

WYRE FOREST DISTRICT COUNCIL

CABINET MEETING
22ND MARCH 2007

Consultation on the New Regional Competitiveness and Employment Programme 2007 to 2013

OPEN	
COMMUNITY STRATEGY THEME	Shared Prosperity
CORPORATE PLAN THEME:	Promoting Economic Prosperity
KEY PRIORITY:	Regeneration
CABINET MEMBER:	Councillor S Clee
RESPONSIBLE OFFICER:	Head of Planning, Health and Environment
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APPENDICES	Appendix 1 – Response to Consultation from Wyre Forest District Council

1. PURPOSE OF REPORT

- 1.1 To endorse the District Council's response to consultation from Government Office for the West Midlands on the New Regional Competitiveness and Employment Programme 2007 to 2013.

2. RECOMMENDATION

The Cabinet is asked to DECIDE:

- 2.1 **The Council's response to the consultation from the Government Office for the West Midlands on the New Regional Competitiveness and Employment Programme 2007 to 2013, as set out in Appendix 1 of this report, be endorsed.**

3. BACKGROUND

- 3.1 Wyre Forest District Council has been invited to respond to a consultation on the draft Operational Programming document for the West Midlands Regional Competitiveness and Employment Programme 2007 - 13. The Programme is a successor to the European Union Structural Funds, formerly delivered through the Objective 2 and Objective 3 Programmes.

- 3.2 The draft Operational Programme has been submitted to regional partners for a consultation period ending on Monday 12th March 2007. The document will be revised on the end of the consultation period in light of observations made. It is expected that the final draft will be submitted to Government in late March, in order for the Programme to be submitted to the European Commission. The Commission then has four months in which to appraise the document. This takes earliest date for Programme launch to early Autumn 2007.
- 3.3 This response is retrospective in so far as, that in order to meet the deadline for responses (12th March 2007), a response has already been submitted to Government Office for the West Midlands.
- 3.6 From 2007 to 2013 the total structural funding available to the West Midlands will be made up of two complementary Programmes:
- (i) The European Regional Development Fund (ERDF) Programme, worth 400 million Euros, will be managed regionally by Advantage West Midlands, the Regional Development Agency and
 - (ii) The European Social Fund (ESF) Programme worth 372 million Euros to the West Midlands, will be managed nationally with input at a regional level.
- 3.7 The drafting of the new Programme commenced in March 2006 under the direction of the Regional Assembly's European and International Affairs Partnership - a small regional steering committee established to prepare the Regional Operational Programme. This committee included representation from the Learning and Skills Council, Job Centre Plus, Higher Education Association, Local Authorities, Natural England, The West Midlands Regional Assembly as well as Government Office for the West Midlands and Advantage West Midlands.
- 3.8 The committee directed the preparation of an extensive socio-economic analysis setting out the evidence base and strategy for the new Programme. This drew upon both the existing and the emerging evidence base for the revised West Midlands Regional Economic Strategy.
- 3.9 Based on this analysis and the overall EU, National and Regional Policy Framework, the new Programme contains three major "Priority Axes" as follows:
- Promoting Innovation and Research and Development
 - Stimulating Economic Development
 - Achieving Sustainable Urban Development
- 3.10 These are complimented by two much smaller priorities focusing on trans-national activity and technical assistance.
- 3.11 Care has been taken to ensure alignment with the existing West Midlands Economic Strategy, being delivered through Advantage West Midlands and the emerging priorities of the current review process to which the Cabinet has

already approved a response. The Programme also aligns with the emerging review of the Regional Spatial Strategy and other associated regional policies whilst ensuring that these new funds bring added value.

3.12 Members are advised that the funds through the European Union Programme do not cover all activities outlined in the West Midlands Economic Strategy but target specific activities within it.

4. KEY ISSUES

4.1 The vision for the West Midlands Regional Competitiveness and Employment Programme is:

- To achieve a significant increase in the productivity of the business base in the West Midlands
- To reduce unemployment and inequalities
- To ensure that the region's economic growth is achieved in a sustainable manner

4.2 It is recognised that for a traditional manufacturing region, adapting to a fast changing world, these issues are crucial to enable the West Midlands to compete more effectively with an increasingly globalised economy.

4.3 The Programme document recognises that despite significant economic growth over the past decade and an important recovery in employment levels, it is clear from the socio-economic analysis that the West Midlands remains confronted by a series of major challenges. Highlighted are the poor levels of educational and skills attainments, the relatively low innovation rates and continued weak Gross Value Added growth rates compared to other UK regions.

4.4 Members are advised that when compared to the 2000 to 2006 programmes, the West Midlands had suffered a 55% drop in funding under the new programme arrangements. This means that it has been necessary to select a limited number of activities to target rather than spread resources widely which has the potential risk of a diluted impact. However, the result of this has been a new focus on securing sustainable growth and increased levels of jobs.

4.5 When deciding on funding allocations, there will be a need to concentrate resources within "promising spheres of activity" and also within a series of geographic constraints. It will not be possible to spread funds widely across all spheres of activity, including many of which may well be intrinsically valuable. However, the Programme will be seeking to focus funds on the projects and wider initiatives which present good prospects for high value growth and sustainable jobs while tackling some of the most visible signs of deprivation and disadvantage within the region.

4.6 The Programme therefore has drawn three major Priorities to focusing on:

- (i) Innovation / Research and Development
- (ii) Economic Development
- (iii) Sustainable Urban Development

- 4.7 Taking this first Priority – Promoting Innovation and Research and Development - the Programme proposes to focus on the five “Clusters” which have been identified by the region’s Innovation and Technology Council, as offering the most potential for the West Midlands to take a lead in new markets, processes of technologies, namely health and medical technologies; energy; digital media and ICT; transport and technology; and advance materials / nano-technology.
- 4.8 In the second Priority – Stimulating Economic Development - the Programme has selected a broader, but still concentrated, focus with an emphasis on the ten business Clusters identified within the current Regional Economic Strategy. These represent just over a quarter of total businesses in the region and locally include the visitor economy and high value added products such as carpet manufacturing. Focused activity on these Clusters with the Structural Funds will help the region to diversify its economic base and achieve higher growth rates. The programme also proposes to concentrate an element of enterprise growth activity on the engagement of women in entrepreneurial activity and increase the number of ethnic minority new businesses.
- 4.9 In terms of geography, the new Structural Fund Programmes are open to all parts of the region. This is in contrast to the 2000 to 2006 programme where only one third of the region was a core beneficiary of Objective 2. The eligible areas were concentrated in the two main conurbations (namely the West Midlands conurbation including the Black Country) and North Staffordshire and more sparsely populated areas in the west of the region. However, all remaining parts of the region were eligible for European Social Funding, through Objective 3 (funding for employment training programmes).
- 4.10 The third Priority – Achieving Sustainable Urban Development - will address the significant concentrations of economic need and seek to generate major employment opportunities. This will take up approximately one quarter of the programme resources leaving the remaining 75% open to the whole region.
- 4.11 Members are advised that this third Priority is to be focused on the two major urban areas of North Staffordshire and the main West Midlands conurbation. These areas have higher than average unemployment, the most significant job losses in manufacturing, large areas of brown field land and the concentration of communities most socially excluded.
- 4.12 Whilst the above would exclude areas such as Wyre Forest District, it is interesting to note that the Programme documentation suggests the need to create new employment opportunities in areas contiguous to or “close to” these targeted communities in need where similar issues exist and where sub-regional partnerships support their inclusions.
- 4.13 This may mean that, with the support of the Worcestershire Partnership and Worcestershire County Council, the needs of specific areas within Wyre Forest District – e.g. Kidderminster, could benefit from this new Programme and work

will continue, through existing networks, in order to make the case for parts of the District to receive relevant funding for key projects.

5. RESPONSE TO CONSULTATION

- 5.1 The response to the consultation on the Operational Programme is set out in Appendix 1 of this report and the Cabinet is asked to consider and retrospectively endorse it accordingly.

6. FINANCIAL IMPLICATIONS

- 6.1 There are no financial implications to the District Council directly arising out of this report.

7. LEGAL AND POLICY IMPLICATIONS

- 7.1 There are no direct legal and policy implications arising out of this report.

8. RISK MANAGEMENT

- 8.1 There are no risk management issues arising out of this report.

9. CONCLUSIONS

- 9.1 The opportunity to respond to the Programme documentation is welcomed. It will enable the regional partners to be aware of the needs of Wyre Forest District and of its various proposals to increase economic regeneration for the benefit of businesses, residents and visitors to the area.

10. CONSULTEES

- 10.1 CMT

11. BACKGROUND PAPERS

- Full documentation relating to the West Midlands Regional Competitiveness and Employment Programme can be found by visiting www.westmidlandsworkingtogether.org.uk and select the “post 2006 consultation” section. The programme documentation is a lengthy document comprising upto 236 pages.

Wyre Forest District Council
Response to Consultation
New Regional Competitiveness and Employment Programme
2007 to 2013

Introduction

Wyre Forest District Council welcomes the opportunity to respond to the consultation on the new Regional Competitiveness and Employment Programme 2007 to 2013.

The Council broadly supports the proposals, particular so where there may now be the opportunity for those areas, historically outside the boundaries of the former Objective 2, to benefit from new resources.

The following response is based on this opportunity and seeks to identify how Wyre Forest District and particular Kidderminster, might benefit accordingly.

1. Background – “Needs and Opportunities”

1.1 Despite its “leafy image” Wyre Forest District, comprising the three towns of Kidderminster, Stourport-on-Severn and Bewdley together with outlining rural areas, does have a number of socio-economic issues within its boundary. Although unemployment is generally lower than the national average there are localised areas with severe pockets of deprivation and higher than average levels of unemployment - such as the Oldington and Foley Park ward (a top 10% most deprived Ward in the UK) and the wards of Greenhill and Broadwaters in Kidderminster.

1.2 Whilst the District may not be located within the identified “West Midlands conurbation” it nevertheless suffers from similar socio-economic needs which are to be addressed through a number of strategies. These needs and resultant opportunities are well documented, in particular within the Kidderminster Economic Development and Regeneration Strategy. Additional funding to bring about proposed changes could emanate from the new Regional Competitiveness and Employment Programme.

1.3 Whilst the Oldington and Foley Park ward is one of the most deprived wards in the UK, it is now benefiting from Government Pathfinder funding. However, the Broadwaters and Greenhill wards, where there are similar levels of deprivation do not have access to strategic funding. A new partnership has been formed - the Horsefair, Broadwaters and Greenhill Partnership - and a Delivery Plan, based on the successful Oldington and Foley Park Pathfinder Programme, has been adopted in order to begin to address key socio-economic issues within this part of Kidderminster.

1.4 The District Council will be bringing forward a number of proposals through its links with the emerging West Midlands Economic Strategy and the Regional Spatial Strategy together with future proposals under the Local Development Framework including Kidderminster Central Area Action Plan taking in the deprived neighbourhoods of Horsefair, Broadwaters and Greenhill. The multi-agency regeneration focus will particularly focus on key areas within Kidderminster Town Centre and the opportunities within Stourport-on-Severn.

2. Employment sites

2.1 In Wyre Forest District the most significant infrastructure constraints include overcoming the complex issues and costs associated with recycling brownfield “derelict and previously developed employment land” employment sites in a District where commercial property is amongst the lowest priced in the region.

2.2 There are a number of opportunities to develop brownfield sites, particularly along the Stourport Road Employment Corridor (SREC), which is situated within the deprived Oldington and Foley Park ward in Kidderminster. A number of these sites have contamination issues but nevertheless are regarded as being a key element in the future economic development of the town, district and sub-region. The sites are a

major part in the District Council's drive to bring about sustainable economic development for the benefit of local and new businesses and its residents.

2.3 As these sites are allocated for employment purposes in the Local Plan, the key to their future success will lie in there being sufficient development value and/or assistance to make them viable propositions. This in turn relies on there being good access to transport infrastructure (main trunk roads and motorways) and a skilled and reliable work force.

2.4 Also of significance is the willingness and ability of the owners to develop the sites out. Unless owners are confident in any site's ability to bring about an economic return on an investment, then there is a danger that the sites will remain derelict and this will undermine the regeneration effort.

3. Skills

3.1 The key issue within the Wyre Forest District and particularly in Kidderminster is the low average levels of household incomes and the low levels of educational attainments. It is anticipated that with funding provided through the Operational Programme, these issues could be addressed through a combination of bringing forward allocated employment sites for development and working closely with businesses and the training providers to "up skill" local employees whether employed or unemployed.

3.2 There are significant skills and educational attainment issues in Wyre Forest District and other areas of the County. For example, part of the Oldington and Foley Park Ward in Kidderminster is 16th out of 32,482 (SOA's) in the national table of most deprived areas for education attainment.

3.3 In parallel with the development of skills is the development of appropriate employment opportunities. The Council is anxious to ensure that the area will have a sufficient amount of available and well located employment land to support development that will offer the opportunity for local people to put into practice their improved skill levels. (see above 2. Employment sites)

3.4 Wyre Forest District Council has supported the Oldington & Foley Park Neighbourhood Management Round 2 Pathfinder project in its work to address

“workability issues” of people within this deprived ward of Kidderminster, through a survey of local businesses and residents to help ascertain what exactly are the “underlying social and cultural hurdles” the residents (and businesses) face in the ward. The results have formed the basis of a local strategy aimed at creating new forms of economic activity and enterprise and employment opportunities. The Project is working closely with existing and future employers on the Stourport Road to develop employment opportunities within the Pathfinder area. The potential exists to roll out such activity across the rest of the District.

3.5 The Council’s strategy is to encourage the improvement of skill levels, educational attainment and bring about the development of allocated employment land for “higher value” order employment opportunities. The link to the Regional Spatial Strategy is essential to ensure the continued allocation of employment land at a level which will support this work.

4. Enterprise

4.1 The Council is anxious to drive up the number of new start businesses and embed a culture of enterprise in businesses and society locally, now that its “traditional” industries are declining. It supports the development of new business start ups through its new business start up grant and through partnership working with Kidderminster College and Business Link’s “New Business Start up” courses. Long term and secure funding needs to be in place to enable courses to operate from “pre start up advice”, through to start up courses and on into developing and expanding new businesses.

4.2 The Council also supports a “spirit of entrepreneurship” through its work with the Oldington and Foley Park Pathfinder initiative which is working with the local schools on a “Young Enterprise” project.

4.3 The area is host to a number of businesses (eg boat design and build, building technologies, ceramics, water purification, carpet machinery and design) that are recognised leaders in their respective fields regarding innovation. It is essential that these and other relevant companies are encouraged and supported, where appropriate, to innovate and commit resources to research and development. If that can be done with the involvement of the region’s Higher Education Institutions, then even better.

4.4 Despite the “Far East” affect, it is considered that the manufacturing sector is and will continue to be an important sector and efforts should be made to continue to support it locally. Whilst “traditional” manufacturing may well be in decline, the sector is the bedrock of wealth creation and support must be given – on a national basis – for it to continue. Having said this, it is important to focus on those employment sectors and types that the UK and specifically the WM Region can realistically sustain and grow i.e. Product assembly, specialist prototype and higher quality products rather than mass production of small parts.

4.5 The manufacturing sector in Wyre Forest District is higher than the national and regional average which manifests itself in a low wage economy with significant pockets of deprivation. The sector’s continuing demise will have an impact on the area unless encouragement is given to replace it with other wealth creating opportunities.

5. Regeneration

5.1 Kidderminster is identified as a ‘Local Regeneration Area’ as defined in Policy UR.2 of the Regional Spatial Strategy. We would welcome the opportunity to address the issues of urban decline facing such areas by having such status recognised in the Programme Documentation and the West Midlands Economic Strategy in support of the Regional Spatial Strategy.

5.2 It is important to note that there are other “smaller” areas in the region – such as Kidderminster that have, perhaps not as prominently, been through their own pain of “industrial restructuring” – e.g. the reduction, over a 20 – 25 year period, of the areas “traditional” carpet manufacturing industry. This District, as well as the Black Country and North Staffordshire, can point out where the “often interrelated problems of urban deprivation including poor skills and low rates of enterprise” have an effect.

5.3 There is a concern that the Programme focus seems to be either on the “Urban” – e.g. the major conurbation areas and the “Rural” e.g. the Marches area. No mention is made of the other areas which do not fall within these categories. In the context of the WMES the town of Kidderminster neither fits the ‘urban’ or ‘rural’ renaissance definitions yet it is in clear need of a significant regeneration push.

5.4 Other brownfield regeneration opportunities within the District include the regeneration of part of Bridge St in Stourport-on-Severn, where the Council has adopted specific additional planning guidance aimed at bringing about a redevelopment that will like the town centre with the historic canal basins. (Planning Policy STC 4). The Council has committed resources to this project and is working closely with Advantage West Midlands with the aim of bringing about a successful scheme. However, regeneration funding through the Programme would enable the project to move forward with greater confidence and surety of success.

5.5 Another major redevelopment opportunity is a site on the edge of Kidderminster's traditional town centre at Worcester Street. Planning Policy "KTC 3" is a District Council owned site where proposals are being considered for a mixed use commercial, leisure and residential development. Whilst a private sector developer has been selected, the backing of regeneration funding obtained through the Programme, would similarly enable this project to move forward with greater confidence and surety of success.

5.6 In addition to the highlighted difficulties in delivering employment led brownfield site redevelopment, the District's towns, and especially Kidderminster and Stourport, suffer from an aging infrastructure that raises capacity issues in some crucial areas. Specifically access to Kidderminster's regeneration foci of the Stourport Road Employment Corridor and the Horsefair are problematic and subject to significant congestion and air quality management issues. The 1960's town centre ring road in the town also raises issues of severance with the railway station and surrounding communities including the most deprived areas of the Horsefair, Broadwater and Greenhill Partnership area. This greatly hinders pedestrian and cycling connectivity and access to the town centre economy. Stourport's traffic and congestion issues are well researched and understood within the sub-region.

6. Conclusion

6.1 Whilst parts of Wyre Forest District have benefited from the Market Towns Initiative and will further benefit from the Rural Regeneration Zone and potentially the Central Technology Belt (High Technology Corridor), there is currently no "strategic" fit for either the District or particularly the town of Kidderminster. The Programme Document presents the opportunity to identify and strategically and financially support, Kidderminster as a "Shire Town", support the implementation of RSS Policy UR.2 which identifies Kidderminster as a 'Local

Regeneration Area' and fund regeneration opportunities along the Stourport Road Employment Corridor, KTC 3 and STC 4 Planning Policy sites.

6.2 The Council would welcome the opportunity to discuss its wider regeneration proposals and specific issues with those responsible for implementing the Programme.

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12th March 2007
