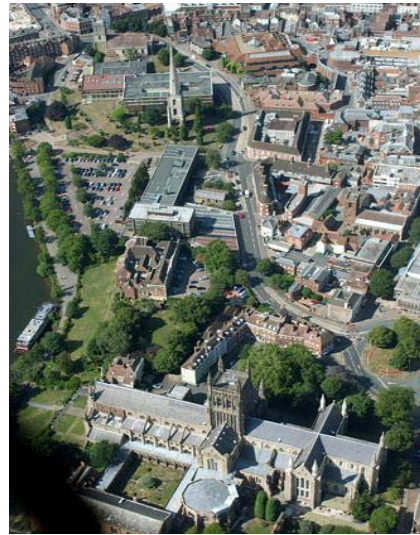


# Worcestershire Works

Promoting Growth – Creating Jobs

**An Enterprise Partnership for Worcestershire**



**Final Proposal  
September 2010**

***Business and Civic leaders in Worcestershire welcome the opportunity to submit an outline proposal for the formation of Worcestershire Works as the Local Enterprise Partnership for Worcestershire. It is recognised that this is the start of a process to ensure that our economy grows and that all sectors, private and public, work effectively together within and beyond the boundaries of Worcestershire.***

***Our request to government is that your decisions about the approach we are proposing to enable us to rebalance our economy are made with minimum delay. We need to reduce uncertainty, we need to provide direction and strong leadership, and we need the resources to carry this through.***

We also need you to give us the freedoms and flexibilities we need to make sure that collectively we can maximise this opportunity to strengthen the economy in Worcestershire.

We will establish a Shadow LEP Board by 1<sup>st</sup> October 2010, led by the private sector, to oversee transition arrangements, undertake further engagement and refine priorities for action. We will establish a full Worcestershire LEP Board by the end of March 2011. The timetable is challenging, but we are confident that building on our existing robust partnerships we can engage the full and active support of partners in the third sector, the University and Further Education towards our shared vision and common objectives.

### **Why a Worcestershire LEP?**

There is strong evidence to support the creation of a Worcestershire LEP. Worcestershire has a varied and diverse economy with the economic geography more mixed than those in traditional 'shire' counties. In terms of commuting links with areas outside the county, the north is more generally aligned with Birmingham and Solihull, the south with the rural shires; housing market areas show stronger links to south Warwickshire. Consequently in terms of a functional geography the picture is complex and to fragment the county across traditional administrative boundaries would not be helpful in setting a wider strategic framework.

The size and functional economic geography of the county will give our LEP the weight of influence it needs, being substantial enough to effect real change whilst avoiding the problems associated with larger and potentially unwieldy partnerships where focus and effort could become dispersed.

Worcestershire, with a population approaching 560,000 has a diverse and relatively strong economy. Whilst we have been affected by the recession, unemployment is still lower than the regional and national average and the rate of increase in employment opportunities is generally faster. Our economic geography, whilst influenced by Birmingham and the conurbation, is also determined by links with neighbouring counties such as Gloucestershire, Herefordshire, Shropshire, and Warwickshire.

These links, through transport, travel to work and geography mean that Worcestershire welcomes the move away from the rigidity of former regional structures and embraces the opportunity to work with a wide range of partners and neighbouring areas to promote economic prosperity and well being for its communities.

It is clear through our research on the Local Economic Assessment (see Appendix 1) and through consultation with business sector on the LEP, that our interests, closely but not inextricably linked to those of our neighbours, would be better served by a strong, self advocating local partnership which has the ability, vision and determination to foster links to other areas based on mutual interest and opportunity rather than purely common geographic boundaries.

We have a strong track record of joint working between the business sector and the seven councils. There is a risk that the specific challenges and opportunities facing some communities in the county could be lost in any other configuration; there is a balance of both need and opportunity across the county to which a locally based LEP could make a significant difference.

## **Our Vision and Objectives**

Our vision is of a strong, well-balanced and intelligent partnership which identifies and co-ordinates the delivery of our key economic priorities, which are recognised by business and public sector. Our central objective is to create the right environment to encourage investment from new and existing businesses; to foster our own success, build on our small number of large industries, develop new industries from medium sized companies with global promise and help them grow.

We do not want or need to create something entirely new in Worcestershire to fulfil the functions of a LEP. In the current climate of efficiencies and cuts we must avoid duplication and unnecessary bureaucracy and build a successful partnership on the basis of existing structures, expertise and resources, which can then innovate, grow and develop.

## **A Strongly Performing Economy**

Though we have undoubtedly felt the effects of the recession, we have much to be positive about in our economy and its future prospects:

- Compared to the national average, our manufacturing sector is still strong and employs significant numbers.
- The county is home to a number of international brand names, organically grown by local entrepreneurs attracting significant inward investment. Examples include: Worcester Bosch, Southco, Mazak, Qinetiq, Brintons, Npower, Morgan Cars, Sealine, Koito Europe Ltd, Vax and Malvern Water. We enjoy high levels of self employment and relatively low unemployment. A large proportion of firms are SMEs.
- Good connectivity to the motorway network – M5 north/south and M42 east/west
- An attractive natural landscape and environment and a rich supply of heritage and cultural assets which shape the visitor economy, and makes the county attractive to businesses.
- The growth of the University of Worcester has been significant over the past 5 years and is well linked in to business networks.
- Strong representation by the Food and Drink sector with an emphasis on healthy living – including the Vale of Evesham, and the Spa towns of Malvern and Droitwich
- Worcester city's position as a sub regional centre for retail and leisure.

We have provided further detail on the nature of our economy and its 'economic containment' as an Appendix to our submission, but in summary we can demonstrate that a high percentage (over 75%) of our resident working age population work within the County, and the rest commute in a dispersed pattern to neighbouring areas.

## **A Track Record of Effective Partnership Working**

Businesses and the public sector have a strong track record of collaboration and success in Worcestershire. Some examples by way of illustration include:

- The Central Technology Belt – a partnership of large and small technology businesses, academia and the public sector investing in business, research, skills and infrastructure to deliver over the long term the technology driven growth required for a sustainable and prosperous economy.
- The response to the demise of Rover at Longbridge and the close collaboration to develop a site capable of delivering inward investment and new jobs with Birmingham City Council. This site is a major opportunity for our economy which the LEP will seek to maximise.
- The Malvern Hills Science Park – a landmark public and private sector collaboration which has delivered the right infrastructure and supportive business environment to start, nurture and grow in Worcestershire the technology businesses of the future.
- Bromsgrove Technology Park – public investment stimulating business investment to diversify the local economy through the creation of a supportive environment for new start technology businesses.
- The ReWyre Initiative – an effective partnership, which has developed a long term vision for Kidderminster. The Board is chaired by a local business leader.
- The new Worcester Library and History Centre – a £60 million landmark private/public sector initiative which is delivering a state of the art, pioneering facility in the heart of the our expanding county town, spearheading the regeneration of this significant City.
- The new University of Worcester City Centre Campus – an example of the public sector working with the fastest growing university in the country supporting the Worcester vision to be a ‘first rank university and cathedral city’.
- The Worcester Technology Park – delivering the right balance and quantum of employment land to encourage much needed inward investment for the County and supporting the expansion of Worcester Bosch. It creates the conditions to release their investment in a new £150 Million environmental technology R&D, training and manufacturing facility creating over 2000 new green collar jobs.
- County Council funding of £500,000, matched by ERDF, for Impetus, our local Community Development Finance Institution, based in Pershore. Impetus is a source of enterprise finance making loans to applicants who are unable to secure finance from other lenders. The investment will enable Impetus to provide £1 million of additional lending over the next five years, primarily to smaller businesses and to encourage business start ups.
- In addition, the Shenstone Group, the business public and third sector leaders group for Worcestershire, has a good track record of working together with business and civic leaders to build a high level of trust and mutual understanding with a shared focus on the vision of maintaining a good quality of life.



The **Malvern Hills Science Park** - a prime example of business and local authorities working together to create the right environment for start up and growing technology businesses.

**Malvern Science Park Phase 3**

## Challenges

We recognise that the county also faces some key economic challenges:

- The annual household Income (£30,700pa) compares favourably with the West Midlands (£27,896pa) and the UK (£29,722), but Gross Value Added (GVA) per head remains low relative to the UK average. In recent years (2002 – 2007), in comparative terms, GVA per employee has only grown slowly and our GVA per head performance has fallen.
- An overall contraction in private sector employment in recent years (-1% between 2000 and 2008). Over this period Bromsgrove has seen the most marked contraction in private sector employment (-14%). The known reduction in public sector spending and employment could impact in particular on our regeneration and construction sectors and on those geographic areas more reliant on public sector employment e.g. Bromsgrove and Worcester.
- A significant proportion of employment in the county in relatively low value added sectors, notably manufacturing.
- Kidderminster, and to a lesser extent Redditch, are suffering from the effects of longer term restructuring which has led to job losses from the contraction of their industrial bases. This is reflected in problems with the built environment and lower than average employment rates and higher claimant rates, especially amongst younger people, along with a higher proportion of their working age populations having no qualifications.
- Unemployment has disproportionately affected the younger age groups, and the 18-24 age claimant rate for Worcestershire is above the England average.
- Business creation rate fell considerably more than that seen across England as a whole and is particularly pronounced in Wychavon.
- The County faces the loss of skilled young people through a lack of higher education and employment opportunities. Worcestershire makes net population gains across most age groups with the notable exception of young people – with the County losing almost 1000 young people per annum between the ages of 15-19. Rates of 16-18 years old who are Not in Employment, Education or Training (NEET) are rising and are particularly high amongst young people with Learning Disabilities.
- The County lacks higher level skills in some sectors such as management and skilled trades in engineering, manufacturing and construction, and in some geographic areas.

- A number of urban and rural areas lack good ICT infrastructure. The County suffers significantly from a lack of high speed Broadband which will be increasingly important for attracting future inward investment.

## Our Priorities

Recent consultation on our Economic Strategy and detailed discussions between business and councils in formulating this submission have confirmed that our priorities are to:

- deliver the **strategic employment sites and related infrastructure** (services, highways access utilities etc) needed to secure sustainable economic growth and a low carbon economy. There will be a particular, but not exclusive, focus on high technology, knowledge based research and development business for e.g. the early delivery of the Worcester Technology Park and new Worcester Bosch facility, and building on the existing companies such as QinetiQ in Malvern, which can leverage benefit for the rest of the county. The broad spectrum of the commercial property market as a whole needs to be addressed.
- ensure we have the **right support for business start up, business growth, business retention and inward investment** – focussing on meeting the needs of our strategic businesses and 'high growth' SMEs. We will work to ensure that financial institutions have a strategic presence in the County and that Worcestershire is seen as 'somewhere to do business'.
- **deliver the right infrastructure for business**, including improved high speed broadband availability, improving access from the M5 to the Malvern Hills Science Park and QinetiQ and creating better access for our strategic businesses and their supply chains in the north of the county to the motorway network through improvements to east-west links and the A449; and
- **Invest in the skills of our workforce** ensuring that provision is responsive to business needs, and relevant to future growth and business opportunities. We will continue to tackle the problem of worklessness and support our young people into work, for e.g. in Redditch where concerns over educational attainment and aspiration and its long term affect on the economy are already acknowledged.



**Masterplan Worcester Technology Park**

The LEP will deliver the strategic employment sites needed to secure sustainable economic growth - with a particular but not exclusive focus on high value technology business and the early delivery of the Worcester Technology Park and new Worcester Bosch facility....

## Delivering our Priorities

### Strategic Leadership

We will use a robust evidence base and drive forward the clear, focused and deliverable Worcestershire Economic Strategy, concentrating on those actions where the partnership can make a difference in delivering or influencing positive change quickly. The strategy gives us one set of shared targets against which our success can be measured, and targeted investment in projects to deliver agreed outcomes.

We will support the county's businesses to ensure that their voices are heard and their growth potential is not unduly hindered by bureaucracy.

### Enterprise

We will deliver support and advice for new and existing businesses, including high growth SMEs, ensuring that it is designed around the needs of the local business community including social enterprises and the third sector. The LEP recognises the importance of consistent, tailored, advice and support and would seek to ensure the sustainability of this sector. We believe that this can best be delivered locally.

We will promote the delivery of additional business start up units and seek to establish these as part of a network of technical and innovation centres.

We will facilitate local procurement tools to enable both public and private sector to advertise opportunities. This will provide local businesses access to appropriate qualifications and documentation and to open up opportunities for all our businesses, not just the larger ones.

We will positively promote self employment and enterprise, taking full advantage of the growing significance of the University as a knowledge hub and centre of excellence across a number of disciplines

We will use Partnership resources to promote and, where possible, provide finance to new business start ups in the area.

We will promote the benefits of diversification into export markets to increase the level of overseas trade.

### Employment

We will focus support on identified growth sectors such as environmental and building technologies, renewable energy and energy efficiency, food and drink, automotive and advanced manufacturing, balanced with the diversification of traditional industries.

We have a proven track record of supporting business networks by developing the supply chain in our key growth sectors which we will strengthen and extend by encouraging collaboration between local businesses.

We will develop the strength and vibrancy of our growing visitor and land based economy in order to maximise the economic value of our natural and cultural assets.

We will take action to drive up the skills and employment in towns such as Redditch and Kidderminster that have experienced economic restructuring and have a relatively lower skills base.

**Education and skills**

We will commission and influence providers of skills and training to improve the employability of our workforce to encourage the increased retention of graduate level employees in the area, and to ensure all levels in the labour market have access to and opportunities for learning and training opportunities for the benefit of the economy.

We will encourage the local business community to invest in the skills of their workforce by promoting the benefits of training on business productivity.

Where appropriate we will strengthen the collaboration between providers of training and skills and employers and greatly increase the number of apprenticeships available.

We will maximise graduate placement and employment opportunities to increase business interaction with our University and other higher education providers to promote effective knowledge transfer and to stimulate innovation amongst those of our businesses with growth potential.

We will continue to work with local schools to instil an emphasis on entrepreneurial skills and ensure that the effective local partnership links between business and education continue to flourish.

**Planning, transport, housing and infrastructure**

We will ensure that our strategic and local planning is responsive to local community aspirations including thriving business, jobs and enterprise. Planning will be closely aligned with economic regeneration and we will make full use of community infrastructure levy or other such funds.

We will address employment land constraints across Worcestershire within the planning process. Worcestershire needs a portfolio of sites which can be delivered to allow businesses to expand, relocate and create jobs.

We will continue our pro-active joint approach to housing, particularly on innovative approaches to affordable housing, with locally initiated schemes to meet local needs.

The seven councils have already merged regulatory functions into a single service across the county, to provide greater consistency and a proportionate approach for business as well as realising efficiencies— other opportunities for merged services will be considered through the Enhanced two tier work stream.

We will promote vital and distinctive market towns that act as service hubs for their rural hinterland, provide prime business locations and attract tourists and residents.

We will draw together the transport and infrastructure priorities including broadband, road, rail and the utilities necessary to support economic growth into a strategic plan. We will seek to deliver these working with other LEPs, service providers and government departments as appropriate.

The LEP will provide the vehicle for the business and developer community to engage at an early stage in consultation on strategic plans for transport and land use.

We will address urban transport issues and rural connectivity, focusing on

sustainable and affordable solutions.

**Sustainability** We will promote a modern low carbon economy.

We will continue our collaborative activities to develop sustainable business and local enterprise by sharing best practise.

We will link organisations together to enable pioneering sustainability schemes to be established as examples for others to follow.

We will promote sustainable rural communities that are attractive, viable and affordable.

### **How we Intend to Work**

Our LEP will provide strategic leadership for the area with a clear and shared vision that focuses on increasing business activity and jobs. The key is to provide a better business environment through tackling planning, housing transport and infrastructure and to focus on employment and enterprise, including a transition to a low carbon economy. One of the critical success factors will be engagement and involvement of a wide range of businesses and the ability to ensure all are aware of the purpose, vision and aims of the LEP, and have the opportunity to contribute. The conversations that have taken place between the sectors in putting together this bid, and in previous partnership activities are an excellent start, but must continue. Our networks across the public and private sector will be increasingly important.

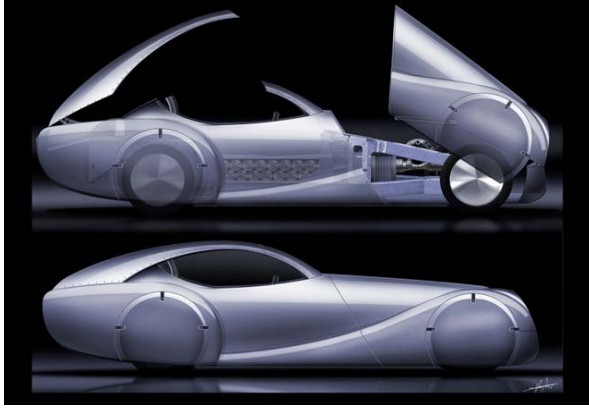
### **Links to Other LEPs**

We will work co-operatively with other LEP's on strategies and delivery where there are clear benefits and mutual gain (see Appendix 3). Businesses are not constrained by administrative boundaries and for that reason our LEP will foster and support collaborations between business and, for example, Higher Education Research and Centres of Excellence.

Similarly, there will be benefit from LEPs working collaboratively on issues such as European funding, international collaborations and established and effective 'cluster' networks. We may also need to share resources to ensure that expertise is retained and discussions are already taking place between partnerships with the detail emerging over the course of the coming weeks. Neighbouring LEP proposals are taking a similar approach.

Where appropriate we will look in all directions to connect business to opportunity. The Central Technology Belt is one example where we already collaborate with other areas on innovation and support for technology businesses in start up and growth.

For example, Worcestershire has a number of UK and Global brand name businesses including QinetiQ, Worcester Bosch, GKN, and Morgan Cars. Morgan is leading on low carbon vehicle research and production, working extensively in Knowledge Transfer Partnerships with Oxford Brooks University, Coventry University and Birmingham City University. The business has made successful funding bids to the national Technology Strategy Board and is a key member of the Niche Vehicle Network as part of a national supply chain initiative.



Collaboration across LEP areas to support business innovation and access to expertise and resources will be central to our LEP

**The Morgan Life Car – low carbon electric vehicle designed and built in Worcestershire**

We also know that Redditch has a high number of exporting companies compared with the national average. The LEP will build on this experience with our other manufacturing companies to increase innovation, knowledge transfer and diversification into new markets to improve the competitiveness of our businesses nationally and internally.

The Worcestershire LEP will play a prominent role in the move towards a low carbon economy. As a county with rural and urban areas some areas suffer with high personal and business transport cost as oil prices rise and there is therefore an added incentive in Worcestershire to support moves to a low carbon economy. We have much to do here, but also much to build upon. The County has been recognised as an exemplar of the public sector leading on the use of low carbon technologies. The new Worcester Library and History Centre will incorporate biomass heating and cooling using water extraction from the river Severn. Worcester Bosch, the UK leader in energy efficient heat systems is expanding into the full range of non fossil fuel alternative technologies and trains over 10,000 people annually in installation and maintenance. A number of 'green technology' manufacturers are based in the County with access to expertise in neighbouring areas including the new Rugby Power Academy.

The Worcestershire LEP will ensure that low carbon business support networks are maintained and will encourage a supportive environment for renewable generators to invest in the County.

**The Rural Economy**

Ours is also a rural county with a substantial agricultural and horticultural economy generating wealth and employment. There is strong support from rural businesses and those who represent them for a Local Enterprise Partnership which will support the drive for innovation, investment and collaboration. The Worcestershire Rural Hub, The NFU, and the Country Land and Business Association are supportive of a LEP structure which recognises the particular needs of rural economies and is able to provide the right representation of their varied interests. In this respect our LEP will build on an existing track record of pioneering collaboration and cross boundary working. Recent examples include:

- The Worcestershire Rural Hub, a farming business led support organisation established in response to the Foot and Mouth crisis, co-ordinates training, funding and advice to businesses throughout rural Worcestershire.
- The Vital Villages SRB scheme was collaboration between local authorities and the community and voluntary sector in Worcestershire and Warwickshire to revitalise small rural communities.

- We have a successful track record of working with Herefordshire and Shropshire, through the Rural Regeneration Zone on a variety of projects including Social Enterprise development, renewable energy initiatives, promoting business and improving social inclusion in rural areas.
- The Market Towns Initiative provided co-ordinated support for five Market Towns in the county collaborating through a national network building on shared good practice.
- The West Midlands Rural Affairs Forum provides a forum for research, innovation and good practice in rural regeneration.
- The Worcestershire LEADER programme, part of a network of West Midlands programmes to support rural economies.
- Partners for Social Enterprise – Worcestershire pioneered this public, private and voluntary sector partnership in collaboration with Herefordshire to promote and support the development of a more business focussed social enterprise sector.

### **What we need in order to be effective**

The Worcestershire Local Enterprise Partnership does not need to be constituted as a new statutory body, however we may need to use statutory powers to drive forward our priorities. We believe that the LEP will be able to secure the right mix of powers, levers, assets and finance to address effectively the issues and priorities we have identified.

#### **Powers**

The Local Enterprise Partnership will be able to secure outcomes through statutory powers that councils already have, coupled with the power of general competence that will be the subject of Government legislation. If this power is cast widely (similar to provisions relating to regional development agencies and the Homes and Communities Agency) that permit them to do anything for their “purposes”, this is likely to be sufficient in most respects.

However there are some detailed provisions in the Housing and Regeneration Act 2008, particularly Schedules 3 and 4 that require further consideration. They relate to acquisition of land, overriding easements, extinguishing rights of undertakers etc. If councils do not already have equivalent powers, then we would look to Government to bring forward appropriate legislation to confer them.

We seek powers for the LEP to develop business growth incentives through business rates and council tax from new developments.

#### **Assets**

Though relatively limited, AWM assets in Worcestershire should be transferred to the joint ownership of the county council and the district council(s) in whose area they lie on behalf of the LEP. This would lock in partnership working on economic regeneration and place-shaping in deciding on their future use.

AWM assets include revenue sharing interests in the Malvern Hills Science Park which are used to support the work of the Central Technology Belt. The Agency has other non land-holding interests at Blackmore Park, Tenbury Business Park and the Bromsgrove Technology Park.

We seek a similar approach in respect of the Homes and Communities Agency's land holdings in Worcestershire.

In moving forward the cutting-edge work that Worcestershire has already done on exploiting opportunities to share the public estate, we will also be able to deploy council-owned assets to bring forward development and regeneration in support of the LEP's priorities.

#### **Levers**

The LEP will draw up and approve the Worcestershire Economic Strategy and the Local Economic Assessment, adopting the current recently refreshed version as a baseline

Local Authorities agree that businesses, through the LEP, should shape other relevant strategies for the County and its districts so that their needs are fully taken into account including inter alia the Local Transport Plan, Local Development Frameworks and the Waste Core Strategy

#### **Finance**

We recognise that budgets for RDA, the HCA and other public agencies are being cut. Nevertheless there will still be some funding in future budgets and we propose that the Worcestershire share of these budgets is transferred or aligned to the LEP so that we can decide how it is best spent in support of our priority activities.

We would also seek control over Highways Agency expenditure on trunk roads to allow local determination of the balance of investment between routine maintenance and improvements to the highway network.

We will co-ordinate bids into the Regional Growth Fund including an early submission for the Worcester Technology Park and Worcester Bosch.

The LEP will co-ordinate bids for other Government and European funds.

We will consider how the Partnership can develop and deploy business growth incentives through business rates and council tax for new developments.

We will explore how capital and revenue resources of councils can be best deployed to foster growth and enterprise in the county. For example, where such investments would offer equivalent security, returns and liquidity as other investment vehicles, the County Council could consider investing resources from the substantial local government pension scheme in Worcestershire businesses. Through the LEP we will obtain a view from businesses about the sectors of Worcestershire's economy that might benefit from such consideration. Councils are prepared to explore the use of their borrowing powers to provide capital funding where future returns can meet borrowing costs: for example, supporting capital expenditure through intermediaries such as capital investment houses.

## Structure, Governance and Accountability

### The LEP Structure

There is broad agreement between the local government family and business that “form should follow the function” with minimal bureaucracy, maximum effectiveness and in proportion to the resources and responsibilities of the LEP.

The LEP will be chaired by a business leader, and businesses are considering how they would want to be represented at Board level. In order to be effective and credible, the LEP must include business leaders who have delivered business excellence in their own companies and be able to represent the view of businesses across a range of sectors and geography.

We will further develop a ‘shared services’ approach to building capacity across LEPs where appropriate and we will ensure in this transition period that knowledge and expertise is retained.

The detail of structure, governance and accountability for the LEP will emerge over the course of the coming weeks as further discussion amongst partners and wider stakeholders continues and consensus develops.

### Managing Transition

All partners have worked effectively with the Regional Development Agency in delivering many significant regeneration projects around the County. We are now working together to ensure the smooth transition to the new LEP structure, to retain the skills, knowledge and expertise that we have collectively developed over the years and to drive forward the major projects set out in our priorities.

Worcestershire is open for business. We want others to see our boundaries as being porous. We are already developing strategic alliances with neighbouring LEPs. We will look to develop a ‘shared services’ approach to building capacity across LEPs where appropriate. More information on this is contained at Annex 3.

Signatures:



George Lord  
Chairman  
Worcestershire Leaders Board

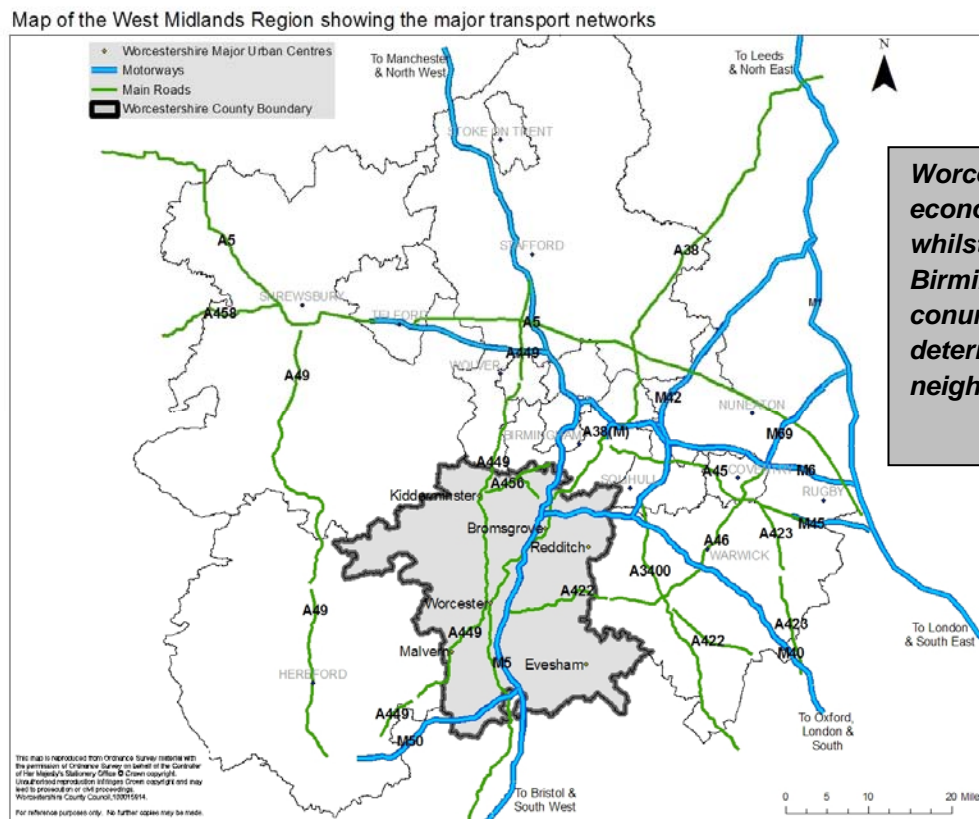


John Painter  
Chairman  
Herefordshire and Worcestershire Chamber of Commerce

## Appendix 1 The Worcestershire Economy – an overview

### Functioning economic geographies

The county is served by a County Council and six District Councils. We have six major urban centres each with marked differences in their functioning economic geographies, all with their own particular opportunities and challenges. Worcestershire has a balance of both high and low technology manufacturing, and a solid base of small and medium sized businesses with these and over 120 'strategic businesses' provide the largest proportion of employment and wealth creation. But there are strong contrasts in the spatial concentrations of these activities.



Worcestershire has a mixed urban/rural economy. Economic activity is not focused on a principal urban area but is distributed across a range of key centres: Worcester, Malvern, Bromsgrove, Kidderminster, Redditch and Droitwich.

### Business Structure

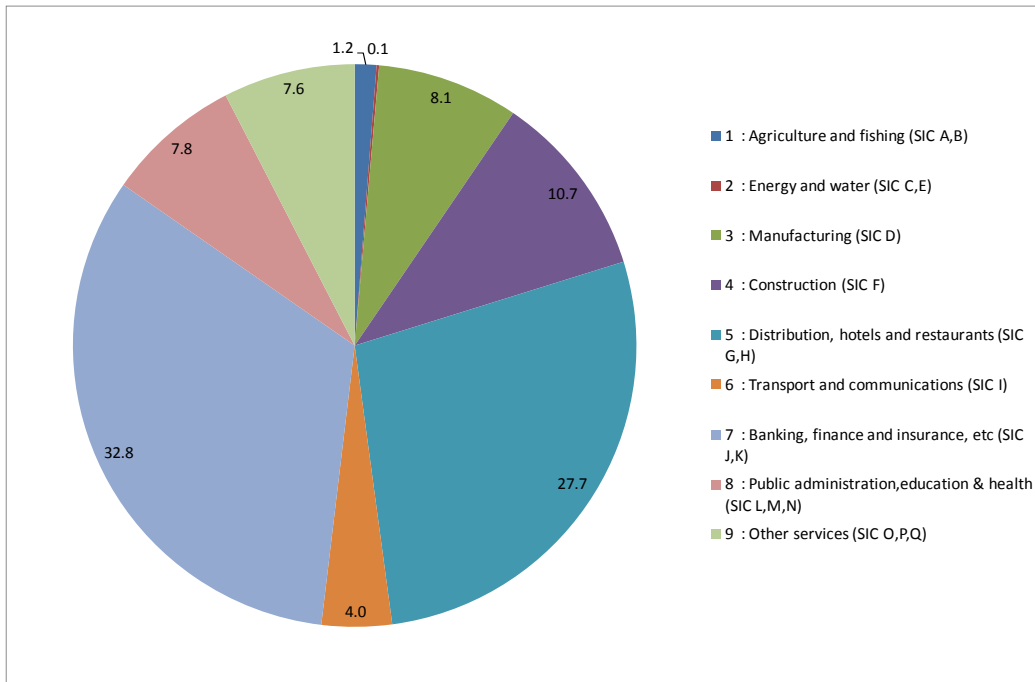
Worcestershire's industrial structure is quite distinctive with, relative to national averages, a significant proportion of employment in manufacturing. Much of this is concentrated in lower technology manufacturing, although higher technology manufacturing is strong in a small number of locations. Employment levels are relatively high in the following sectors:

- Carpet manufacturing in Kidderminster
- Agriculture and food processing in Wychavon & Malvern Hills
- Research & Development in Malvern
- Automotive industries in Bromsgrove
- Manufacturing in Redditch (metal, rubber & plastics, electrical machinery, furniture)

- Pharmaceuticals in Droitwich

Figure 1 below shows the businesses structure across the County:

**Figure 1: Business Structure, 2008 (Pie Chart)**



### Employment Structure

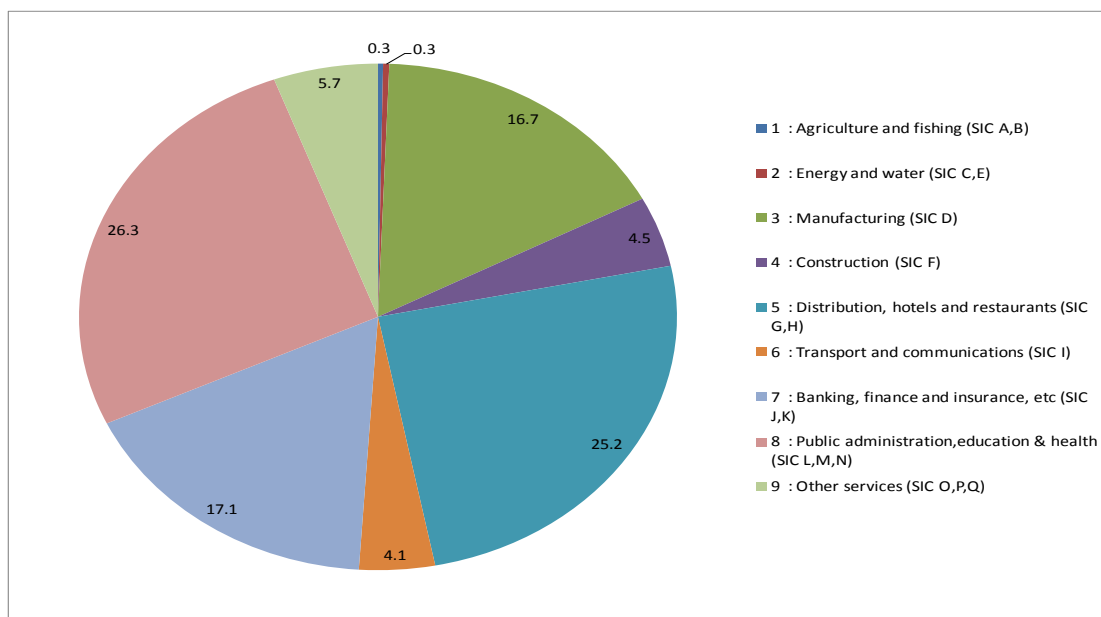
More than one-quarter of people who work in Worcestershire are employed in Public Administration, Education and Health, which is comparable to the national average, but it is above 30% for Worcester and Bromsgrove. A further 25% are employed in Distribution, Hotels and Restaurants, which is slightly higher than the West Midlands and England equivalents.

The largest differences between Worcestershire and England are in manufacturing, where the proportion of the workforce employed in this industry in Worcestershire is 6.5% higher than in England. In contrast, the proportion of the workforce employed in Banking, Finance and Insurance is 5.6% lower than the national average.

**Table 1: Employment by industry, workplace-based, 2008**

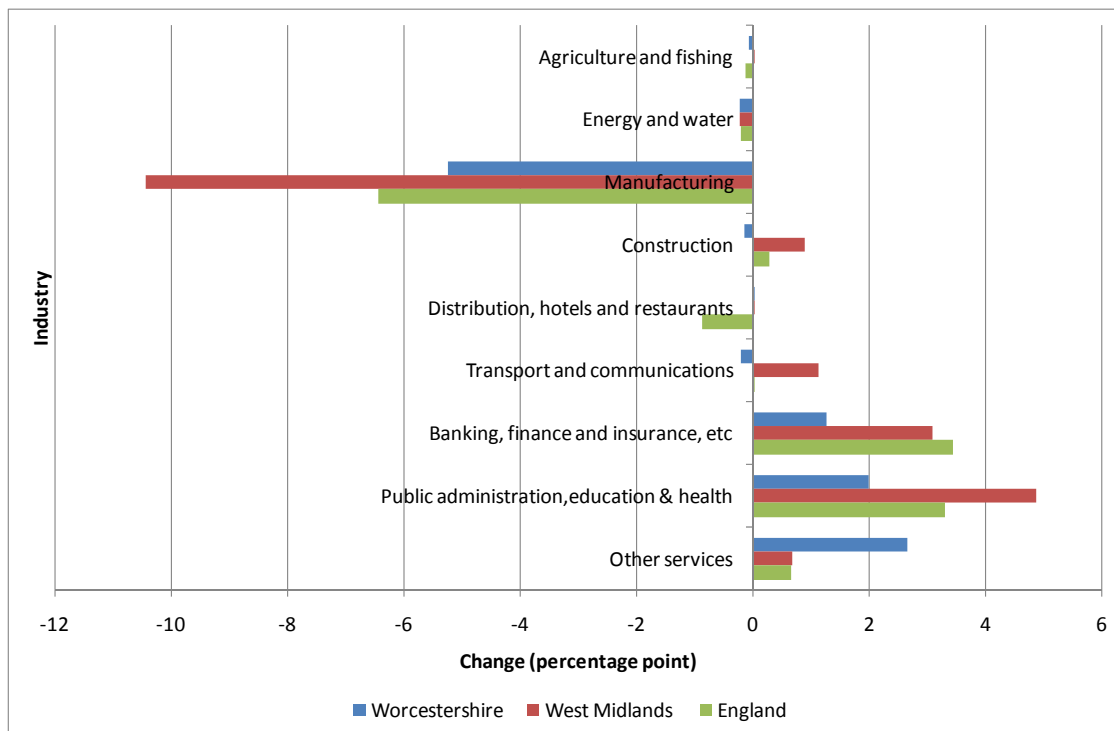
Area	Agriculture and fishing (SIC A,B)	Energy and water (SIC C,E)	Manufacturing (SIC D)	Construction (SIC F)	Distribution, hotels and restaurants (SIC G,H)	Transport and communications (SIC I)	Banking, finance and insurance, etc (SIC J,K)	Public administration, education & health (SIC L,M,N)	Other services (SIC O,P,Q)	Employees
Bromsgrove	1.4	0.5	9.1	6.8	23.4	2.3	19.8	30.5	6.2	33,700
Malvern Hills	4.4	0.1	15.3	5.5	22.2	2.7	20.5	24.2	5.1	26,500
Redditch	0.2	0.1	25.1	3.3	25.4	4.7	14.9	22.5	3.8	37,700
Worcester	0.0	0.7	11.4	2.9	21.9	4.7	20.5	31.8	6.0	50,500
Wychavon	3.6	0.2	19.2	4.2	26.6	5.2	12.7	21.8	6.4	50,200
Wyre Forest	0.9	0.1	18.4	5.0	29.5	3.4	13.8	23.7	5.3	33,100
<b>Worcestershire</b>	<b>0.3</b>	<b>0.3</b>	<b>16.7</b>	<b>4.5</b>	<b>25.2</b>	<b>4.1</b>	<b>17.1</b>	<b>26.3</b>	<b>5.7</b>	<b>228,600</b>
<b>West Midlands</b>	<b>1.0</b>	<b>0.6</b>	<b>13.8</b>	<b>4.9</b>	<b>23.6</b>	<b>5.8</b>	<b>18.6</b>	<b>27.0</b>	<b>4.6</b>	<b>2,355,400</b>
<b>England</b>	<b>0.9</b>	<b>0.5</b>	<b>10.1</b>	<b>4.6</b>	<b>23.5</b>	<b>6.0</b>	<b>22.7</b>	<b>26.4</b>	<b>5.3</b>	<b>23,073,700</b>

**Figure 2 – Employment by industry, workplace-based, 2008**



Employment by industry has changed considerably in the ten years to 2008, with the proportion of the Worcestershire population employed in manufacturing falling from 22% to 17%. The proportions employed in Public Administration, Education and Health, Other Services and Banking, Finance and Insurance have increased. This confirms the pattern of diversification that has happened within Worcestershire, making the County less reliant on a particular industrial sector.

**Figure 4: Percentage point change in employment by industry, 1998 to 2008**



Source: Annual Business Inquiry, 2008.

### A contained economy

The nature of economic containment can be clearly demonstrated by examining:

- commuting patterns within Worcestershire and outside of the county
- the geographical basis of local housing markets (the search area for properties, within which people are prepared to live and work).

Short-distance commuting dominates in Worcestershire, with 58% of employed residents (aged 16-74) working in the same district in which they live. This is particularly high for Worcester City (68%). Whilst this data is taken from the 2001 census, it is still the most comprehensive available. The latest information on traffic flows suggest the relative pattern of movement has not changed significantly.

A further 17% of employed residents commute from one district to another for work.

In total, therefore, 75% of Worcestershire's employed residents (aged 16-74) live and work in the county. This figure is highest in Worcester City (87%), but even in Bromsgrove, where the link to Birmingham can be focussed upon, more than half of employed residents live and work in the county.

**Table 1: Percentage of the employed population aged 16-74 that live and work inside and outside of Worcestershire**

<b>Area</b>	<b>Live in Worcestershire, work outside of Worcestershire (%)</b>	<b>Live and work inside Worcestershire (%)</b>
Bromsgrove	45	55
Malvern Hills	17	83
Redditch	28	72
Worcester	13	87
Wychavon	25	75
Wyre Forest	20	81
<b>Worcestershire</b>	<b>25</b>	<b>75</b>

Source: 2001 Census

As a more detailed illustration, the total flows of travelling to work within the Bromsgrove itself and to the rest of Worcestershire are about 23,500 people per day, compared with 19,500 out to other areas

Ours is also a rural county, with a number of Market Towns and a significant rural business base. Quality of life is good in Worcestershire. Tourism is significant and valuable to the local economy. To the east we have excellent transport links to the motorway and rail networks.

Many of our rural areas however also suffer from significant deprivation and lack of investment. Here, as well as in our urban centres, the strong role of the Voluntary Sector and Social Enterprises alongside mainstream business and the public sector is crucial to support our more deprived rural areas.

In 2007 Agriculture, Forestry and Fishing contributed £126 million to the Worcestershire economy. This represents around 1.4 % of the County's total GVA, higher than the regional and UK averages of 0.9% and 0.8% respectively. Worcestershire contributed 15.7% of the sector's contribution to the West Midlands economy.

2009 figures report that Worcestershire had 1,695 VAT and/or PAYE registered enterprises in the Agriculture, Forestry and Fishing sector. This sector represents 7.4% of enterprises in the County, compared with 9.7% in the region overall and 5.0% for England. However the importance of the sector varies by district, with 42% of the County's enterprises in this sector in Wychavon (where they make up 11.9% of all enterprises), and a further 35% in Malvern Hills district (where they make up 15.0% of total enterprises).

Around 4,800 people in Worcestershire work within the Agriculture and Fishing sector, this represents 1.7% of all people in employment in the County, compared to an England average of 1.4%.

Applying the proportions from the 2001 census to the 2008 population figures, it is estimated that the county has a rural population of around 229,000:

	<b>Worcestershire</b>	<b>West Midlands</b>	<b>England</b>
<b>TOTAL URBAN POPULATION (excluding Large Market Town population)</b>	<b>59%</b>	<b>79%</b>	<b>73%</b>
Major Urban Population	4%	43%	33%
Large Urban Population	0%	13%	14%

Other Urban Population	55%	22%	27%
<b>TOTAL RURAL POPULATION (including Large Market Town population)</b>	<b>41%</b>	<b>21%</b>	<b>27%</b>
Large Market Town Population	12%	6%	8%
Rural Town Population	9%	6%	9%
Village Population	13%	6%	7%
Dispersed Population	7%	4%	3%

Source: DEFRA LA Classification Dataset, Census 2001

Overall the economic performance of Worcestershire has been relatively sound, but performance varies from area to area, as do the opportunities and challenges.

The LEP will address this mixed economic performance by tackling a number of weaknesses which currently act as inhibitors to the performance of the economy:

Kidderminster and to a lesser extent Redditch are economies in 'transition' and are less resilient than some other communities. Both suffer from common issues including:

- Longer term restructuring and job losses from the contraction of their industrial base;
- Problems of image, built environment and site assembly although there are some major sites available for redevelopment such as the British Sugar site.
- Lower employment rates and higher claimant rates, especially amongst young people; and
- Higher proportions of the working age population with no qualifications.

This requires concerted action which has so far been lacking in the previous regional structures.

In Bromsgrove, where the motorway access and proximity to Birmingham are key strengths, the town centre and the station are key foci for redevelopment. In line with our strategic priorities improvements in the East – West road links from Kidderminster to the town and into the existing motorway network are seen as vital.

Skills are only one of the drivers for economic and social change, but crucially Worcestershire must drive up its workforce skills base in the face of a significant shift in the composition of labour demand. In Worcester, a projected reduction in the need for low skilled jobs of around 14% over the next 10 years combined with a significant increase of 12.5% in the demand for senior managers will further exacerbate the growing skills gap adding to the increasing difficulty of integrating those without qualifications into the workforce.

Worcester, which has played a key role in generating jobs and growth faces a number of challenges including:

- Specific vulnerability to reductions in public sector employment;
- The availability of a suitable supply of land and premises in and around the City and South Worcestershire;
- Underperformance in key sectors such as business and professional services;

## **Appendix 2 Consultation**

There is overwhelming local civic and business support for a Worcestershire LEP. Notwithstanding the limited time for consultation, Worcestershire County Council and the six District Councils and business community have reached consensus for this approach. A significant number of businesses of all types have been consulted through a series of direct engagements co-ordinated by the Chamber of Commerce and local councils, which have included other business organisations such as the Federation of Small Businesses, Social Enterprise and Voluntary sector bodies as well as further education and skills providers, and the University of Worcester. We have met or spoken with a range of other bodies such as the Malvern Hills Science Park Board, cluster groups and the National Farmers Union.

**Individual businesses consulted, and supportive of the LEP bid, include:**

<b>Worcester Bosch</b>	<b>Marubeni-Komatsu Limited</b>
<b>Mazak Machine Tools</b>	<b>PJA Electrics Ltd.</b>
<b>Kerry Foods</b>	<b>Precia-Molen UK Ltd -</b>
<b>Oakland International</b>	<b>Rockline industries limited</b>
<b>Halcrow</b>	<b>Security Care Ltd -</b>
<b>Crowther Beard</b>	<b>Complete Design Partnership</b>
<b>Rabjohns</b>	<b>John Truslove</b>
<b>Npower</b>	<b>Duferco UK</b>
<b>West Midlands Safari Park</b>	<b>Robert Birch</b>
<b>Harrison Clark</b>	<b>Vinci Construction</b>
<b>Malvern Instruments</b>	<b>Federation of Small Businesses</b>
<b>Dytecna</b>	<b>North East Worcestershire College</b>
<b>Webbs of Wychbold</b>	<b>Wilkins Property Service</b>
<b>Thomas Vale Construction</b>	<b>Enertech</b>
<b>Hewett Recruitment</b>	<b>TM logistics</b>
<b>Kimal Plc</b>	<b>Newsquest</b>
<b>QinetiQ</b>	<b>Solus Garden and Leisure</b>
<b>GKN</b>	<b>HSBC</b>
<b>Bold Services</b>	<b>The University of Worcester</b>
<b>Kanes Foods</b>	<b>AMS Group</b>
<b>Fresh Insurance Group</b>	<b>ABC Solutions (UK) Limited</b>
<b>G S ADAMS LTD</b>	<b>Accurate Cutting</b>
<b>Integra Project Management Ltd</b>	<b>Services Business Reply ltd</b>
<b>Lanner Group</b>	

### Appendix 3 Joint Working

The LEP is committed to working with adjacent LEPs and authorities in England (and Wales). As such we present our boundaries as being porous. We are already developing strategic alliances with neighbouring LEPs/authorities with the express purpose of securing private sector growth and jobs.

As a mechanism for drawing in adjacent LEPs, authorities or relevant special interest groups our governance arrangements will be developed to ensure that we can offer associate membership for non voting members.

In addition and in agreement with LEPs in the vicinity we reserve the option to explore the opportunity to be part of adjacent or non contiguous LEPs where the strategic and/or economic arguments for working in collaboration are clear and unambiguous.

There will be issues where we will need to come together as a group of LEPs to work together on issues which transcend LEP boundaries. We are therefore actively exploring the opportunity to work together as a confederation of LEPs – where the chairs/vice chairs of LEPs, come together to discuss matters of shared importance. The West Midlands Councils working with Business Voice will facilitate this arrangement. We expect to use this mechanism to deliver outcomes collectively where there is efficiency through economies of scale or a clear need for specific expertise or capacity. At this stage we anticipate that the following matters will fall into this category and wish to have an early dialogue with Government to discuss this agenda:

- Inward investment - we believe that inward investment services are essential to economic growth but must build on the specialisms and diversity of the regional and local economies. Such services cannot adequately be undertaken at a national level and there is a need to ensure that opportunities are not lost between LEPs
- Innovation and technology transfer – working with our Universities we will secure the co-ordination and delivery of nationally-funded programmes to support and encourage technology transfer and research and development, to improve business competitiveness.
- Specialist skills and training – work with business and individual local authorities to collectively articulate to providers the demand for sector specific and high level skills and training, focused on the needs of our businesses.
- Infrastructure – provide a mechanism for engagement with Government and national private sector infrastructure service providers on key infrastructure challenges facing our areas, including Next Generation Access Broadband, distributed energy networks and collaborative working on transport issues, particularly significant transport projects including High Speed 2, access to airports and Birmingham International Airport expansion.
- Evidence base, business intelligence and economic analysis – development and maintenance of an evidence base focused on economic growth and business-relevant issues. This will also include the capacity to appraise and evaluate projects/investments.
- Response to economic crises – provide a bridge between national and local level organisations in response to economic shocks that have an impact across local authority areas and/or require specialist input (for example, the closure of a major employers or an incident that presents a major disruption to normal business activity).

- Enterprise – ensure that nationally-led provision of advice and support for new and existing businesses is adequately tailored to the needs of the local business community/economy.
- Transition to a low carbon economy – maximise opportunities around existing local sector specialisms and markets, whilst encouraging the involvement of businesses across all sectors with potential for growth.
- Funding – access and ensure optimal use of appropriate sources of funding to deliver the above, including the Regional Growth Fund and European funding. Provide specialist funding expertise in reviewing, prioritising and submitting funding bids to government and other agencies. Build up private sector capacity and funding support through advocacy and coordination of activity.

Appendix 4 Letter of Support



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17 September 2010

Irish Haines  
 Chief Executive  
 Worcestershire County Council  
 County Hall  
 Spetchley Rd  
 WORCESTER  
 WR5 2NP

Dear Irish

Worcestershire's Proposed Local Enterprise Partnership

Herefordshire and Worcestershire Chamber of Commerce would like to express its support for the proposed Worcestershire Local Enterprise Partnership. In developing the proposal we have undertaken thorough consultation with our members and the wider business community. We believe that all the issues raised by our private sector members have been captured in the proposal document.

Importantly for our members, they support a county wide partnership as they believe that this will best serve the business community going forward. We recognise the diverse nature of the Worcestershire business base and the interconnectivity between surrounding counties, such as Herefordshire, Shropshire, Warwickshire, Gloucestershire and the Birmingham conurbation. We are therefore pleased to see that the partnership will work with other partnerships where it makes economic sense to do so.

The Chamber and its members therefore look forward now to working with the County Council and other stakeholders to progress with a positive partnership working towards the wealth creation and the generation of private sector jobs leading to the economic success of the county.

Yours sincerely

Mike Ashton  
 Chief Executive

Our Partners are:

