

Deliver a sustainable 5G test-bed in Worcestershire to attract inward investment in commercial R&D

Work with anchor institutions to develop existing MHSP into a European-scale technology-led business park

More effective identification and engagement of high-growth companies /innovative firms (seeking to introduce new products / services) to target innovation support appropriately

Create environments (physical and virtual) for businesses, further and higher education and support organisations to collaborate together

Increase awareness amongst Worcestershire business base of R&D tax credits – links to Peer to Peer support business support (Bus. Env.)

IDEAS – information and intelligence

- Review IDEAS Dashboard (excel file attached)

- WLEP Exec propose to monitor:

    - Innovate UK grant funding awarded
    - Patents granted
    - Proportion of enterprises that export
    - %age employment in high-tech manufacturing
    - %age employment in knowledge intensive industries
    - Claims for R&D credits and qualifying R&D expenditure

Question for Board

Worcestershire
Local Enterprise Partnership

- Do the Board agree with the Key Aims for IDEAS:
  - To increase investment in R&D in line with national target of 2.4% and improve links between businesses and HEIs
  - Increase in the number of R&D assets across the county to enable greater collaboration with HEIs beyond Worcestershire borders
  - To increase commercialisation success rate of business R&D investment – more products / services to market

PEOPLE
(Skills)

PEOPLE – what does the evidence say?

Labour Market

= Prior to pandemic employment rate of 79.1% however now rising levels of unemployment (claimant count circa 5.4% vs 6.5% for England)
= Youth unemployment rate of 9.3% vs 9.4% for England
= Number of residents in the area who work, exceeds the number of jobs in the area by close to 17,000, resulting in net commuting out of the area
= 75% of residents live and work in the county with significant movement (20%) within the county between Districts

Productivity

= GVA per hour worked is 87% of the UK average and below that of most comparator areas
= Lower levels of high-value added jobs – lower work-place earnings than all comparator LEPs selected

Social Mobility

= Two Districts in Worcestershire (Worcester City and Wychavon) are social mobility cold spots (in the bottom 20%)

Health and Well-Being

= Worcestershire performs well on life expectancy and healthy life expectancy at aged 65, ranking 55th and 28th respectively for men and 65th and 40th for women (out of 150 upper tier authorities in England)

Demographics

= Worcestershire has a population of 592,100 with 74% living in the urban areas of the county
= Profile of current resident population demonstrates a lower proportion of young people aged 0-15 yrs and a lower working age population aged 16-64 yrs (60.1% vs 62.9% nationally)
= Forecast 10% fall in population aged 20's and 30's by 2027.
= 29% of the local population will be 65+ years old in 2041 – equates to roughly 1 in 3 residents mainly in rural areas with key implications for labour market and demand for local services.

Careers Education benchmark performance

= Avg. 5.05 Gatsby benchmarks achieved compared to national avg of 3.86. WLEP have the highest levels of school and college engagement nationally at 95% (1st)

Education / Qualifications

= Significant increase in residents educated to NVQ Level 4+ or above – increased from 26% in 2008 to just under 40% in 2016. However 23.9% have low/no qualifications (below NVQ Level 2)
= 53% of students leaving Worcestershire for University studies do not return to the county to work (UK avg = 34%)
= Pre-16 performance is in line with national avg but post-16 performance is below national avg with proportion of pupils achieving AAB or higher in 2 subjects is 9% compared with 16.2% for England

Employer Intel

= Availability of a skilled workforce is one of the biggest worries for local employers – BDO survey of local employers cited employee skills as the biggest negative attribute of the Worcestershire market (30%) vs Brexit uncertainty (16%)
= 11.1% of quality jobs (over £20k FTE) are advertised with flexible working options
= 50% of employment vacancies advertised online in 2018 in Worcestershire required a degree (NVQ Level 6)
= 44% of businesses responding to Chamber 2020/21 Q2 QES identified a need for IT and Digital skills in their workforce

So What?

= We have growing levels of claimant counts affecting economic activity with comparatively lower wealth generating capacity – thus lower productivity in the county
= In addition to our ageing demography forecasts out to 2041, this impact on our economy has the potential to be compounded further due to our existing workforce being comprised of 1 in 3 aged over 50 yrs and a more prevalent rate in some of our key sectors (e.g. manufacturing)
= We have a relatively highly skilled resident population but high levels of out-commuting due to low levels of awareness of high-value career opportunities available in county
= Residents with higher levels of income will have an impact on the demand for housing, which will affect type, provision and affordability which can act as a major barrier to attracting younger, highly skilled individuals to work in the county.
= Worcestershire residents with low / no qualifications cannot always afford housing in the areas they live – leading to systemic social mobility cold spots in the county
= Worcestershire demonstrates good educational attainment for under 16's but further work required to improve post 16 performance, including promotion of technical education at an early stage in the career planning process
= We are generally a happy and a healthy population which could be in part attributed to the high quality natural environment

PEOPLE – key aims and priorities

Worcestershire
Local Enterprise Partnership

KEY AIMS

- **To reduce levels of claimants and improve individual health and well-being whilst impacting positively on economic activity**
- **Aim for all educational establishments to continually meet all 8 Careers Education benchmarks annually, with a particular focus on the Worcestershire economy**
- **Create an education and training provision ecosystem that meets local needs and future trends of Worcestershire s economy i.e. ensuring FE / HE are responsive**
- **To increase the number of graduates and skilled young people in Worcestershire to spend more of their economic life in Worcestershire**
- **To improve economic activity rates in our older workforce by creating a culture of flexible work environments and upskilling / reskilling opportunities**
- **Narrow the gap between average workplace earnings in Worcestershire and national average workplace earnings**

RATIONALE

- Reducing economic impact of high levels of claimant and future scarring caused by youth unemployment
- Interventions need to focus on health and well-being of residents with a view to moving towards employment
- Attracting and retaining a high quality workforce is key to delivering a successful and productive economy
- Employers have a track record of investing in their brand and brand Worcestershire as an attractive place to attract new recruits and develop a career
- Analysis of UCAS data shows 41% of young people that accept HE places each year choose to remain close by and study at nearby Universities, which also suggests they may consider moving back to Worcestershire if the overall employment offer is competitive and understood
- Skills interventions need to focus on up-skilling and re-skilling in response to changing demographics and technology impacting all sectors – to address replacement demand and the provision of skills for growth and sectors of the future
- People extending their working lives beyond traditional retirement ages means more flexible job roles and working options need to be provided to attract / retain talent and experience
- Education and training providers responsiveness needs to focus on employer s need

PROPOSED INTERVENTIONS

- **Work with employers to focus up-skilling around succession planning, career path development, flexible working options and attracting talent**
- **Coordinate county response to rising claimant count including a focus on youth claimants**
- **Inward Investment strategy to attract high-value employers to further attract / retain young people to live and work in the county**
- **Create a Placement Strategy enabling maximum exposure of employers to education**
- **Inspiring residents, with a focus on young people, to understand the Worcestershire economy and increase awareness of local opportunities and raise aspirations**
- **Increasing take-up of technical (STEM) pathways and digital skills in county**
- **Match skills interventions within social mobility cold spots to meet needs of local economy**
- **Consider demand and supply of education provision to match economy needs**

PEOPLE – information and intelligence

- Review PEOPLE Dashboard (excel file attached)
- WLEP Exec propose to monitor:
  - Net out-commuting
  - 16+ population projections
  - Changes in workplace jobs
  - Claimant count – unemployed
  - School and college performance (qualifications)
  - Apprenticeship starts and completions
  - Average earnings
  - GVA per hour worked
  - Gatsby benchmark performance
  - Graduate retention

Question for Board

Worcestershire Local Enterprise Partnership

- Do the Board agree with the Key Aims for PEOPLE:
  - To reduce levels of claimants and improve individual health and well-being whilst impacting positively on economic activity
  - Aim for all educational establishments to continually meet all 8 Careers Education benchmarks annually, with a particular focus on the Worcestershire economy
  - Create an education and training provision ecosystem that meets local needs and future trends of Worcestershire's economy i.e. ensuring FE / HE are responsive
  - To increase the number of graduates and skilled young people in Worcestershire to spend more of their economic life in Worcestershire
  - To improve economic activity rates in our older workforce by creating a culture of flexible work environments and upskilling / reskilling opportunities
  - Narrow the gap between average workplace earnings in Worcestershire and national average workplace earnings

INFRASTRUCTURE

INFRASTRUCTURE – what does the evidence say?

Worcestershire Local Enterprise Partnership

Digital Connectivity

= Early research from Worcestershire 5G testbed suggests potential productivity improvements of 2%
= Superfast broadband coverage (95.8%) is broadly in line with national average (96.1%)
= Only 3.8% of premises have FTTP compared to 9.4% regionally and 11.0% nationally – ultrafast connectivity is poor county-wide
= Whilst 4G coverage in the county has increased since 2017 (92.5% - 98% dependant on operator), there are still a number of areas across the county with poor coverage – this includes sections of M50, major A road, B road and rail routes

Physical Connectivity

= Key major strategic growth corridor improvements to unlock future housing and employment growth and address existing constraints on road capacity have been identified as:
= Kidderminster to Hagley and to the SRN (A450 / A456)
= South and West Worcester Link Road (A4440)
= A38 Bromsgrove Corridor
= A46 Evesham Corridor
= 91% of businesses surveyed said an improved A46 would boost their productivity (59% said improvements would allow them to create new jobs)
= 46.3% of people travel to work by car or van (compared with 36.9% nationally)

Energy

= £1.2bn pa spent on energy in the county (10.5% of GVA) – net importer of energy
= 14% of domestic properties are off the gas network – contributes to 10.2% of population being in fuel poverty (vs 10.9% nationally)
= Only 6.9% of local electricity consumption is met by local renewable generation
= Worcestershire generates 4.49 kt of CO_2 emissions per head (compared with 4.52 kt UK average)
= Carbon emissions are equivalent to 0.20 kt per £m GVA
= Of the 25 primary electrical substations in Worcestershire, 10 (40%) are capacity constrained in terms of demand and / or generation
= 8,300 jobs and 455 businesses in the low carbon sector (this includes Worcestershire and The Marches)

So What?

= Despite good strategic road networks within the county, access to these is constrained resulting in congestion hotspots at key locations
= As a rural shire county, Worcestershire s transport network is critical to its economic prosperity for the movement of goods and people
= Rail infrastructure in the county connects the main urban areas but station infrastructure (e.g. car parking capacity, signalling) needs to be improved, as do rail services, in particular to improve intra-county movement, London and Oxford connectivity via North Cotswold Line and services along Birmingham / Bristol corridor.
= Rail should be utilised to a much greater degree in the county over the next 20 years to move goods and people more effectively.
= Many cross-country rail services travel through the county without stopping, significantly limiting rail connectivity for the county
= Lack of local renewable energy generation poses a risk to county s resilience and results in lots of money exiting the county to pay for power – however limited scope for large-scale generation due to off-shore not being an option and resilience / capacity of existing grid constrained
= Businesses and residents continue to raise concerns about poor mobile signal and broadband coverage being a barrier to productivity across the county

INFRASTRUCTURE – key aims and priorities

KEY AIMS

Improve rail journey times and service frequency within the county to better support intra and inter county movement

Deliver the four key strategic road corridor improvements in Worcestershire by 2030 to enable economic growth and ease congestion

To increase digital connectivity of the county in line with Government s national ambition of delivering full gigabit capability by 2025

Halve the carbon emissions of the county, double the size of the low carbon economy, and triple renewable energy generation in county by 2030

RATIONALE

The accessibility and central location of Worcestershire within the UK is one of the county s major assets to capitalise on.

Important to increase local renewable energy generation to improve county s resilience and keep the value stream within the local economy

Physical infrastructure priorities will address bottle-necks around business growth areas in the county but also support growth corridor developments into major urban settlements on a regional scale – extending the employment catchment of the county into Midlands and South West

Investment in digital connectivity will drive productivity improvements across the county and support SME businesses in rural parts of the county – levelling up opportunities for rural vs urban

National and local strategic ambition to reduce carbon footprint supports proposed sustainable investment priorities in rail, energy and digital connectivity

PROPOSED INTERVENTIONS

Invest in rail to improve both station infrastructure and rail services with a particular focus on intra-county movement and major regional corridors i.e. North Cotswold line, and Birmingham-Bristol corridor

Improve movement along key road corridors to ease congestion and improve productivity (movement of freight and people by road) e.g. A46 and A38 major schemes

Work with partners to deliver real choices around sustainable transport solutions (vehicular and non-vehicular) and technology-related modal shift e.g. EV, hydrogen, active walking and cycling routes, buses and public transport

Lobby and encourage investment in regional grid distribution to support local renewable technology / generation within the county

Investment in gigabit-capable infrastructure to support improved broadband, 5G and mobile signal deployment

INFRASTRUCTURE – information and intelligence

- Review INFRASTRUCTURE Dashboard (excel file attached)

- WLEP Exec propose to monitor:

  - Broadband speed
  - Mobile call setup / completion success rate
  - Proportion of adults cycling for travel
  - Passenger journeys on local bus services per head of population
  - Annual change in rail station usage across the county
  - Grid capacity of primary electrical substations
  - Proportion of electricity demand generated from renewables
  - Carbon emissions per head

Question for Board

Worcestershire Local Enterprise Partnership

- Do the Board agree with the Key Aims for INFRASTRUCTURE:
  - Improve rail journey times and service frequency within the county to better support intra and inter county movement
  - Deliver the four key strategic road corridor improvements in Worcestershire by 2030 to enable economic growth and ease congestion
  - To increase digital connectivity of the county in line with Government's national ambition of delivering full gigabit capability by 2025
  - Halve the carbon emissions of the county, double the size of the low carbon economy, and triple renewable energy generation in county by 2030

BUSINESS ENVIRONMENT

BUSINESS ENVIRONMENT
– what does the evidence say?

Worcestershire
Local Enterprise Partnership

Business Stock Profile
= 29,770 businesses in the county – micro (0-10 employees), 9.6% are SMEs (up to 250 employees) and 0.4% are large firms

Employment Productivity
= Worcestershire businesses employ 275,000 with a slightly higher proportion part-time workers compared with GB (34% vs 32%)
= GVA per filled job is some £7,000 lower than the national avg (£54,300) at £47,300.
= GVA per hour demonstrates low productivity compared with UK (£29.3 vs £33.6) and comparator areas

Sector Profile
= Sectors with highest number of businesses include:
- = Professional, scientific and technical (4,615) –
- = Business admin and support services (3,915) –
- = Construction (3,280) –

= **Key Growth Sectors** (high value / potential) include:
- = Advanced manufacturing
- = Cyber, IT and Defence
- = Agri-tech

= **Key Cornerstone Sectors** (high volume) include:
- = Business and professional services
- = Construction
- = Health and Care

Scale-Up / Growth Companies
= In 2018, the national scale-up institute estimated there were 340 scale-ups or high-growth businesses within Worcs – well below other LEP comparators including Stoke/Staffs (590), Cov/Warks (490)

Exports
= In 2017, Worcestershire exported goods with a value of £1.7bn and imported goods with a value of £3.2bn. Exports to imports ratio of 0.52:1 (compared to 0.91 for WM and 0.7 for UK)

Commercial Property Market
= Office premises vacancy rates across county range from 2.1% to 5.6% and Industrial premises range from 2.1% to 5.8%
= Only 8.9% of business premises in the county are office premises compared with 15.7% in UK

Business Density
= Business base has been increasing steadily over the last 10 years with a business density of 463 businesses per 10,000 population (compared with 364 in West Mids and 404 for UK)

So What?
= We have a growing stock of businesses, with a comparatively high level of business density and strong survival rates compared with regional / national
= Scale-up performance and exports could be improved, based on weaker performance compared to other LEP areas and regional / national trends
= Worcestershire s varied business mix is a key strength of the area making a positive contribution to current economic performance and should be retained as the basis for long-term sustainable growth – provides a degree of resilience to macro-economic shocks as no over-reliance on one employer/sector
= If Worcestershire s productivity levels matched the national average, the area could generate an additional £1.5bn GVA per annum
= Worcestershire has retained a competitive advantage in a number of manufacturing industries and the growth sectors identified in the SEP continue to show higher concentrations of employment compared with regional/national avg
= Vacancy rates for business premises for micro and small businesses are at a record low and show demand for new premises
= Gamechanger employment sites have been successful in attracting occupiers for industrial units over 25,000 sq ft, however demand remains from business base for industrial units 5,000-25,000 sq ft, but not sufficient stock.
= Grade A office stock in Worcestershire is extremely low compared with regional and UK avg.

BUSINESS ENVIRONMENT – key aims and priorities

Worcestershire
Local Enterprise Partnership

KEY AIMS

To increase the stock of high-quality and sustainable business premises in the county to support inward investment and growth of indigenous businesses

To increase the number of scale-up and growth businesses in the county

To increase the GVA of the county as a result of firm-level productivity improvements

RATIONALE

Unavailability of appropriate space has resulted in businesses leaving Worcestershire and thriving elsewhere

The availability of suitable employment premises needs to be kept under review, particularly high-quality office and flexible premises, and space to support R&D, particularly in the north of the county

Technology adoption is critical to improving business productivity and resilience

National research findings have highlighted lack of leadership skills and lack of investment in technology (particularly back-office) as key barriers to productivity growth

PROPOSED INTERVENTIONS

Develop a leadership and management accelerator programme to increase number of growth / scale-up businesses in key sectors

Establish Peer to Peer forums for business support (physical and digital) to provide action learning opportunities amongst Worcestershire businesses

Tailored business support to respond to productivity agenda and the digitisation of the new economy e.g. 5G adoption / digital business transformation

Work with partners to establish if there is a case for public sector intervention on delivery of strategic employment sites (5-25k sq ft industrial market and 1.5-5k offices) due to market failure, in order to attract inward investment

Tailored business support packages targeted at growing and established businesses in key sectors e.g. business and professional services and health and care

An Inward Investment strategy and associated soft landing package targeted at our key sectors

Develop a core business support offer to target increase in scale up and growth businesses e.g. export support

BUSINESS ENVIRONMENT – information and intelligence

- Review BUSINESS ENVIRONMENT Dashboard (excel file attached)

- WLEP Exec propose to monitor:

    - Enterprises by sector
    - 1-year survival rates
    - High growth enterprises
    - Commercial property vacancy rates
    - Trade in goods and services
    - Foreign Direct Investment (FDI)
    - WBC businesses assisted

Question for Board

Worcestershire
Local Enterprise Partnership

- Do the Board agree with the Key Aims for BUSINESS ENVIRONMENT:
  - To increase the stock of high-quality and sustainable business premises in the county to support inward investment and growth of indigenous businesses
  - To increase the number of scale-up and growth businesses in the county
  - To increase the GVA of the county as a result of firm-level productivity improvements

Worcestershire Local Enterprise Partnership

PLACES
(Communities)

PLACES – what does the evidence say?

Worcestershire
Local Enterprise Partnership

Tourism and Visitor Economy

= Great Britain Day Visitor Survey shows that Worcestershire has attracted circa 27 million visitors to the area in the three year period (2015-2018) but average spend per day visitor (£20.61) is well below the national figure (£29.93)

= Visitor economy employs between 20,000-28,000 people which equates to 7.3% - 10.2% of the total workforce depending on definition (narrow or broad)

Geography

= The longest river in the UK, the River Severn, runs through the county and is a key natural asset supporting the visitor economy and acts as a fundamental item of infrastructure for business performance, particularly across food production and Agri-Tech sectors.

= However, the impact of climate change, means the River can also have devastating impact on all communities along its course.

= Since 2015, approximately 850 residential properties have internally flooded with several times this number having been externally flooded. In addition, several hundred businesses have been impacted by flooding since 2015, as have many hundreds of roads, often multiple times.

= Worcestershire has 2 AONBs (out of 46 in UK) and 113 SSSIs – equates to total land area of 5,300 ha (3% of county)

Place Assets

= ***Cultural / educational assets*** – Worcester Cathedral, Malvern Theatre, Worcester City Art Gallery and Museum, Tudor House Museum, Bewdley Museum, Elgar Birthplace Museum, The Commandery etc.

= ***Sporting assets*** – University Arena, Worcester Racecourse, Worcestershire County Cricket Club, Worcester Warriors Rugby Club, Kidderminster Harriers FC

= ***Conference / Exhibition assets*** – Sixways Stadium, Three Counties Showground, Chateau Impney

= ***Visitor attraction assets*** – Severn Valley Railway, West Midland Safari Park

= ***Natural assets*** – Lickey Hills, Worcestershire Beacon, Malvern Hills

= ***Heritage sites / Stately Homes*** – Hanbury Hall, Spetchley Park, Croome Estate, Witley Court

Social Deprivation

= Worcestershire ranks highly on the IMD – out of 152 (where 152 represents the least deprived area) – however Worcestershire has 34 Lower Super Output Areas (LSOA) in the worst 15% nationally and 18 of these LSOA are in the worst 10%

Housing

= Between 2011 and 2018 the stock of homes in Worcestershire increased by 15,000 (6.1% increase) and there are approx 264,000 homes across the area.

= Average house prices are £10,000 higher than the national average. Detached home prices are £20,000 higher than UK average.

Rural / Urban Classification

= Worcestershire is a rural county, approximately 672 square miles, with 86% of land classified as rural vs 14% urban – however 74% of the population live in the urban areas

= 40% of businesses are in rural areas, resulting in higher business density than urban areas

= The largest number of rural businesses are in Agriculture, forestry & fishing and Professional, scientific and technical sectors whereas the largest number of rural jobs are in Manufacturing and Accommodation & food services, with higher proportions of jobs in these sectors than in urban areas.

So What?

= Worcestershire can be described a polycentric county with five distinct geographical areas each with a distinctive economic base and sector strengths

= There has been positive housing growth in recent years but affordability remains a key issue and a range of provision is required to suit the changing demographics and attract a high-skilled workforce

= Around a quarter of jobs are in rural areas – the same as the proportion of the population living in rural areas. GVA growth and GVA per worker in predominantly rural areas has been around or below the Worcestershire average.

= Rural businesses are smaller than urban businesses, with a higher proportion of micro businesses in rural areas.

= The population in rural areas is older than in urban areas with a lower proportion under 50 and a higher proportion over 50.

= The population has aged more rapidly in rural areas with greater falls in younger groups and larger increases in older groups than in urban areas.

= Despite being traditionally perceived as an affluent county, there are pockets of deprivation in more urban areas of the county and relatively low social mobility in a number of the Districts

= Transformational plans are required for the town centres to respond to the changes in recent years around growth of online shopping resulting in vacant or under-used spaces

= There is a wide range of institutional capital / assets across the county that are enhancing the attractiveness of the environment and helping to attract visitors and investors to the area

PLACES – key aims and priorities

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KEY AIMS

Worcestershire to have a more mixed and affordable housing stock across the county to meet demands of the local economy and attract key sector workers and a younger, skilled workforce

To enable continued revitalisation and transformation of the city and town centres across the county to include provision of more residential, enterprise and commercial space

To capitalise on the five distinct geographical areas and their sector strengths – tailoring investments and interventions accordingly e.g. cyber in Malvern and south-west or advanced manufacturing in north Worcestershire

RATIONALE

The county has five distinct geographical areas each with a distinctive economic base and sector strengths – therefore interventions need to be tailored depending on local opportunities and issues

Greater employment land is required in all areas across the county to meet pent-up demand and to attract greater inward investment into the county – linked to future housing growth projections (see Business Environment section)

A mixed housing offer is required to support a more balanced demographic profile within the county and to support the local economy as evidenced by social mobility and deprivation statistics

PROPOSED INTERVENTIONS

Work closely with partners on the development and delivery of city and town master plans including engagement on Towns Funds and Future High Street Funds Project Boards

Actively engage on development of Local Plans to ensure a more tailored outcome to future housing, employment growth and infrastructure to support it, to deliver the WLEP's vision

Act as a convenor and influencer on new project ideas to ensure a fit with the five distinct economic geographies across the county

PLACES – information and intelligence

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- Review PLACES Dashboard (excel file attached)

- WLEP Exec propose to monitor:

    - Population in rural and urban areas
    - Proportion of employment in key growth and cornerstone sectors (by rural and urban split)
    - Housing completions
    - Ratio of house price to workplace-based earnings
    - Tourism visits and expenditure
    - Claimant count rate (heat map)
    - Index of Multiple Deprivation (heat map)

Question for Board

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- Do the Board agree with the Key Aims for PLACES:
  - Worcestershire to have a more mixed and affordable housing stock across the county to meet demands of the local economy and attract key sector workers and a younger, skilled workforce
  - To enable continued revitalisation and transformation of the city and town centres across the county to include provision of more residential, enterprise and commercial space
  - To capitalise on the five distinct geographical areas and their sector strengths – tailoring investments and interventions accordingly e.g. cyber in Malvern and south-west or advanced manufacturing in north Worcestershire

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COVID Analysis

Headline Points

Ideas

- Issues here likely to remain unchanged, although may be difficult to stimulate R&D in the short-term
- ONS Business Survey found that for 38% of businesses, capital expenditure had stopped or was less than normal due to Covid, although 17% were doing more innovation and 6% less
- Therefore access to government innovation support will become more critical

People

- Unemployment is no longer low (although still lower than nationally) especially for young people with potential for effects due to scarring lasting beyond Covid
- Weaker labour market may ease skill shortages, although may be greater demand for some skills e.g. digital skills
- Meeting Gatsby benchmarks around work experience will potentially be more difficult in the short-term

Headline Points

Infrastructure

- Digital connectivity may be even more of a priority if increased remote working / working from home continues
- Assume people return to public transport as virus risk reduces, but greater remote working could have longer-term impacts to ease congestion on road network and reduce demand for public transport

Business Environment

- Business base and survival rates likely to fall in the short-term
- Potential for any increase in remote working to impact on future demand / requirements for high quality office space

Place

- Housing affordability could become even more of an issue if more people relocate out of cities to the countryside
- Acceleration of online shopping trends increases importance of support for town centres

Stakeholder Engagement

Comprehensive engagement

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- Strong stakeholder engagement and buy-in:
  - Local government engaged in process – LIS SG / WLB
  - Business Engagement events – C2S, Chamber, ICAEW
  - Rural Business engagement – LAG
  - FE and HE engagement – all providers county-wide

- Independent Expert Panel – scrutinised and verified evidence base

- Extensive and robust evidence base developed – positive BEIS Analyst feedback

- External industry expert insights – MediLink, AgriTech, SMMT, Cyber

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Next Steps

Key Activities

- **Develop refreshed SEP document for WLEP Board sign-off**
  - Incorporate feedback / comments from today
  - Audience is local partners, stakeholders and business community i.e. not primarily civil service

- **Aim for publication / launch after November WLEP Board**

- In parallel **continue work on economic recovery** with short-medium term focus that will align with longer-term Key Aims…and **develop project pipeline** to support

“To build a **connected, creative, dynamic economy** for all.”

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