Agenda Item No. 11.2
Appendix 1

The Economic Strategy for Worcestershire

2010 – 2020

In ten years time, technology-led growth will have contributed to the sustainable development of Worcestershire and strengthened its role as an economic driver for the region – acting as a catalyst for all sectors of the economy and areas of the County to benefit and providing well paid and highly skilled jobs and high quality of life for residents

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Foreword

For the Worcestershire economy, the next few years promise to be a challenging time Nevertheless there is a real opportunity to shape a great future for the County and to ensure that we make a major impact at a Regional and National Levels.

The last two years have been tough for many businesses and individuals. The impact of the Global Recession has left deep scars and the decline in some of our traditional industries has been painful. However, despite this there are some reasons for optimism as we take a fresh look at establishing the economic development framework in the context of a sustainable future.

The Economy of Worcestershire is diverse and the geography having some vibrant urban centres, market towns with dispersed settlements, all create their own set of challenges and opportunities. This is a key strength. What has emerged over the last year is the need to retain and reinforce those sectors which are important to residents and businesses. These include our world-class environment, good quality of life and strong partnership working between stakeholders.

The challenges which should be addressed and reformed are the need:

- To mitigate the effects of recession on residents and businesses, and to put in place a strategy to deal with the challenges of emerging from recession over the next few years..
- To provide employment and business start up opportunities which will retain our young people and graduates
- To seek inward investment opportunities that bring companies to the county and associated employment opportunities
- To tackle and fully engage with those local businesses which are strategically important for wealth creation and a prosperous future for the Worcestershire economy.
- To respond to climate change and environmental sustainability agenda, in the process making the most of green collar employment initiatives
- To support people farthest from the labour market and address worklessness in the County
- To keep our longer term focus on the technology led growth to improve the competiveness of declining sectors such as manufacturing.

The Worcestershire Economic Strategy is informed by contributions from a range of partners and is developed by Worcestershire County Council on behalf of the Worcestershire Partnership Economy and Transport Theme Group. This brings together a range of key agencies across the County which hold an interest in the Businesses, Skills, Employment, Worklessness, Inward Investment, Strategic Transport and Economic Regeneration agendas.

This refreshed Economic Development Strategy provides a clear framework in which to operate both now and in the future. It looks ahead to where we need to be in next 10 years' time and sets out what we need to do now to get there.

It sets the framework to ensure that every resident of the County enjoys equal opportunities and has an improved quality of life. It identifies the challenges and opportunities offered by the international, national and regional circumstances and addresses how Worcestershire can become a more powerful economic driver for the West Midlands region.

The economic recession had a significant detrimental impact on delivering the vision and aims of the Worcestershire Economic Strategy and further added to the economic challenges the County faces. The Worcestershire Economy & Transport Theme Group is now working with wider stakeholders to take forward agreed actions to support local people and businesses as the economic recovery gathers pace.

We are pleased that the refreshed Worcestershire Economic Strategy is endorsed by our partners and provides a guide to enable us to work together to ensure we make the best use of resources. The Strategy will play a key role in bringing about sustainable economic development and improving the future prosperity of the County for the benefit of all its residents.

Cllr. Simon Geraghty
Worcestershire County Council Cabinet Member for Planning Economy & Performance

Mike Ashton
Chair of the Worcestershire Partnership
Economy & Transport Theme Group

Introduction

The refreshed Worcestershire Economic Strategy provides a long term vision, focus and the context for the Economic Delivery Plan for Economic Development and Regeneration in the County.

The Strategy makes a significant contribution to the achievement of the priorities contained within the Worcestershire's Sustainable Community Strategy, particularly in relation to the priority of "Economic success that is shared by all" as well as supporting other themes dealing with Health, the Environment and meeting the needs of children and young people..

Worcestershire generally enjoys good quality schooling, high technical skills employment opportunities, a low crime rate, and there is a track record of achieving success through partnership. These offer the potential to increase wealth creation and economic success. However, there are economic challenges facing the County including rising unemployment, comparatively low income levels, significant levels of worklessness, an overdependence on vulnerable sectors in certain sectors (particularly low value-added manufacturing and agriculture) and skills gaps in higher technology.

The recession had and will have a significant impact on the delivering the Economic Strategy and will further add to the economic challenges the county faces. The recession lasted longer than was expected and recovery to date has been extremely modest. The Economic Strategy seeks not only to mitigate the effects lower economic growth but also prepares for the effects of an improving economic recovery in the future.

The purpose of the Economic Strategy is to provide a coordinated response and approach to these economic issues facing the county, particularly focusing on interventions that can begin now to have a positive impact over the next 10 years. The strategy is intended to be an integrated document and whilst the central focus is the economy, inevitably there is a broader frame of reference that incorporates social, environmental and spatial factors. Similarly in policy terms the document is intended to complement a number of important strategies that cover the county.

The production and co-ordination of the strategy is being led by Worcestershire County Council on behalf of the Worcestershire Partnership Economy and Transport Theme Group. The creation and delivery of the actions also follows an active partnership approach as no one organisation or agency can succeed alone in achieving the vision and ambitions set out in this strategy.

An Economic Strategy for Worcestershire

2010 – 2018

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Summary

1.1 Location

Worcestershire is located in the heart of England and has a beautiful natural landscape; this is a real asset in attracting visitors, businesses and workers into the County. The built environment is often historic and appealing. In many cases, the towns have even greater potential for environmental distinctiveness. The rural landscape consists of combination of fields, orchards, woodlands, meadows, ancient forests and rivers. This is interspersed with thriving towns and villages possessing a variety of characteristics. Both the rural and urban environment contributes to a high quality of life in Worcestershire.

1.2 Vision

The Worcestershire's Economic Vision

The Economy & Transport Theme group adopted a very aspirational vision for the Worcestershire's economy:

> *"In ten years time, technology-led growth will have contributed to the sustainable development of Worcestershire and strengthened its role as an economic driver for the region – acting as a catalyst for all sectors of the economy and areas of the County to benefit and providing well paid and highly skilled jobs and high quality of life for residents"*

1.3 Context

a. The Purpose of the Strategy

The purpose of the Economic Strategy for Worcestershire is to provide a shared vision, framework for developing and transforming the economy of the County over the next ten years. Specifically, the Strategy aims to:

1. provide a link between National Policies and Strategies, the Regional Economic Strategy and sub regional delivery of economic development activity, ensuring that Worcestershire takes advantage of and adds value to the regional economy
2. ensure the delivery of the economic element of Worcestershire's Sustainable Community Strategy
3. provide a context and framework for complementary local strategies
4. provide a strategic context to the Economic Delivery Plan and Local Area Agreement (LAA)

1.4 How the Strategy will operate

1. Scope

The Strategy is built upon Worcestershire's distinctive strengths and offers an aspirational and ambitious vision of the economy of Worcestershire enabling the delivery of the Regional Economic Strategy in Worcestershire through a range of local strategies, an Economic Delivery Plan and LAA. It enables Worcestershire's distinctive strengths (developed through those local strategies) to add value to the Regional Economic Strategy.

2. Delivery and Performance Monitoring

An Economic Delivery Plan has been developed to address the 'action gap' between strategy and delivery identified through process mapping. It enables delegation of delivery to the sub region; and secures partner investment in activities to deliver against Strategy objectives The Economic Delivery Plan has the following features:

- Three year rolling timescale (revised and rolled forward annually)
- Identifying a limited number of priority activities and projects to deliver sub regional objectives
- Identifying and developing Local Area Agreement outcomes
- Providing a basis for monitoring, review and evaluation

These form the basis of an Action Plan setting out specific activities to deliver the actions. This is regularly monitored and, reviewed and updated on a three yearly basis by the Worcestershire Economic and Transport Theme Group of Worcestershire Partnership.

1.5 Objectives and Spatial Focus

The Regional Economic Strategy sets out three main strategic components of the economy (business, place and people) with a fourth underpinning component (powerful voice):

Business	Place	People
✓ Seizing market opportunities ✓ Improving competitiveness ✓ Harnessing knowledge	✓ Increasing Birmingham's Competitiveness ✓ Improving infrastructure ✓ Sustainable communities	✓ Sustainable living ✓ Raising ambitions and aspirations ✓ Achieving full potential & opportunities for all
Powerful Voice		
✓ Improving the evidence base for policy	✓ Engaging UK and International decision makers	✓ Position the West Midlands as a global centre where people and businesses

A Spatial focus is ingrained in the regional strategy with the following priorities identified:

Primary:

i. Areas of market failure and disadvantage (Regeneration Zones including the Rural Regeneration Zone)
ii. Concentrations of knowledge assets (including the Central Technology Belt)
iii. Birmingham

Secondary (more limited investment)

1. Growth Points and strategic centres (including Worcester)
2. Towns undergoing economic restructuring (including Kidderminster and Redditch)
3. Market towns as a focus for rural regeneration

To align with the Regional Economic Strategy Objectives, the following three Strategic Objectives for Worcestershire have been identified. The delivery mechanisms of these are linked and interdependent:

Business – *to support the development of a dynamic and diverse business base through engagement with existing businesses and encouraging growth of new businesses*. (This replaces the former objective of promoting technology-led growth benefiting all sectors and parts of the County)

Place – *supporting the sustainable development of the County through infrastructure development (especially transport) and establishing Worcester as an accessible West Midlands Growth Point* (This objective remains unchanged)

People – *To enhance employability levels removing barriers to employment and improving skills* (This replaces the former objective of removing barriers to employment and improving skills)

The Fourth underpinning objective also remains unchanged but gains more significance in view of recession and modest recovery:

Powerful voice - *ensuring that Worcestershire's economic interests are effectively represented at all levels*

<u>Spatial Focus</u>

In order to align with the revised Regional Economic Strategy and the aim of bringing together spatial and economic strategy at the sub regional level, the refreshed County Economic Strategy has a stronger and explicit spatial dimension. This includes:

- Areas of market failure and disadvantage – Rural Regeneration Zone
- Concentrations of knowledge assets – Central Technology Belt

- Strategic Growth Point (Impact Investment Location) – Worcester City
- Towns undergoing economic restructuring – Kidderminster, Redditch
- Larger towns providing a focus for economic activity – Bromsgrove, Droitwich, Malvern
- Market towns as a focus for rural regeneration – Pershore, Evesham, Bewdley, Stourport, Tenbury Wells

The objectives and spatial focus can be shown as:

Spatial Focus

Business	**Place**	**People**
to support the development of a dynamic and diverse business base through engagement with existing businesses and encouraging growth of new businesses	*Supporting the sustainable development of the County through infrastructure development (especially transport), and establishing Worcester as an accessible sub regional focus*	*To enhance employability levels removing barriers to employment and improving skills employment and improving skills*

Powerful voice

Ensuring that Worcestershire's economic interests are effectively represented at all levels

Part Two - Drivers of Change

2.1 Economic Drivers, Opportunities and Challenges

To develop an effective economic strategy to take the County's economy forward over the next 10 years, we must understand the key drivers of future change, distil information from the previous analyses of the County's economic strengths and weaknesses and identify the key opportunities and challenges in the decade ahead in view of Global, National, Regional and Local changes.

The assessment of the national, regional, local and global economic context identifies the following key economic drivers that will affect Worcestershire Economy over the strategy period:

a. **Globalisation** The pace of global change in the past decade has been rapid. New economic superpowers have strengthened their position, often at the expense of the larger western economies. As the balance of global economic power has shifted, the nature of global politics and culture has also changed. There has been an overall homogenisation of culture across the world with elements of western and eastern cultures combining to create a generation of global citizens who in many cases seem to have more in common than ever before. In response to this merging of culture, extreme points of view have also developed and might threaten to bring about destabilisation. Whilst the middle ground of the cultural spectrum has never been so densely populated, the two ends of the spectrum are arguably further apart.

   As the scope of globalisation has increased, Worcestershire like any other area is facing competitor threats to its prosperity. On the other hand, it is also being presented with a much broader base of opportunities to advance its economy and define its role within the global market place.

   Businesses should aim to take advantage of export markets in developing countries, including the newer EU member states, but recognise the increased competition from developing economies, increasingly in higher added value activities;

b. **Place Shaping** – Local Authorities are strategic leaders in place shaping, responding to residents and businesses ambitions and aspirations and working with partners to deliver relevant services. Place shaping is highly important for those involved in building new communities. A principle underpinning place shaping is the idea that every place should have an identity and a function and in particular an economic purpose. In support of this, the Local Democracy, Economic Development and Construction Act 2009 require local authorities to undertake an economic assessment of their area. The Government considers there are three core policy functions which are intrinsically inter related in terms of local outcomes:

- Economic Development and Regeneration
- Spatial Planning and
- Transport Planning

These functions share Sustainability as an underpinning/cross cutting function. Local Authorities have a key role to play, within the changing statutory responsibilities.

c. Future Business Sectors

The Government in its 2009 paper *Partnerships for Growth: A National Framework for Regional and Local Economic Development* identified some specific sectors or categories of business where a targeted approach is considered worthwhile. These will be the sectors where there are potential opportunities for economic and employment growth and where Government believes that its actions can have a real impact. Worcestershire has a significant number of these businesses identified within growth sectors for the future. These are:

- **Digital Economy** –Priorities fall into communications infrastructure, digital participation and digital content
- **Creative Industries** – These are based on individual creativity, skill and talent, and those with the potential to create wealth and jobs through developing intellectual property. There are 13 creative sectors including software and computer services, publishing, radio, television and advertising.
- **Low Carbon Industrial and business opportunities** – the potential for innovation, job creation and growth in the transition to a low carbon, climate-resilient economy depends on both massive dynamism in the private sector and a strategic role for Government.
- **Advanced Manufacturing** – these are businesses which use a high level of design or scientific skills to produce technologically complex, high value products and processes.
- **Life Sciences** –Priorities for life sciences are pharmaceutical, medical biotechnology and medical technology companies. The Government aims to make the UK the country of choice for life sciences companies to do business and Worcestershire must highlight its advantages to businesses wishing to locate here and operate in this sector..

2.2 **Current Economic Circumstances**

a. The Recession and Global Economy

The global economy in 2008 was subjected to traumas of an intensity not seen since the Great Depression of 1929. The credit crunch, a consequence of sub-prime lending and a sharp economic down turn had in an increasingly integrated world economy, severely tested the international financial and banking infrastructure. In turn, the shortage of easy to access credit facilities for businesses still has a major impact on confidence, economic growth and overall demand for goods and services. It was apparent before the end of 2008 that the UK economy, and that of most of the developed world, had gone into recession.

The causes of the credit crunch have been analysed extensively. What banks had considered prime investment assets in their balance sheets often turned into toxic debt. There are longer-term consequences over the inability, or unwillingness, of banks to lend to their traditional business and domestic customers. The economic fall-out arising from what began as a financial crisis has not only had an adverse impact on the global economy and international growth but will affect the world's economy for years to come.

The speed and intensity of the financial crisis caught most of us by surprise, and led to a rapidly deteriorating financial and economic situation. Across the world governments took concerted action to inject new equity into their major banks, and pump liquidity into the financial system, and slash interest rates.

The lack of liquidity has placed major constraints on the ability of lenders to fund business expansion, as well as provide mortgages to support housing growth.

The UK experienced negative economic growth from the third quarter of 2008, when GDP fell by 0.6%. A visible sign of the recession has been a steep rise in unemployment. The sectors particularly affected were financial services (covering all aspects), all aspects of the construction sector (both commercial and residential) and retail and distribution. Youth unemployment was badly affected.

The UK is now just out of recession and there signs of renewed optimism in some sectors, such as the housing market with the numbers of loans and house sales starting to increase, albeit from very low levels. The fall in the value of sterling has also helped UK exports.

b. **The Year Ahead – UK**

Forecasting the UK economy in 2010 in the midst of such economic uncertainty and financial upheaval is a challenge. The outlook is for a sluggish recovery. Though recovery is welcome, it still leaves the problem of spare capacity, high unemployment and record levels of peacetime government borrowing. It will take a long period of economic growth to restore unemployment levels to the levels of early 2008..

Savings will be needed across the public sector, and impact of this upon an economic recovery is uncertain. A further rise in unemployment is likely and economic conditions will be challenging in the coming years.

c. **Consequences and Impact**

The local consequences and implications of the global recession are as follows:

- **Business Growth** – An effectively functioning banking system has traditionally played a key role in supporting business growth, through financing investment and expansion. The issues around the capacity of lenders to fulfil that role, highlighted during the recession, has resulted in not only in lost opportunities but shrinkage in the business base – including a loss of some viable small businesses. Replacing these will be the work of a few years. The inability of lenders to fulfil their traditional roles has however, created an opportunity for businesses to explore alternative sources of finance
- **Housing Growth** – With the housing market currently close to a standstill, the number of new housing starts has fallen dramatically. A failure to meet future housing need/demand, including affordable housing will have an impact on the county's economy..
- **Regeneration** – Nationally many broad-based regeneration projects, often involving local authority/private sector partnerships, have either been postponed indefinitely or are subject to significant delay. The consequences will be felt in terms of the strategic regeneration of towns in Worcestershire, notably in Kidderminster and Redditch, together with the businesses and employment growth such projects would have generated.
- **Economic Growth/power** –There is a good case for suggesting the Global Slowdown will accelerate the shift of economic power to Asia and the Far East. Worcestershire companies need however to see this as an exporting opportunity.

d. ***Looking Further Ahead***

There are some grounds cautious optimism in the next couple of years.

- The US, UK and European economies have all returned to positive growth. Whilst this is welcome the need to repay government borrowing at some point will raise questions about the sustainability of the current recovery.
- The recovery in the UK and Worcestershire will probably be relatively muted, and the county should seek to attract employers as well as encourage local company growth in the next few years. In this period it is in the county's interest to attract new jobs, even where these offer only low paid employment opportunities. A key uncertainty relates to how labour markets will perform during the recovery phase.
- The ability of the lending sector to finance the economic recovery remains a key risk to the growth outlook. As the process of absorbing

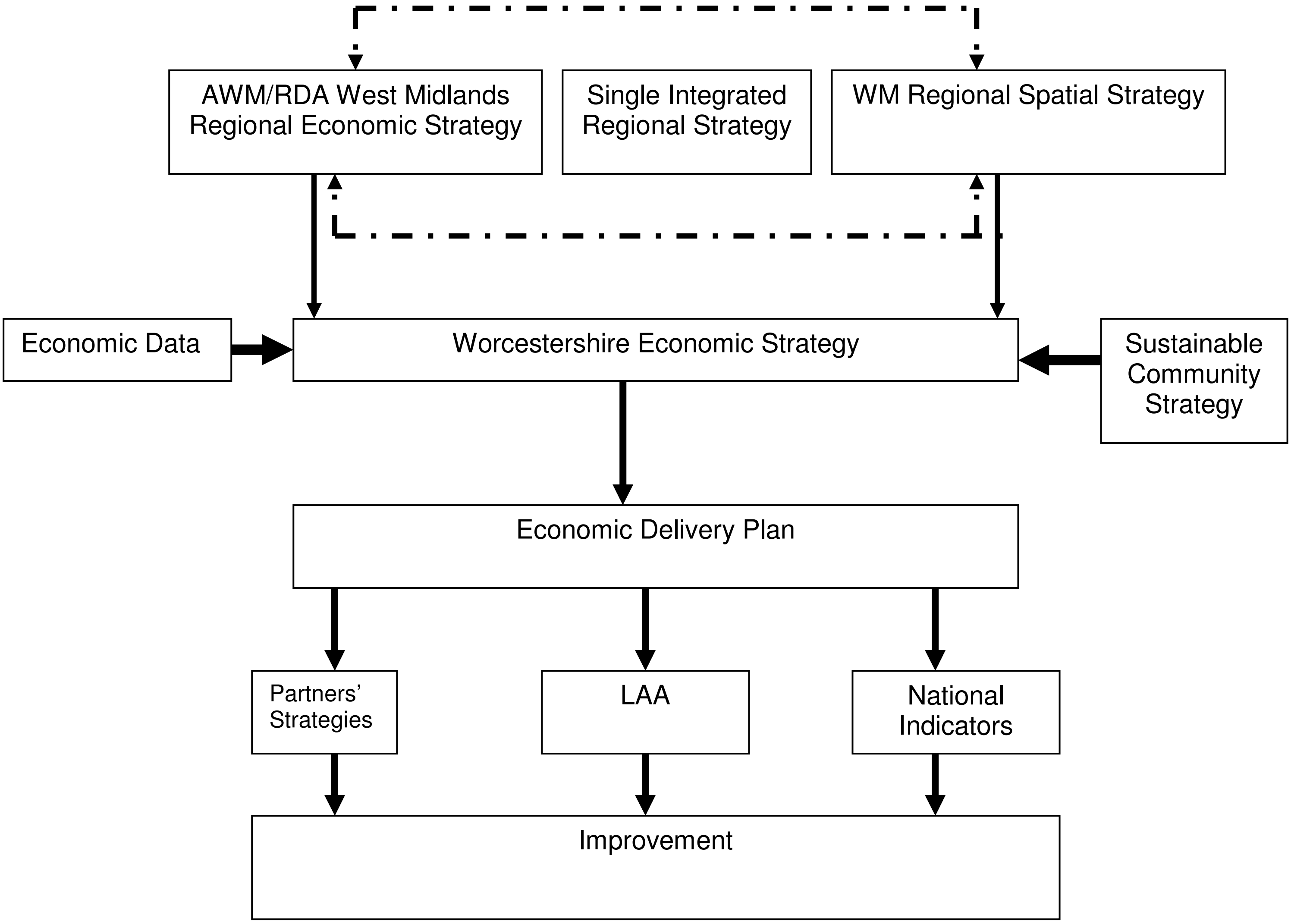
credit losses and rebuilding capital is likely to be protracted, the normalisation of lending standards is likely to take longer..

- The extent to which domestic demand recovers will also depend on the reaction of households. If the majority of our residents choose to rebuild net wealth by increasing their personal savings economic recovery will take longer
- Risks around cutting sector public finances are real and will have an impact on economic growth. In Worcestershire it will be important to maintain a large public sector capital programme as a means of helping the recovery.

Part Three - Strategic Context

3.0 National, Regional and Local Policies and Strategies for Economic Development and Regeneration

The Economic Strategy takes into account a wide range of national, regional and local policies and strategies which set out the priorities for economic development and regeneration. Diagram 1 gives an overview of this strategic context:



3.1 Local Democracy, Economic Development and Construction Act 2009

The Government's Review of Sub-National Economic Development and Regeneration (SNR) published in 2007 set out a series of reforms primarily to enable regions and local areas to respond better to economic challenges. It stressed the need for local authorities to play a stronger role in economic development and regeneration. In order to enhance the focus on local economic development, the SNR proposed that a new duty be placed on all upper tier authorities and unitary authorities to assess economic conditions of their respective areas from April 2010. The Government believes that local authorities should have a central role in leading economic development and regeneration. They have an important role in "place shaping" thereby generating the potential for business growth and improving the attractiveness of an area to new and existing employers. Consequently, the Government passed the Local Democracy, Economic Development and Construction Act 2009 The main purpose of the Act is to promote local democracy and economic development, devolving greater power to local government and communities, and to ensure fairness in construction contracts. The Act seeks to create greater opportunities for community and individual involvement in local decision-making. It also provides for greater involvement of Local Authorities in local and regional economic development. Key areas of the Act are:

- Provisions to secure greater involvement of people in the workings and decision-making processes of local public authorities
- Provisions to ensure that councils respond to petitions and can consider other matters raised by citizens in their area.
- A new duty for local authorities to assess economic conditions; a joint duty on Regional Development Agencies and Local Authorities to produce a single regional strategy; and powers for councils to co-operate in promoting economic development.

In undertaking their economic assessments Local Authorities will need to take account of the broad range of factors that impact, both positively and negatively, on the economic well-being of individuals and communities. These factors will vary in importance, but could include the impact of geographic change, sparsity, and peripherality, environmental opportunities and pressures, housing and infrastructure and the role of transport and skills.

3.2 **14-19 and post 19 Education and Skills Reform**

In June 2007, the Government announced that 14-19 funding would be de-centralised and be delivered via Local Authorities from 2010/2011. This transferred responsibility in 2010 for funding the education and training of young people from the Learning Skills Council to Local Authorities, who are supported by a Young People's Learning Agency. At the same time it transferred the LSC's responsibilities for adult education and training to the Skills Funding Agency. The increase in the participation age of young people to 18 will take effect from 2015. This requires us to take the lead and ensure that all young people have access to high quality learning opportunities, including apprenticeships.

3.2 West Midlands' Strategies

The West Midlands Leaders Board and Advantage West Midlands now have joint responsibility for a new strategy for the West Midlands which will replace the existing Regional Economic and Regional Spatial Strategies. Outlined below are the key strategies as they currently stand.

a. Regional Economic Strategy

The Regional Economic Strategy "Connecting to Success" published in November 2007 sets an ambitious vision for the region:

"To be global centre where people and business choose to connect"

To achieve the vision the Regional Economic Strategy identifies three main strategic components of the economy - (Business, Place and People)

- **Business** refers to the contribution that 'businesses' (a term used its widest sense and including social enterprises and not-for-profit organisations) make to the productivity and growth of the regional economy, and to the demand for employment of the region's workforce.
- **Place** focuses on the role of place in both attracting and enabling economic growth (i.e. high-quality locations and environments which encourage businesses and highly skilled workforce); but also in dissuading or constraining economic activity (poor-quality environments can limit investment, reduce aspirations and lead to negative stereotyping)
- **People** refers to the contribution of the region's population and their skills to sustainable growth and increased productivity of the West Midlands economy; and to ensuring that everyone has the opportunity to develop their full potential.

The above three objectives are underpinned by a fourth component:

- **Powerful Voice** The West Midlands' prosperity and growth requires articulate and convincing advocacy of its needs, challenges and priorities. With a strong voice and a compelling evidence base, the region can attract increased investment, stimulate greater levels of ambition and animate support for its economic vision.

The objectives of the strategy under each of the four main themes: Business, Place People and Powerful Voice are summarised in the following table:

Business	Place	People
✓ Seizing market opportunities ✓ Improving competitiveness ✓ Harnessing knowledge	✓ Increasing Birmingham's Competitiveness ✓ Improving infrastructure ✓ Sustainable communities	✓ Sustainable living ✓ Raising ambitions and aspirations ✓ Achieving full potential & opportunities for all
Powerful Voice		
✓ Improving the evidence base for policy	✓ Engaging UK and International decision makers	✓ Position the West Midlands as a global centre where people and businesses

The Strategy also attaches greater focus on and identifies the following spatial priorities:

Primary:

- Areas of market failure and disadvantage (Regeneration Zones including the Rural Regeneration Zone)
- Concentrations of knowledge assets (including the Central Technology Belt)
- Birmingham

Secondary (more limited investment)

- Growth Points and strategic centres (including Worcester)
- Towns undergoing economic restructuring (including Kidderminster and Redditch)
- Market towns as a focus for rural regeneration

b. **Regional Spatial Strategy (RSS)**

- The total number of new dwellings proposed for the County in the RSS Phase 2 Preferred Option for the period 2006-2026 is 40500 dwellings. This total is intended to meet local need for housing for Worcestershire residents and some of the housing demand of migrants to the County.
- Securing the necessary infrastructure needed to ensure that growth is sustainable will be challenging, particularly that associated with the growth of Worcester and Redditch which are expected to grow by 11000 and 7000 dwellings respectively over the plan period. A Joint Core Strategy will be prepared by the authorities of Worcester, Wychavon and Malvern Hills to ensure development takes place in the most sustainable locations.
- All 6 district councils are required to set an overall minimum target for affordable housing in their areas.
- The RSS should support rural renaissance with a key role for market towns and larger villages and development on an appropriate scale to address rural affordable housing needs. However, the implications for rural renaissance in the county are not covered. These will be considered through the new Regional Integrated Strategy process rather than through a Phase 3 Revision of the WMRSS.
- The Panel recommend a housing trajectory of indicative annual average rates for 5 year periods to 2026. To achieve the total provision for the County (40500 dwellings) will require a rapid rise from current levels (2009-10) of housing increase. These are not fixed targets and any opportunity for more rapid delivery at the local level should be taken up.

Employment and Economic Development Implications for the County

- District Councils will need to identify rolling 5 year "reservoirs" of land for employment use. Furthermore, they will also be required to identify an indicative requirement for a 10 year period so that land or premises will always be available to top up the reservoir. At Redditch and Worcester the Panel Report also specifies employment land amounts in adjoining districts to help meet the total employment land provision for these towns, as peripheral expansion are needed beyond their administrative boundaries.

- Good quality employment land and premises are essential for economic growth, and should be identified and protected from competing uses.
- A sub-regional employment site of 30 hectares will be provided to the east of the M5 in the vicinity of Junction 6 to facilitate the creation of a Technology Park, involving the relocation and expansion of Worcester Bosch. This is the highest priority for employment land in Worcestershire.
- Worcester, Redditch and Kidderminster are categorised as "Other strategic sub-regional centres", the third tier within a regional 3 tier system of town and city centres.

c. **Regional Housing Strategy (RHS)**

The RHS is a broad strategy to 2021 which is supplemented by the Government Office for the West Midlands issuing two year investment strategies, known as the Regional Allocation Strategy (RAS). This sets out requirements by Housing Market Area (HMA). The Homes and Communities Agency (HCA) contributes to the delivery of affordable housing by HMA through the National Affordable Housing Programme which is funded by central government. The core aims of the RHS are:

- to seek to create mixed, balanced and inclusive communities;
- to assist in the delivery of West Midlands Regional Spatial Strategy (WMRSS) policies; and
- to achieve social and other affordable housing.

The RHS identifies 4 sub regional housing markets in the West Midlands. Worcestershire and Stratford and Warwick Districts in Warwickshire comprise the South Housing Market Area (HMA). The provision of affordable housing in the region is a priority for the RHS. In this context, emerging RSS policy sets an indicative minimum net annual affordable housing target of 1200 dwellings for the period 2006-2026 for the South HMA which also includes Worcestershire.

3.3 **Local Policies and Strategies – Worcestershire**

a. **<u>Sustainable Community Strategy (Sustainable Community Strategy)</u>**

The SCS is a statutory document that sets the overall strategic direction and long-term vision for the economic, social and environmental well-being of a local area, typically over 10-20 years and focuses on activities needed in the short term to make it happen. The vision for Worcestershire is based on what Worcestershire's residents consider important to them in making our county a great place to visit, work or live in:

A County with safe, cohesive, healthy and inclusive communities, a strong and diverse economy and a valued and cherished environment

The Worcestershire SCS was refreshed in 2008 following extensive consultation with a wide range of partners. The refreshed SCS formed the foundation of Worcestershire's 'Story of Place': its evidence base from which the second Worcestershire Local Area Agreement (LAA) was developed.

The SCS is structured around six themes, which were developed as part of the first LAA:

- Communities that are safe and feel safe
- A better environment for today and tomorrow
- Economic success that is shared by all
- Improving health and well being
- Meeting the needs of children and young people
- Stronger Communities (including housing, culture, poverty and volunteering)

One of the six main themes identified in the SCS is **Economic success that is shared by all**. The SCS priority outcomes in this theme as they currently stand are:

1. **Business – to promote technology-led growth benefiting all sectors and parts of the county**

   A key area of work is diversifying the county's economic base and developing a knowledge driven economy. Worcestershire has a higher proportion of workers in low technology industries and a lower proportion of workers in knowledge based services compared with both the regional and national average. Our objective is to create jobs and encourage employment in high technology industries to provide a sustainable base for the county's economy in the long-term.

   As stated earlier it is now proposed to change this objective to

   Business – *to support the development of a dynamic and diverse business base through engagement with existing businesses and encouraging growth of new businesses*.

   This will have to be reflected in the new Sustainable Community Strategy when it is next revised.

2. **Place – to support the sustainable development of the county through infrastructure development (in particular transport infrastructure), and establish Worcester as a growth point**

   The Regional Spatial Strategy determines the level of housing for the county until 2026, and the focus for development on Worcester City. Location of employment opportunities near to housing development, tackling congestion and promoting sustainable integrated transport are all key to ensuring that the building blocks are in place to enable sustainable development that protects quality of life. Ensuring residents can access key services including education, training and employment is a major part of a transport strategy to support the county's economic aspirations. This strategy deals with transport - in particular, the choice and accessibility of more sustainable modes of transport.

3. People – to remove barriers to employment and improve skills

Worcestershire's unemployment rate is below the national and regional average. However, in order for residents to benefit from business diversification and to attract high technology industries, there needs to be concerted action to improve educational and skills attainment across all age ranges. Worcestershire has an above average number of 19 year olds who are not in employment, education or training in comparison to our national statistical benchmarking group. We aim to increase levels of participation for this age group. We also have a higher than the regional and national average working age population at NVQ1 level.

As stated earlier it is now proposed to change this objective to

People – To enhance employability levels removing barriers to employment and improving skills

4. Powerful Voice – to ensure that Worcestershire's economic interests are effectively represented at all levels

People need support to rebuild confidence after a period out of the workforce and we need to collaborate with employers to tackle barriers to employment. The Voluntary and Community Sector have a key role to play here and must be involved at all stages. Tackling worklessness will be a key priority in the coming years.

b. <u>Local Area Agreement</u>

Local Area Agreements (LAAs) set out the priorities for a local area agreed between central government and a local area (the local authority and Local Strategic Partnership) and other key partners at the local level.

In July 2008, Worcestershire's second LAA was approved. The 2008-2011 LAA was developed by the council and its partners through the Worcestershire Partnership and expires at the end of March 2011. Should future LAAs be negotiated it will be important for them to be an integral part of the annual Economic Delivery Plan.

c. <u>Worcestershire's Local Transport Plan 2006 / 11</u>

The Worcestershire's Local Transport Plan for 2006-11 (LTP2) sets out County's transport strategy within the timeframe, as well as identifying major longer-term transportation pressures upon the County. It also sets transportation needs within the County in the context of regional and national transport policies, and of other public services within the County such as education, social services, health, economic development and cultural activities.

The overall vision of the LTP2 strategy is:

"To deliver a transport system within Worcestershire that is safe to use, and which allows people to easily access the facilities that they need for their day-to-day life in a sustainable and healthy way."

The LTP2 strategy has following core objectives:

- Ensuring that people have access to key services at reasonable cost, in reasonable time, and with reasonable ease, and in a way that promotes better health for all.
- To have a world-class passenger transport network that meets the needs of the people of Worcestershire in all their journeys, including work, education, health, and leisure.
- Worcestershire will be a County with safe, cohesive, healthy and inclusive communities, a strong and diverse economy and a valued and cherished environment.
- Procurement of a transportation system that will support the development of Worcester into a first class University City with a vibrant visitor economy.
- Refinement of the transport strategy that will be necessary to allow Worcestershire to meet its longer-term contribution to the well-being of the West Midlands Region.
- Achieving the most efficient use of resources to deliver the LTP2 strategy, including maximisation of funding from external sources, getting excellent levels of service from existing assets through the use of efficient management systems, and obtaining value for money when procuring transport schemes through robust business systems.

d. **Worcester Transport Strategy**

The proposed Worcester Transport Strategy has been developed which aims to deal with existing and future transport challenges that contribute to the long term future of the City of Worcester. Although the strategy addresses the issues faced by the Worcester transport network and its hinterland, it is important to recognise that improvements will an effect on business decisions and hence the local and regional economy. A healthy economy needs a sound and sustainable transport strategy. The following are some of the planned initiatives which will have implications for the local economy and housing developments in the city:

- Strategic Highway Improvements including the construction of the North West Link Road.
- Local Highway Improvements including junction enhancements especially at Junction 6 on the M5 motorway
- The Construction of a new Railway Station at Worcestershire Parkway.

Part Four – Worcestershire's Economic Context

4. Economic Context

Detailed SWOT Analyses of the Worcestershire Economy have been carried out and are shown at Appendix 1. However some of the key economic strengths and barriers to economic development have been highlighted below:

4.1 Worcestershire's Distinctive Strengths

a. The natural and built environment.

Worcestershire is located in the heart of England and has a beautiful natural landscape; this is a real asset in attracting visitors, businesses and workers into the County. The built environment is often historic and appealing. In many cases, the towns have even greater potential for environmental distinctiveness. The rural landscape consists of combination of fields, orchards, woodlands, meadows, ancient forests and rivers. This is interspersed with thriving towns and villages possessing a variety of characteristics. Both the rural and urban environment contributes to a high quality of life in Worcestershire.

b. Urban/rural opportunities.

A major asset of the County is its complementary mix of the urban and rural. As well as making possible the provision of interdependent services, this mix gives benefits to both local businesses as well as their workforce. It contributes in part to the creation of our mixed economy, which is not dependent on a very few large employers in specific sectors.

c. Innovation and knowledge transfer

Worcestershire has a track record of innovation and knowledge transfer. QinetiQ at Malvern continues to be responsible for many of the technological advances that have even driven the world economy. Through the development of Malvern Hills Science Park, Bromsgrove Technology Park and the wider Central Technology Belt, we must ensure that these developments are 'spun out' to enable full economic benefit to the county and the region.

d. Strategic Companies

Worcestershire has significant number of companies which have been identified as the "key strategic companies" in the County. About 80 local businesses employ just under half of the private sector workforce in Worcestershire, excluding national chain employers.. These companies also have an important role in the county supply chain. The precise make up of the list is dynamic as it does change. We will give priority to further embedding these companies into the County. Some of these companies fall under the growth sectors identified by the Government as key drivers of the UK economy.

e. The local business base.

Worcestershire has a history of entrepreneurship with both world-renowned businesses as well as smaller indigenous enterprises. An historical strength of the county has been its traditional industries. These need to be supported whilst they move towards a greater emphasis on innovation and technology, in order to increase their added value within the local economy. Successful diversification will reduce some of the vulnerability of the county, for example, a growing proportion of employment is being encouraged in the service sectors. High technology industries will be attracted into the County through the Central Technology Belt.

f. Robust communities.

It is recognised that there are inequalities across the County and that there is a need to strengthen both urban and rural communities to cope with economic change. However, regeneration programmes have made a good start in developing the infrastructure and capacity within these communities to transform themselves. We will build upon this strength and roll out examples of good practice so that they can be implemented across the County.

g. Partnership Working

Worcestershire has a track record of effective partnership working – particularly in the delivery of economic development and regeneration. The creation of the Planning, Economy and Performance Directorate as a result of restructuring of Worcestershire County Council about two years ago has given a significantly higher profile to Economic Development in the county. This is supported by the Worcestershire Partnership structure, which sets out the strategic context and adds value to this activity. Responsibility for the stewardship of the Worcestershire Economic Strategy lies with the Economy and Transport Theme Group. Responsibility for monitoring the delivery of the Strategy is managed by the Theme Group, with much of the delivery coming through local partnerships.

h. Worcester City

Worcester City is our vibrant regional centre well placed at the heart of England. With its enviable position, attractive rural setting, vibrant local economy and host of business opportunities Worcester is considered to be a good place for companies to invest and grow. There are developments on the horizon for Worcester but to maximise its potential, additional resources will be needed. Worcester has been designated as a sub-regional Growth Point (and Impact Investment Location) in the West Midlands Spatial Strategy. Worcester will need to accommodate thousands of additional dwellings between 2006 and 2026. The expansion of the University of Worcester on to a second campus greatly enhances the local skills offer and will attract more young people to the city. The University of Worcester and Worcester College of Technology will also act as a catalyst to attract high and new technology businesses. Worcester City has a higher than average percentage of highly qualified people which should enable the city to help fulfil the labour requirements of High Tech Businesses besides fulfilling the needs of businesses in the Central Technology Belt generally*.*

h. Worcester Library

The library project will see the first "super library" in England. The aim is to create a learning and technical resource centre that can be accessed by the public, students, graduates and businesses – all under one roof. This will complement the second campus of the University of Worcester which is also under construction, on the site of the old Worcester Royal Infirmary in Castle Street. This is an example of local stakeholders pooling resources and demonstrating real added value to all local communities, highlighting what can be achieved with additional resources. The library will be able to serve the local population whilst providing a very modern facility to fulfil the research needs of local businesses.

j. Housing Growth in Worcestershire

Worcestershire's housing market is characterised by high prices, high demand and acute affordability problems Worcester City will act as a sub-regional focus for growth in the county. It is also a development node in the Central Technology Belt and one of the county's Strategic Centres. The city is also developing a range of other services to meet the needs of the wider sub region

To fulfil its role as focus for balanced development, the growth of Worcester City will need to extend beyond its administrative boundaries and this will need to be strategically managed. To achieve this the local planning authorities of Worcester City, Malvern Hills and Wychavon have agreed to cooperate in the development of a Joint Core Strategy for South Worcestershire to ensure that development takes place at optimum locations and that necessary transport and other supporting infrastructure is provided. It is important that the Economic Development Strategy makes effective links.

In the case of Redditch thousands of dwellings are to be provided in the period 2006 - 2026 to meet the local needs of the town. Many dwellings will be within the Borough but others will need to be built adjacent to the Redditch boundary.

Elsewhere in the county development will be at a scale to meet local housing needs and sustain the rural economy, for example at the towns of Bromsgrove and Kidderminster. In the rural areas there is a key role for market towns and larger villages and development on an appropriate scale to address rural affordable housing needs.

Whatever the final housing figures are for the County, delivering them will require major investment in associated infrastructure. This includes employment land, and will particularly be the case in Worcester and Redditch. Regionally significant infrastructure requirements include improvements to the

Worcester A4440 Southern Link Road and platform lengthening and station enhancements at Bromsgrove Station.

The provision of enough housing, including affordable housing is essential to successful economic development. The level of housing growth will have implications for the Economic Strategy in terms of seeking to ensure that job growth and training align with the anticipated increase in people seeking jobs so as to achieve balanced and sustainable growth.

4.2. Barriers to Economic Development

4.2.1 The Impact of recession on Worcestershire

The impact of national and international recession continues to have a significant impact on Worcestershire's Economy. Decisions taken thousands of miles away can and do affect the local economy either directly or indirectly. This must also be viewed in the context of the West Midlands' economy. The region had an estimated output gap of £10billion prior to recession which has further widened to £15billion since the start of economic downturn in 2008 (source: West Midlands Regional Observatory). Key elements making up the gap are caused by the low economic output per head of population, because of our low skills base and poor rates of new business creation.

The diversity of the local economy, its lack of a single dominant employment sector, and the significant proportion of people working in public sector has provided a degree of resilience in the face of external shocks. However, these caveats must be relative, (particularly given the number of residents employed outside the County. People employed in banking, finance and construction have faced redundancy in fairly large numbers. Those employed in manufacturing and retail sectors have subsequently suffered as consumer confidence fell and productivity slowed. The knock-on or multiplier effect of down-turn in these industries affected the whole spectrum of sectors that make up the local economy.

a. Jobs - The local job market proved resilient through the first half of 2008. However, unemployment began to grow from July 2008, with a particularly marked increase between November 2008 and February 2009. The rate in Worcestershire increased faster than for England, possibly because of the employment structure of Worcestershire where a greater proportion of the workforce is involved in manufacturing than is the case across England as a whole. The number of claimants in Worcestershire has stabilised at around 13,000, and the rate at around 4%, with signs since August that unemployment is possibly starting to fall. It is worth noting, however, that at the height of the last recession in the early 1990s, the claimant count peaked at just over 23,000.

b. Youth Unemployment – Unemployment during the current recession is disproportionately affecting people in younger age groups. In comparison to the West Midlands and England, we also have a greater proportion of claimants aged over 50, particularly 55-59. Youth unemployment is of particular concern as a delay in entering the labour market impacts upon the lifetime earning potential of young people, and increases the likelihood of a proportion of the population becoming disengaged from work in the longer term. The 18-24 claimant rate for Worcestershire is above the England average.

c. **Regeneration -** Worcestershire was not as adversely affected by the recession in comparison to some of the other areas in the West Midlands region. However, some of the regeneration projects providing new businesses and jobs planned for the county were reviewed by AWM and not subsequently funded as a result of the down turn. These included projects such as Diversity and Rural Enterprise, Tenbury Bio Park and Tenbury Flood Defences.

d. **Business Growth -** The number of new businesses being created in the county fell in 2008 in comparison to 2007. The rate of fall in business births is considerably larger than that seen across England as a whole, and is particularly pronounced in Wychavon. This reflects a number of factors, including difficulties in obtaining credit for fledgling businesses, and possibly a reluctance to risk starting a new business during a recession. At present rates of entrepreneurship are lower in Worcestershire than in England. However, despite the fall in the number of new businesses being established, the number of business closures was less in comparison to England and the West Midlands. Business survival rates have deteriorated in comparison to the Region and England. Wychavon currently has the lowest business survival rate in the county, and this has been the case since the start of economic-down turn in 2008.

e. **The Housing Market -** There has been a steep decline in property sales, which began as early as 2007. Mortgage lending reduced markedly as, unemployment rose creating uncertainty amongst potential homebuyers. House prices in Worcestershire in 2009 were some 13% below the equivalent in 2008. There have since been signs of stabilisation in the housing market. House prices in Worcestershire fell at a greater rate than in the West Midlands and England, and a return to significant house price growth may take longer in Worcestershire.

f. **Incomes -** Household incomes have been under pressure, linked to reduced earnings as a result of redundancies, enforced part-time working and a cut back in overtime earnings. Client referrals to agencies such as Citizen Advice Bureaux for debt advice have soared. The reduction in interest rates did however help to make mortgage payments more affordable for many people, although savers were adversely affected.

However, there are now some signs that the next couple of years may see a continuing recovery. The risk remains however that public sector cuts may threaten the strength of the recovery.

4.2.2 Other Barriers to Economic Prosperity

a. Outmigration of Young People

A major challenge is the loss of skilled young people from the county, through a lack of higher education and employment opportunities. The lack of affordable housing is also a concern. Worcestershire makes net population gains across most age groups with the notable exception young people. It is people in these age groups who are more likely to leave the county in pursuit of access to higher education or for employment reasons..

b. Not in Employment Education and Training (NEET)

The Connexions service is currently responsible for supporting and tracking the activities of all young people aged between 16 and 19 years old, or up to age 25 if they have learning difficulties or disabilities. They are able to estimate the percentage of young people who are categorised as NEET. Figures have shown a rise during 2008 and 2009 because fewer young people have entered into employment. The proportion of NEET is particularly high amongst young people with Learning Difficulties or Disabilities (LDD). Worcestershire County Council has now taken over responsibility for planning and funding all 14 -19 learning (and up to age 25 for Learners with LDD). Reducing the number of NEETs is a high priority for Worcestershire, and will have resource implications.

c. Skills Levels - Adults

We lack higher level skills in some sectors and geographical areas, such as Redditch, including management and skilled trades in engineering, manufacturing and construction. Low average wage levels in the County are a disincentive and continue to limit the overall growth of the economy. In 2008 across Worcestershire, 28% of the population aged 19 to retirement age are qualified to NVQ Level 4 or higher. This is below the average for England (31%). 49% of the population were qualified to Level 3 or above in Worcestershire, compared to 50% for England. However, a greater proportion of the Worcestershire population is qualified to Level 2 or higher than the national average. Nearly 72% of the 19 to retirement age population is qualified to this level in Worcestershire, compared to 69% nationally. The proportion of the population with no qualifications (12%) is comparable to the national equivalent, but markedly lower than for the West Midlands (16%). 22.5% of residents of Worcestershire have poor numeracy and literacy levels. This is an area that needs to be prioritised as businesses continue to argue that many young people are leaving education without the basic skills needed to take up employment.

d. Worklessness

Long term unemployment in Worcestershire is below national and regional levels, but worklessness is a considerable issue in the county. There are around 20,000 unemployed people receiving incapacity benefits and about

5000 economically inactive Lone Parents. We have difficulties in getting such hard to reach groups, including ex-offenders in the county back into employment.

e. **Rail & Road Infrastructure**

Although parts of our transport infrastructure and accessibility are generally good, poor rail access to the high speed network in many parts of the County remains a problem. The road infrastructure is also poor in parts of the County, and the rural areas in particular lack a good ICT infrastructure. The lack of a Worcester city relief road causes congestion and depresses economic development.

f. **Worcestershire's Profile**

External awareness of the County and what it has to offer is lower that it should be, hampering inward investment and restricting the growth in sectors such as Tourism.

g. **Super Fast Broad Band**

In the modern economy Super Fast Broadband (SFBB) is a key infrastructure component in ensuring businesses are able to operate effectively in the global marketplace. Although, normal broadband is available in most parts of the Worcestershire, the County suffers from a lack of SFBB which will be increasingly important for attracting future inward investment. Lenders have begun to indicate that they will be reluctant to lend money to businesses which will not have access to SFBB. Furthermore, despite the new Government initiative to provide SFBB, some 10% of the county's rural areas would still be without coverage even a decade from now.

h. **Utilisation of ICT by Businesses**

In a recent study it has been revealed that 23% of businesses in the West Midlands do not possess computers and 30% of businesses have no internet website. These businesses will increasingly suffer from a lack of opportunities to expand or diversify or to compete effectively for business.

Part 5 - The Strategy

5.1 A 10 Year Vision

We will work to reduce our dependence on declining industries, particularly agriculture. We will have a balanced approach to investment and industrial development, with an aim of creating more jobs, even if this means securing jobs that are not highly paid. Large-scale inward investment would be welcomed but will be hard to deliver, unless we can succeed in getting business to relocate to Worcestershire. We will spread the benefits of economic growth throughout Worcestershire, reducing out of county commuting and creating more sustainable communities. We will market the county more effectively and exploit the potential of tourism economy to the benefit of the County and region.

Our Economic Vision for the next 10 years is:

"In ten years time, technology-led growth will have contributed to the sustainable development of Worcestershire and strengthened its role as an economic driver for the region – acting as a catalyst for all sectors of the economy and areas of the County to benefit and providing well paid and highly skilled jobs and high quality of life for residents"

This ambition is still realistic and achievable in the medium term. This desired transformation has slowed down but it is still underway, and the vision can be strengthened and broadened through highlighting a stronger emphasis on sustainable development. This will strengthen economic competitiveness across all sectors and areas of the County. The county vision also reflects and aligns closely with the Regional economic Strategy

Economic prosperity in Worcestershire will help to support improvements in the quality of life and well being of Worcestershire residents. Economic growth and prosperity will need to be pursued with due attention to the natural and built environment, which is an attractor for residents and visitors. The activities related to the Economic Strategy will seek to balance the opportunities and needs of the county.

5.2 Delivering the Vision

1. Four Strategic Objectives

*One – **Business** – to support the development of a dynamic and diverse business base through engagement with existing businesses and encouraging growth of new businesses*

The Central Technology Belt forms the cornerstone of our Strategy, the catalyst for modernising and diversifying the County's economy. Engagement with county's strategic businesses will be of greater significance than in the past because their wealth creating contribution under the current economic circumstances. Small businesses in the supply chain of the strategic companies will also need active support. We will work to retain the existing businesses in the county. We will develop an environmentally sustainable economy by having more sustainable green businesses. The economic growth of the county will not be achieved at the expense of the environment. We will encourage local markets and local sourcing to help minimise the County's carbon footprint. The revised priorities identified related to business are:

- Establish clear links with and provide sustained long term support including leadership to strategic businesses and companies in their supply chains
- Developing Strategic Employment Sites
- Provide support for business retention and new business creation
- Supporting key growth sectors particularly environmental technologies and tourism
- Developing clusters with growth potential
- Supporting new business formation
- Retaining and developing a skilled workforce to support high tech jobs and businesses
- Developing skills of the work force in environmental management.
- Develop skills for emerging sustainable technologies
- Improving the environmental performance of Businesses
- Delivering the skills levels of the workforce to meet business needs

Two – **Place**: *Supporting the sustainable development of the county through infrastructure development especially transport, and establishing Worcester as an accessible West Midlands Growth Point*

Although we are not likely to attract large numbers of new jobs into the county, it is essential that the infrastructure is in place to meet the new demands of a changing economy. We must ensure that appropriate employment land and property is available in the right place at the right time, and that key strategic sites are brought forward. Knowledge based industries will require good ICT especially SFBB. A robust transport infrastructure is critical throughout the county. Worcester city offers unique opportunities for development, and with the growth of the University, we must have all elements in place to support the expansion of the city and make it a successful sub-regional focus of economic growth. Other towns such as Kidderminster and Redditch undergoing economic restructuring will benefit from the work done with the city of Worcester. We will revitalise the county's other towns; promote a rural renaissance through regenerating the rural parts of the County; and exploit the potential of key regeneration sites and projects. We will provide a first class property service for inward investors and growing indigenous businesses, and will market the county effectively to attract investors and skilled workers. Our priorities under this objective remain unchanged and will be:

- Developing the transport infrastructure including the Worcester North West relief road
- Establishing Worcester City as a West Midlands Growth Point
- Revitalising the rest of the county's towns
- Regenerating the rural parts of the county
- Exploiting the potential of key regeneration sites
- Ensuring the right supply of land and property
- Developing the ICT infrastructure especially provision of Super Fast Broadband to all parts of the county.
- Marketing the county and attracting inward investment
- Improving the energy efficiency of businesses
- Increasing the proportion of energy generated from renewable resources
- Improving resilience to the impact of climate change

Three – **People** – *To enhance employability levels removing barriers to employment and improving skills*

The recession had a direct negative impact on the incomes of many individuals and households and this has triggered an increase in the number of people claiming benefits or seeking benefits advice. There are fewer jobs, less disposable income and rising prices have further exacerbated the problem. It may take up to seven years before unemployment in the country is at a par with 2007 levels. We must improve the employment levels and skills of the local population and concentrate on those who are made redundant to find alternative jobs. We will also seek to remove barriers to employment for disadvantaged groups and communities; and work to improve the quality of training provision, with improved facilities, and greater flexibility to meet employer and learners needs. The revised priorities identified are:

- Supporting job creation at all levels including self employment
- Addressing worklessness
- Supporting people to gain NVQ 2 skills including improvements to the quality of training and education to meet employers' needs
- Supporting people who are made redundant
- Facilitating employer engagement with the skills agenda
- Improving opportunities for those who are not in Education, employment and Training (NEET), particularly around the age of 19.

- Improving the quality of the training infrastructure

Four – **Powerful Voice***: Ensuring that Worcestershire's economic interests are effectively represented at all levels*

One of the great strengths and opportunities for Worcestershire lies in the diversity as well as uniqueness of its people, places and Economic Growth. We will highlight these strengths as a significant contribution to the regional economy and protect our interests at the regional and national levels. We will explore and be part of sub-regional, regional and national programmes. We would also take the limited opportunities offered by the existing and new EU programmes that would contribute to meeting our economic and social objectives. Our unchanged priorities under this objective will be to:

- Leadership and governance
- Raising ambitions
- Broadening horizons/expectations
- Developing cross-boundary working
- Increase the amount of external funding to be brought into the county to secure economic development and regeneration opportunities.

2. Delivering the Regional Economic Strategy in Worcestershire

Our strategic objectives are aligned with the objectives of Regional Economic Strategy (RES), and will help to deliver the RES priorities of Zone, Cluster and Technology corridor development. The Worcestershire Economic Strategy will enable sub-regional delivery of the RES and empower Worcestershire to be an economic driver for the region:

Worcestershire Strategic Objectives	RES Strategic Objectives
Business ✓ To support the development of a dynamic and diverse business base through engagement with existing businesses and encouraging growth of new businesses	**Business** ✓ Seizing market opportunities ✓ Improving competitiveness ✓ Harnessing knowledge
Place ✓ Supporting the sustainable development of the county through infrastructure development, and establishing Worcester as an accessible West Midlands Growth Point	**Place** ✓ Increasing Birmingham's Competitiveness ✓ Improving infrastructure ✓ Sustainable communities
People ✓ To enhance employability levels removing barriers to employment and improving skills	**People** ✓ Sustainable living ✓ Raising ambitions and aspirations ✓ Achieving full potential & opportunities for all
Powerful voice ✓ Ensuring that Worcestershire's economic interests are effectively represented at all levels	**Powerful Voice** ✓ Improving the evidence base for policy ✓ Engaging UK and International decision makers ✓ Position the West Midlands as a global centre where people and businesses choose to connect

Actions, activities, strategic links and measures

The strategic objectives and priorities will be delivered through a series of activities. Many of these actions are contained within existing or developing local strategies. The Worcestershire Economic Strategy forms an umbrella for those strategies and new activities will be integrated into them. Monitoring and evaluation will be on the basis of identified measures, enabling the impact of the overall strategy to be assessed, thereby informing the Worcestershire Economic Plan.

3. Worcestershire Economic Delivery Plan

The Worcestershire Economic Delivery Plan was developed in 2008 in order to address the 'action gap' between Worcestershire's Economic Strategy and delivery identified through process mapping. The Plan also helps partners in Worcestershire to identify the top economic priorities for their actions. Partners will build on the strengths of current activities and integrate initiatives across Worcestershire and where appropriate with regional partners. It also provides an opportunity to enable delegation of delivery to ourselves as a sub-region and secure partner investment in activities to deliver against the strategy objectives.

The Delivery Plan reviews the objectives and actions of the Worcestershire Economic Strategy and focuses on measurable activities in the light of West Midlands Regional Economic Strategy.

This Plan has the following features:

- Three year rolling timescale (revised and rolled forward annually)
- Identifying a limited number of priority activities and projects to deliver sub regional objectives
- Identifying and developing Local Area Agreement outcomes
- Providing a basis for monitoring, review and evaluation

The Plan was developed specifically focusing on the priorities and activities which deliver/support the New Worcestershire Economic Strategy. It shows our commitment and capacity to deliver strategic projects to benefit Worcestershire and the Region for continuing sustainable development of the County. The Plan also contains objectives to identify the economic priorities and guide the actions of partners in the future. The Economic Delivery Plan is updated annually and identifies detailed activities/interventions to deliver Worcestershire's economic priorities. Any proposed new activity will be tested against the Worcestershire Economic Strategy and Delivery Plan Partners provide details of additional activities that they feel should be included in the plan.

The Delivery Plan will next be updated after the refresh of the Worcestershire Economic Strategy, in consultation with partners.

4. Cross cutting activity

As well as specific activities, a range of cross-cutting actions are needed to ensure effective delivery of all the strategic objectives and priorities. These are:

- Raising the profile of Worcestershire
- Ensuring access to information
- Rural proofing of policies
- Sustainability
- Securing access to external funding

These cross-cutting activities will also be reviewed through annual monitoring.

Appendix 1 SWOT Analysis

Economic strengths	**Economic weaknesses**
Employment • High economic activity rates and low unemployment rates • Low long term unemployment rates in comparison to national and regional figures despite the recession	**Employment** • Redundancies due to recession • High youth unemployment which is growing at faster than average rate • Economic exclusion of some groups • Lower than average wage levels
Skills • Higher than regional and national average qualification levels in parts of county at NVQ Level 3 and 4 • High value knowledge base provided by Central Technology Belt, QinetiQ, Malvern Science Park, • Higher proportion of young people going into further education and work based learning than the national average • Better success rates of learners achieving qualifications in our local colleges and work based learning providers than the national average • Centres of Vocational Excellence for training related to management, horticulture and gas fitting, with new centres being developed in Engineering, Construction and Food Production	**Skills** • Skills levels in certain areas and sectors are below average • 24% of employers are reporting skills gaps in skilled trades within their workforce, including 68% of construction employers, 40% of manufacturing/engineering, 39% of agricultural, and 38% hotels and restaurants • 32% of employers are reporting gaps in management skills • Gaps in training provision for certain sectors and in rural areas • Just over 1 in 5 residents have major problems with reading, writing and numeracy skills • 20% of young people are in jobs without training • 5.3% of young people are not in employment, education or training
Sectors • Diverse economy across county with increasing employment in growth sectors – e.g. banking, tourism, technology • Significant income and potential for further growth of tourism	**Sectors** • High dependency on vulnerable sectors in certain areas (particularly low value-added manufacturing, and agriculture) with 20% employed in vulnerable industry sectors • Under-performing tourism sector
Businesses • Higher than average levels of self employment High proportion of SMEs against the regional average with a fair record of sustainability • Higher number of businesses with a Business Plan than the regional average • Effective support for inward investment, including Property Service at Worcestershire • Growing infrastructure for delivery e.g. Rural Hub, and Central Technology Corridor • Increasing levels of gross value added per head	**Businesses** • Lower levels of self employment among certain areas and groups • SMEs need further support, training • Only 37% of businesses have a training plan linked to their business plan, with only 28% having a dedicated training budget • Loss of talent especially graduates from County due to limited higher education provision • Young people unable to find good quality employment in County

Economic opportunities	Economic threats
• Worcester Library and History Centre • Central Technology Belt • Clusters funding including Food & Drink, Creative Industries, Environment Technology, and Tourism Social enterprises • Worcester University expansion • Centres of Excellence	• Recession and slow recovery • Need to build more effective delivery infrastructure • Complexity of two tier working • Lack of access to external funding in parts of the county, making it more difficult to carry out regeneration activities

Social strengths	Social weaknesses
• Good levels of community cohesion • Effective community development infrastructure in place • Community consultation taking place regularly • Above average attainment levels for GCSE and A Level • Higher than average basic skills levels	• Pockets of deprivation across the County, often with poor access to funding • Lack of affordable housing in rural areas • Ageing population in some parts of County • Poor basic skills in deprived communities and some rural areas • Significant inequalities in income across the County • Loss of young/skilled people from County
Environmental strengths	**Environmental weaknesses**
• Attractive natural environment and high quality of life • Central geographical position on national road transport network • Complementary rural-urban mix	• Lack of strong image – strong voice • Need for expansion of ICT infrastructure and training • Some transport problems – rail services, rural isolation, low use of public transport