



An Economic Strategy for Worcestershire

2004 – 2014

May 2004

In ten years time, Worcestershire will be an economic driver for the region – with a prosperous and sustainable economy, driven by technology-led enterprises, offering well paid and highly skilled jobs and a high quality of life for its residents

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An Economic Strategy for Worcestershire 2004 – 2014

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Part One – Context

1. The Purpose of the Strategy

The purpose of the Economic Strategy for Worcestershire is to provide a 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 the Regional Economic Strategy and sub regional delivery of economic development activity, ensuring that Worcestershire ‘punches its weight’ in the regional economy
2. ensure the delivery of the economic element of Worcestershire’s Community Strategy
3. provide a context and framework for complementary ‘local’ strategies

These strategic linkages are set out in diagram 1.

2. How the Strategy will operate

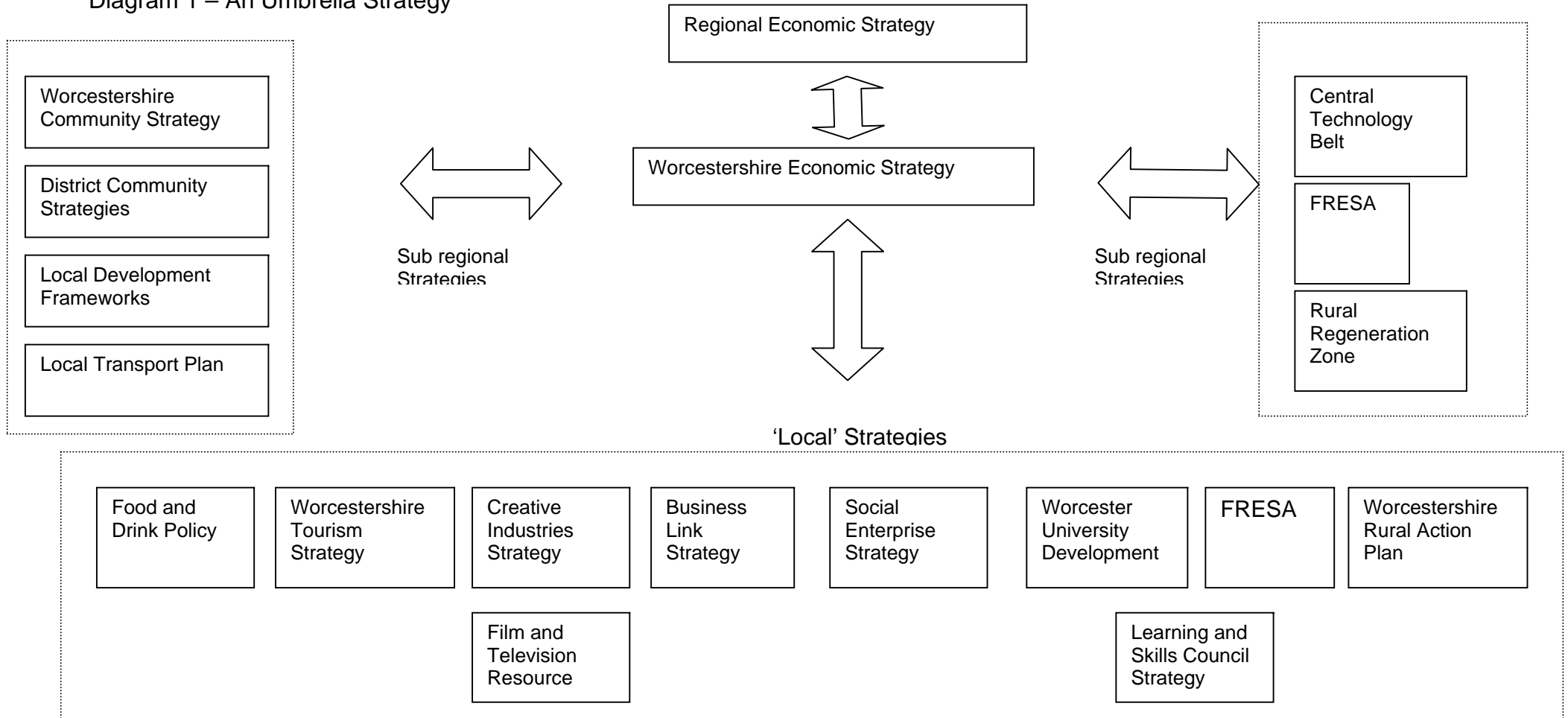
a. Scope

The Strategy is built upon Worcestershire’s distinctive strengths and offers an aspirational and ambitious vision of the economy of Worcestershire in ten years time – a prosperous and sustainable knowledge-based economy and a significant driver for the regional economy. This is an ‘umbrella’ Strategy – enabling the delivery of the Regional Economic Strategy in Worcestershire through a range of ‘local’ strategies, and enabling Worcestershire’s distinctive strengths (as developed through those local strategies) to add value to the Regional Economic Strategy.

b. Monitoring, evaluation and review

Progress towards achieving the vision will be monitored through specific measures. The Vision will be delivered through four strategic objectives, each with identified priorities and actions. These will form the basis of an Action Plan setting out specific activities to deliver the actions. This will be monitored, reviewed and updated on an annual basis by Worcestershire Economic Partnership.

Diagram 1 – An Umbrella Strategy



As an umbrella, the Strategy forms a framework for co-ordinating sub regional and local strategies towards a single vision for Worcestershire’s economy – increasing their impact and effectiveness. Many of the actions in the Strategy will be included in, and delivered through, these local strategies.

Part Two – Strategy Vision and Goals

1. Worcestershire's Distinctive Strengths

The natural and built environment.

Worcestershire 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. Both the rural and urban environment contributes to a high quality of life in Worcestershire.

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.

Innovation and knowledge transfer

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

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 traditional industries, these need to be supported whilst they move towards a greater emphasis on innovation and technology in order to increase the added value within the local economy. Successful diversification is reducing some of the vulnerability of the County, for example, a growing proportion of employment is in the service sectors and high technology industries attracted into the County through the Central Technology Belt.

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 across the County.

Partnership Working

Worcestershire has a track record of effective partnership working – particularly in the delivery of economic development and regeneration through Worcestershire Economic Partnership. This is now complemented by the Worcestershire Partnership structure which adds strategic context and added value to this work. Key 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 lies with

Worcestershire Economic Partnership, with much of the delivery through local strategies and partnerships.

2. Barriers to Economic Development

A major issue is the loss of skilled young people from the County, through lack of Higher Education and job opportunities, and through lack of affordable housing in rural areas. Of those young people remaining in the County, 21% are either not in employment, education or training, or are in jobs without training, severely limiting their longer term career prospects. Higher level skills in some sectors and areas are lacking, including for example management and skilled trades in engineering, manufacturing and construction, and the low average wage levels in the County are a disincentive and limit the overall growth of the economy. There are ongoing problems with the reading and writing skills of 1 in 4 residents of the County. External awareness of the County and what it has to offer are low, hampering inward investment and restricting the growth in the Tourism economy. Although infrastructure and accessibility are good, poor rail access remains a problem, the road infrastructure is poor in parts of the County, and the rural areas in particular lack a good ICT infrastructure.

3. 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 low unemployment we don't anticipate large scale inward investment or large scale growth in the number of jobs. We will not compromise the quality of our environment and our quality of life through inappropriate development.

Instead we will be a driver for the regional economy in knowledge transfer and spin out, creating high added value technology led businesses; providing high skilled and high wage jobs. The majority of this growth will be indigenous through the creation of new businesses and the expansion of existing businesses. We will ensure high quality development that enhances, rather than detracts from, the quality of the environment. We will aim to spread the benefit of this economic growth to the people of Worcestershire, reducing out commuting and creating more sustainable communities. We will market the County more effectively and develop the Tourism economy to its full potential, to the benefit of the County and region.

Our aspirations for the Worcestershire are therefore: technology and knowledge-based growth; high wages and high skills; maintaining environmental quality; ensuring access to jobs. Our Vision is:

In ten years time, Worcestershire will be an economic driver for the region – with a prosperous and sustainable economy, driven by technology-led enterprises, offering well paid and highly skilled jobs and a high quality of life for its residents

Part Three – Delivering the Vision

1. Four Strategic Objectives

One - Developing a knowledge-driven economy

The Central Technology Belt forms the cornerstone of the Strategy, the catalyst for modernising and diversifying the County's economy. This will be supported by cluster development directly related to the Belt (Medical Technology and Services); but also spreading the benefits of the Belt throughout the County – seeking to develop established industries towards higher skills and higher GVA (Food and Drink, Tourism), and developing cluster activities in the emerging industries (Creative Industries). To ensure that we have the businesses to support this activity, we will support existing and new indigenous business formation and growth through SME's, self employment and new social enterprises. Our three priorities will be:

- Modernising and diversifying
- Developing clusters with growth potential
- Supporting new business formation

Two – Improving the Skills Base

We will ensure that the skills base is in position to enable the knowledge – driven economy to grow, and ensure that the people of Worcestershire have the right skills to access those jobs. We will develop and retain the skills of the County's young people, as well as improving the skills of the existing workforce. At the same time we will work to improve the quality of training provision, with improved facilities, and much greater flexibility to meet employer and learners needs. Our three priorities will be:

- Developing and retaining the skills of the County's young people
- Improving the skill levels of the workforce
- Improving the quality of the training infrastructure

Three – Developing the Infrastructure

Although we are not seeking to attract large numbers of new jobs, we must ensure that the infrastructure is in place to meet the new demands of a changing economy. We must ensure that there is the right supply of land and property -the right size, type and quality, in the right place at the right time, and that key strategic sites are brought forward. Knowledge based industries will require adequate ICT and transport infrastructure and we must ensure that this infrastructure and enterprise potential is available throughout the County. Although we are not seeking large scale inward investment, 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 four priorities will be:

- Ensuring the right supply of land and property
- Developing the ICT infrastructure
- Developing the transport infrastructure
- Marketing the County and attracting inward investment

Four – Ensuring access to the economic benefits

We will ensure that the benefits of the new knowledge- driven economy are enjoyed by the residents of Worcestershire through quality job opportunities and enhanced quality of life. We will remove barriers to employment for disadvantaged groups and communities; revitalise the County’s towns; promote a rural renaissance through regenerating the rural parts of the County; and exploit the potential of key regeneration sites and projects. Our four priorities will be:

- Removing barriers to employment
- Revitalising the County’s towns
- Regenerating the rural parts of the County
- Exploiting the potential of key regeneration sites

2. Delivering the Regional Economic Strategy in Worcestershire

These Strategic Objectives fit within the four pillars of the Regional Economic Strategy (RES), and will help to deliver the RES priorities of cluster and technology corridor development. The Worcestershire Economic Strategy will enable sub-regional delivery of the RES and enable Worcestershire’s economy to be an economic driver for the region:

Strategic Objective	RES Pillar
Developing a knowledge-driven economy	Developing a diverse and dynamic business base
Improving the skills base	Promoting a learning and skilful region
Developing the infrastructure	Creating the conditions form growth
Ensuring access to the economic benefits	Community regeneration

3. Actions, activities, strategic links and measures

The strategic objectives and priorities will be delivered through a series of actions and activities. Many of these actions and activities are contained within existing or developing local strategies. The Worcestershire Economic Strategy forms an umbrella for those Strategies (Diagram 1), and any new activities identified will be integrated into local strategies. Monitoring and evaluation will be on the basis of identified measures, enabling the impact of the overall strategy to be assessed, informing the Annual Delivery Plan. These are set out in the tables below.

4. Annual Delivery Plan

The Strategy set out below forms the context for an Annual Delivery Plan, identifying specific activities, existing and new, necessary to deliver the objectives and priorities of the Strategy. This Delivery Plan will be revised on an annual basis.

5. 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.

SWOT Analysis

Appendix 1

<u>Economic strengths</u>	<u>Economic weaknesses</u>
<p><i>Employment</i></p> <ul style="list-style-type: none"> • High economic activity rates and low unemployment rates • Low long term unemployment rates <p><i>Skills</i></p> <ul style="list-style-type: none"> • Higher than regional and national average qualification levels in parts of county at NVQ Level 3 and 4 • High value knowledge base provided by QinetiQ, Malvern Science Park, AT & T, Torex, Evesham Technology etc • 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 <p><i>Sectors</i></p> <ul style="list-style-type: none"> • Diverse economy across county with increasing employment in growth sectors – e.g. banking, tourism, technology • Significant income and potential for further growth of tourism • New Digital Media Centre at University College Worcester <p><i>Businesses</i></p> <ul style="list-style-type: none"> • Higher than average levels of self employment at 15.5% • High proportion of SMEs at 81% locally against a regional average of 74% with higher than average record of sustainability • Higher number of businesses with a Business Plan at 55% than the regional average • Effective support for inward investment, including Property Pilot • Prestigious companies such as Sealine, Brintons ??, many promoting county as Worcestershire Ambassadors 	<p><i>Employment</i></p> <ul style="list-style-type: none"> • Low unemployment rates cause labour shortages • High youth unemployment which is growing at faster than average rate • Economic exclusion of some groups • Lower than average wage levels <p><i>Skills</i></p> <ul style="list-style-type: none"> • 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 • 1 in 4 residents have problems with reading and writing skills • 20% of young people are in jobs without training or are not in employment, education or training <p><i>Sectors</i></p> <ul style="list-style-type: none"> • 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 <p><i>Businesses</i></p> <ul style="list-style-type: none"> • 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 from county due to limited higher education provision • Young people unable to find good quality employment in county

<ul style="list-style-type: none"> • Growing infrastructure for delivery e.g. Rural Hub, Vital Villages, Corridor • Increasing levels of gross value added per head 	
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Social strengths	Social weaknesses
<ul style="list-style-type: none"> • Good levels of community cohesion • Effective community development infrastructure in place • Community consultation regularly taking place • Above average attainment levels for GCSE and A Level (not the case – only at national average) • Higher than average basic skills levels (not accurate – around national average) 	<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> ▪ Attractive natural environment and high quality of life ▪ Central geographical position on motorway network ▪ Complementary rural-urban mix 	<ul style="list-style-type: none"> ▪ Lack of strong image – strong voice ▪ Need for expansion of ICT infrastructure and training ▪ Some transport problems – rural isolation, low use of public transport

Opportunities	Threats
<ul style="list-style-type: none"> • Central Technology Belt • Clusters funding including <ul style="list-style-type: none"> -Food and Drink -Creative Industries -Environment Technology -Tourism • Rural Regeneration Zone • Tourism • Rural Action Plan • Market Towns Initiative • AWM Strategies including ‘shire’ towns • Social enterprise • UCW reclassification and expansion • Hot Spots • Centres of Excellence • End of Structural Funding 2006 • Regionalisation? • Ability to balance strategic and local issues through two tier working 	<ul style="list-style-type: none"> • Need to build more effective delivery infrastructure • Complexity of two tier working • Lack of funding in most of County, unable to carry out activities • End of Structural Funding 2006 • Regionalisation?