

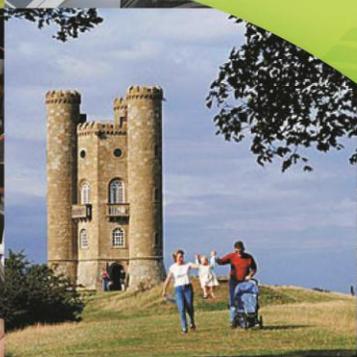


Worcestershire
Local Enterprise Partnership

Driving
Worcestershire
Forward

World Class Worcestershire

Our Strategic Economic Plan



Foreword

This Strategic Economic Plan (SEP) is of critical importance to securing future Government funding for infrastructure and development projects essential to economic success and fuller employment across the county of Worcestershire.

Worcestershire has many factors in its favour: a central location and excellent transport infrastructure, a wide choice of readily available employment and housing development sites, a motivated and highly skilled workforce, and existing industry strengths, particularly in advanced engineering and manufacturing, cyber security, defence, agri-tech and associated energy technologies. We are also blessed with a wonderful environment in which to live, top class education options and a rich historic, cultural and sporting heritage that attracts visitors to Worcestershire in their droves.

Yet for many years the county has punched well below its weight in terms of Gross Value Added performance and productivity, and it has failed to promote itself proactively. For example, when compared with other LEPs, Worcestershire has the fifth highest proportion of its workforce based in manufacturing, yet it has failed to attract the levels of direct investment that one would expect.

This SEP addresses this and other socio-economic conditions and sets out a strategic approach that will provide the catalyst for economic growth in Worcestershire. In compiling the SEP, we have undertaken an extensive engagement process that has involved working with partners in Worcestershire County Council and the six District Councils, the LEP Board and its

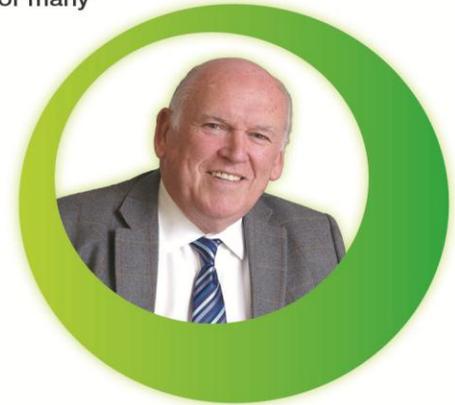
Business Board, various thematic sub-groups, the wider business community and a Task and Finish Group. We have also collaborated with neighbouring and other LEPs and consulted with many social enterprise groups. Uniquely, the Worcestershire LEP has engaged a high level Independent Panel, chaired by Ben Page from IPSOS Mori, to take an independent overview and feed back comments, particularly on the key strategic direction of the plan.

The LEP's role has been to act as a facilitator for this process. By listening to the needs of Worcestershire from many and varied viewpoints, we have developed a Strategic Economic Plan that is robust, inclusive, credible, practical and, above all, deliverable within the required programme. Its impact will be to boost the economy and to create jobs and homes for the county of Worcestershire for many years to come.

We look forward to its delivery.



Peter E Pawsey
CEng FICE FCIHT FCOMI
Executive Chair



Signing for Worcestershire Local Authorities



Bromsgrove
Cllr Roger Hollingworth



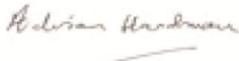
Malvern Hills
Cllr David Hughes



Redditch
Cllr Bill Hartnet



Worcester
Cllr Adrian Gregson



Worcestershire
Cllr Adrian Hardman

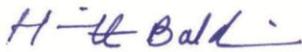


Wychavon
Cllr Paul Middleborough



Wyre Forest
Cllr Marcus Hart

Worcestershire Local MPs



West Worcestershire
Harriett Baldwin MP



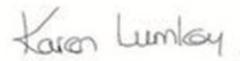
Wyre Forest
Mark Garnier MP



Worcester
Robin Walker MP



Mid Worcestershire
Sir Peter Luff MP



Redditch
Karen Lumley MP

Board Members



Peter Pawsey (Chair)

Chairman, Robert West
Consulting Engineers
Non Executive Director,
Midland Heart



Carl Arntzen

Managing Director,
Worcester Bosch Group



Dean Attwell (Vice Chair)

Managing Director,
Oakland International



John Callaghan

Principal, North East
Worcestershire College



Cllr John Campion

Wyre Forest
District Council



Cllr Simon Geraghty (Vice Chair)

Deputy Leader, Worcestershire
County Council



Cllr David Hughes

Leader, Malvern Hills
District Council



Marcus Burton

European Group MD,
Yamazaki Mazak UK Ltd



Alan White

Chief Executive,
Malvern Hills Science Park



£9 billion
Value of local economy 2013

Planned **growth** over the next ten years.

£11.9 billion
Value of local economy 2025

LGF £280million

3 key sectors

- Advanced manufacturing
- Agri-tech
- Cyber security, defence & IT

Our **Place** Our **People** Our **Business**

21 proposed initiatives to improve our place, people and businesses

14 "asks" to reduce red tape and accelerate growth

150 organisations consulted

4 "game-changer" business parks to support high growth sectors	Improvements to 3 major roads	10,000 apprenticeships before 2016/2017	1,000 new SMEs investing in skills	10% growth in cyber security sector	20% increase in 16-24 level 3 STEM qualifications	£4 MILLION to redevelop Pershore College	20 business support agencies Growth Hub	£15 MILLION in business financial support	10% growth in Low Carbon Businesses
---	--------------------------------------	--	---	--	--	---	---	--	--

Additional £1.4bn Private sector investment

extra 25,000 Jobs

extra 9,400 New homes

£2.9 billion increase in GVA*

* Gross Value Added: a measure of productivity.

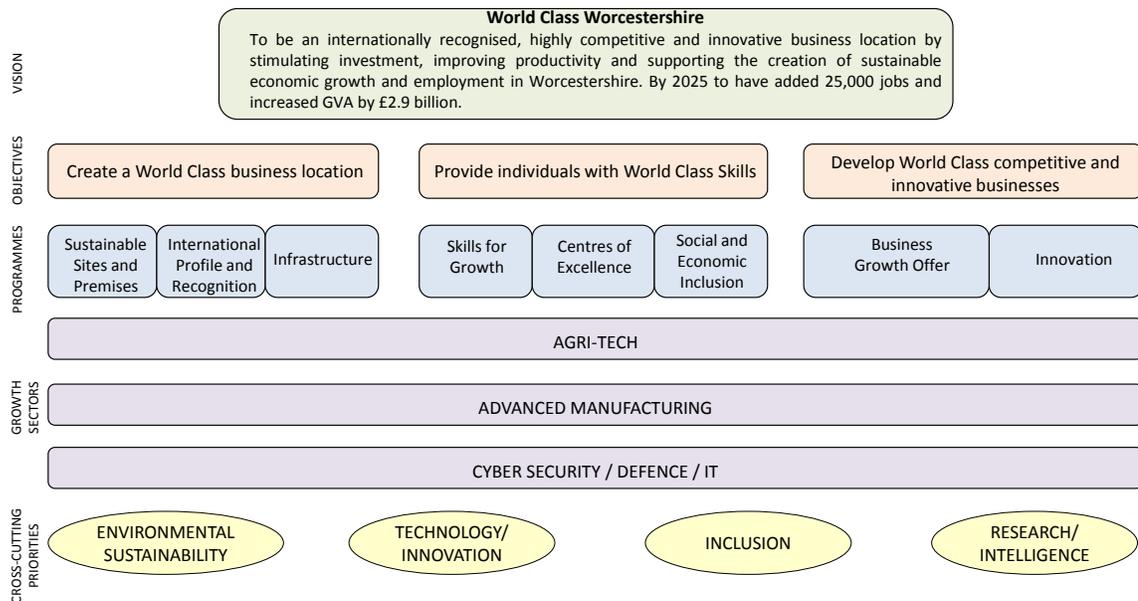
Executive Summary

Worcestershire has seen one of the highest long-term growth rates in Gross Value Added (GVA) (1997-2011) outside the Greater South East. Despite this the county has not realised its full potential and has been ‘punching below its weight’. The Worcestershire Local Enterprise Partnership (WLEP) is determined to change this with the support of all of its partners by removing the barriers that are preventing businesses from investing and by realising the substantial opportunities for growth. This Strategic Economic Plan (SEP or the Plan) provides a vision and strategic framework to ensure that Worcestershire’s economy grows even more rapidly and makes an increasingly important contribution to the national economy.

The Plan has been developed in consultation with businesses, as well as the public and voluntary sector. In addition, it has been informed by the comments and recommendations of an Independent Expert Panel.

The SEP sets out an ambitious vision to grow the local economy by 2025 by over 25,000 jobs and to increase GVA by £2.9 billion (see Figure 1). Whilst significant employment growth is forecast, a particular focus of the Plan is on securing growth in GVA per worker and average annual earnings.

Figure 1: SEP’s vision, objectives and cross-cutting priorities

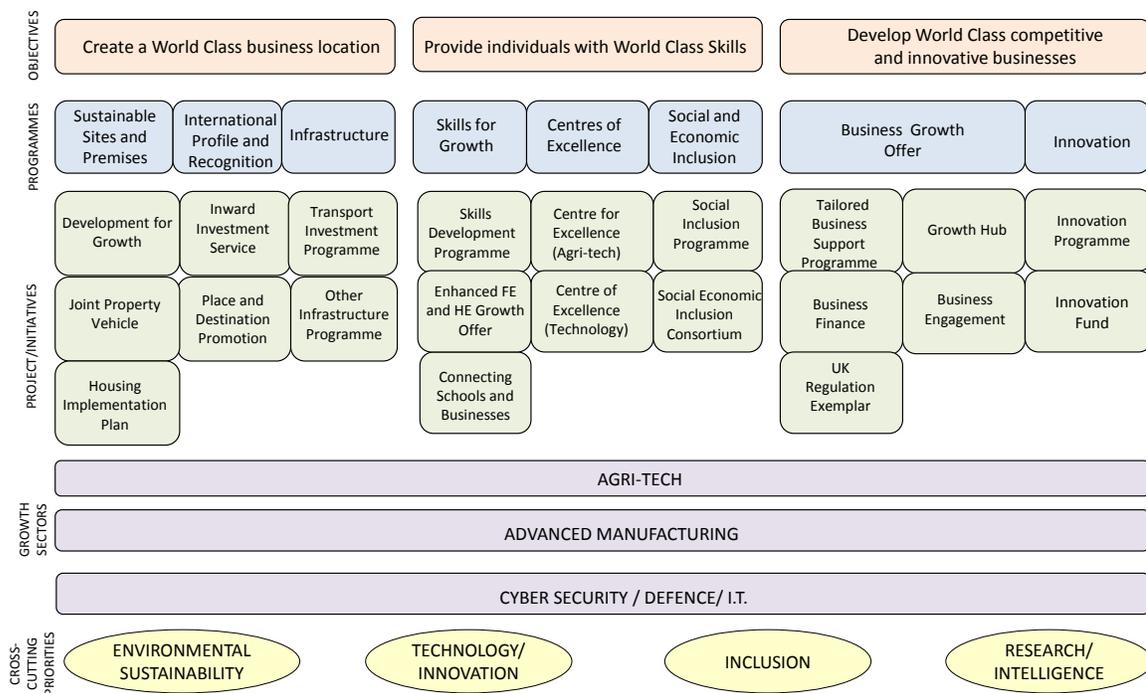


The SEP provides the overarching framework for the European Structural and Investment (ESI) Funds Strategy. Over the period 2014 to 2020, Worcestershire has an allocation of European Funding of £60.5 million (€70.9 million).

Worcestershire’s sector strengths reflect local specialisations across the county and include advanced manufacturing, cyber security/defence/IT and agri-tech¹. The destination and visitor economy will also be an important source of jobs growth in some parts of the county, in particular in areas where accessible jobs are needed. In addition, the potential for Worcester to grow as a centre of high value added professional and business services is a major opportunity. These sectors will form an important focus for growth.

A comprehensive programme of actions is proposed to achieve the vision (see Figure 2). Each of the three objectives will be delivered through integrated programme areas, which comprise prioritised projects and initiatives.

Figure 2: SEP Implementation Plan



The WLEP is currently revising its governance, delivery and performance management arrangements to ensure that they are robust and appropriate to deliver the SEP. In addition, WLEP has confirmed a protocol with Greater Birmingham and Solihull LEP on co-governance and joint working arrangements for the North Worcestershire area where their boundaries overlap.

Delivery of the SEP will involve some £1,920 million of investment, of which some £510 million will be contributed by public sector sources – with £283 million (including future years post 2020/21) requested from the Local Growth Fund - and over £1,410 million will be private sector investment levered in by the Plan.

¹ For the purposes of this Strategic Economic Plan, the definition of the 'agri-tech' sector is the supply chain spanning seeds, agro- chemicals, machinery, engineering, skills and other inputs including green energy, across arable and livestock agriculture, forestry horticulture, food processing, packaging and retailing.

Overall, it is estimated that the Plan will lead to the creation of over 25,000 gross jobs by 2025 and is expected to accelerate the delivery of 9,400 new homes. Over £650 million in net additional GVA would be generated per annum by 2025. Overall, the delivery of the SEP would achieve a benefit cost ratio (BCR) of over 12.7:1, which once the broad range of outputs and outcomes being delivered is considered compares favourably with benchmarks. In addition, the Plan is designed to also increase productivity which will generate important further benefits. It will also result in significant skills, social and other impacts.

The risks to the delivery of the SEP have been assessed. Many are considered to be low – medium, although the availability of Local Growth Fund and agreement to the requests of Government is identified as a high risk. The LEP will actively monitor and manage each risk. An outline risk management strategy has been prepared, which will be reviewed and updated as the SEP is implemented.

A system for monitoring and evaluating performance will be implemented. Individual project and process monitoring requirements have been identified. A range of strategic indicators will also be tracked to ensure that the Plan remains up-to-date and relevant.

To deliver additional early growth WLEP is seeking investment totalling £47.1 million from the Local Growth Fund in 2015/16 to support 19 projects. In addition, it is also asking for the support of Central Government to address specific local challenges and opportunities and will make specific commitments or offers. The asks of Government are as follows:

Government asks

Short-term asks (2015/16)

(i) World Class Business Location asks

- 01** To ask the Department for Transport (DfT) to deliver (Cotswolds Train Line) frequency and journey time improvements (under 2 hours) from Worcester to London and to include Worcestershire Parkway in the new Great Western Franchise.
- 02** To ask DfT to instruct the Highways Agency to deliver a plan, by April 2016, which outlines improvements to the key strategic route A46 to remove growth constraints, address pinch-points and support economic growth objectives across two neighbouring LEP areas (Worcestershire and Gloucestershire).
- 03** To ask Cabinet Office through the Government Property Unit to become a partner shareholder in the Joint Property Vehicle (JPV) proposal in order to maximise the benefits of a single estate management team with responsibility for a common public sector estate strategy.

This would allow the JPV to pilot the benefits of operating a corporate landlord responsibility across both local and central government estate across the Counties covered by the JPV.
- 04** To ask the Department for Communities and Local Government (DCLG) to instruct the Homes and Communities Agency (HCA) to continue working with WLEP and proactively support the Worcestershire Game Changer programme by:

- a. Surrendering its residual financial interest in the Malvern Hills Science Park development to the local authority shareholders by April 2015 and so enabling further investment by the existing investors in the wider development for Malvern Hills Technology Park.
- b. Committing to marketing and disposal of HCA land known as Winyates Triangle site in Redditch to the commercial development market by December 2014 in support of the Redditch Eastern Gateway game changer proposals.
- c. Ask HCA to either capitalise PXP or release Bromsgrove Technology Park from the legacy PXP structure by September 2014 enabling the market led development.

05 To ask the Department for Culture Media and Sport (DCMS) to instruct Broadband Delivery UK (BDUK) to secure an exception to the existing protocol to allow Worcestershire's previous funding 'overmatch' on the Broadband Rollout Programme to be recognised as a match in the extension programme, by May 2014.

06 To ask the Department of Energy and Climate Change (DECC) to jointly commission with WLEP a feasibility study on a geothermal heat pilot in Worcestershire, by September 2014.

(ii) World Class Business Skills

07 To ask the Department for Business, Innovation and Skills (BIS) to instruct the Skills Funding Agency (SFA), by August 2015, to ring-fence 10% of existing Further Education (FE) spending in Worcestershire to be jointly commissioned with WLEP to accelerate investment in skills, with a priority for Science, Technology, Engineering and Maths (STEM) sectors to support our growth priorities.

08 To ask BIS to instruct the SFA to ring-fence £1.5m of existing apprenticeship budgets to WLEP to develop employer-led Level 4 apprenticeship frameworks in STEM by April 2015.

09 To ask BIS to instruct the SFA and Department for Education (DfE) to extend eligibility for National Careers Service (NCS), within the existing provision, to an integrated service in Worcestershire for 14 to 24 years olds across schools, FE / vocational education and training and Higher Education (HE), by April 2015.

Ask to be supported through £1m per annum of existing NCS contract and SFA NCS opt-in under ESI Funds Framework for 3 years from April 2015 to March 2018.

(iii) World Class Competitive and Innovative Businesses

10 To ask that BIS, DCLG and the Department for the Environment, Food and Rural Affairs (Defra) align national regulators and government interests to actively collaborate with WLEP businesses, local partners and regulators in the Worcestershire Agri-Tech, Horticulture and Forestry Sector as a UK Exemplar for simplified business regulatory self-compliance thereby enabling growth.

11 To ask BIS to instruct the Agri-Tech Leadership Council to jointly commission by December 2014 a feasibility study to develop a Centre for Agricultural Innovation in

Worcestershire.

To ask BIS to instruct the Technology Strategy Board to work with WLEP to maximise investment from the £70m Agri-Tech Catalyst.

- 12** To ask the Cabinet Office to enable micro and SME businesses to compete for government procurement for cyber security contracts by flexing procurement regulations, by April 2015, through:
- a. the adoption of IASME as recognised industry standard in government Pre-qualification Questionnaires (PQQs); and
 - b. the introduction of new streamlined contracting process for SMEs for government tenders below 150,000 euros .

Medium to long-term asks of Government (2016/17 onwards)

(i) World Class Business Location asks

- 13** To ask the DfT to endorse the work agreed with the Highways Agency regarding the M5 Junction 6 and 'indicatively' prioritise funding for both M5 Junction 6 and the Carrington Bridge dualling elements of the A4440 Worcester Southern Link as part of the Department's capital programme 2016/17 to 2020/21.
- 14** To endorse the 'Worcestershire Infrastructure Investment Fund' Outline Business Case developed by the WLEP and ask HM Treasury to approve full retention of non-domestic rate income on the identified Game Changer Sites by the Worcestershire Local Authorities for a period of 25 years, from April 2016.

WLEP and the local partners have already made significant commitments to growth including through the work to implement the current WLEP Business Plan. The local government family in Worcestershire is already spending in excess of £35 million on projects to deliver economic growth. These commitments will now be further extended and will include:

- implementing the ambitious and multi-year SEP and ESI Funds Strategy;
- supporting the creation of over 25,000 new jobs and £2.9 billion of GVA by 2025, with the early delivery of key projects that will unlock substantial growth;
- delivering enhanced efficiency, improving productivity and accelerating economic growth;
- increasing the pace of decision-making within the partnership to encourage growth and investment;
- tackling difficult decisions (for example issues in relation to housing and governance); and
- working collaboratively and pooling resources on delivery (public/private and cross-LEP). This will build upon the significant existing local authority and other commitments to growth.

Contents

Executive Summary	i
1 Worcestershire – a key driver of economic growth.....	1
2 Vision and Strategic Framework.....	3
2.1 Developing the SEP	3
2.2 Building on significant progress	5
2.3 Understanding Worcestershire.....	7
2.4 A clear and ambitious vision	20
3 Investment Plan	27
3.1 Overview	27
3.2 Creating a world class business location.....	28
3.3 Providing individuals with world class skills.....	45
3.4 Developing world class competitive and innovative businesses	57
3.5 Cross-cutting themes	68
3.6 Revolving Infrastructure and Investment Fund	72
4 Short-term Actions – Local Growth Deal.....	76
4.1 Introduction	76
4.2 Local Growth Fund projects.....	76
4.3 Control and influence – asks of Government	78
5 Delivering the SEP.....	87
5.1 Governance	87
5.2 Greater Birmingham and Solihull LEP	88
5.3 Partner support.....	90
5.4 Collaboration.....	91
5.5 Delivering the SEP	92
5.6 Costs and funding strategy	93
5.7 Outputs and results.....	95
5.8 Value for money.....	96
5.9 Scalability	97
5.10 Risk assessment	97
5.11 Monitoring and evaluation	101

- Appendix A - Timeline and Engagement Programme
- Appendix B - Consultation summary
- Appendix C - Logic chains
- Appendix D - The rationale for intervention
- Appendix E - Growth scenarios
- Appendix F - City and Town Centre Investment Programme
- Appendix G - Transport Infrastructure Programme
- Appendix H - Environmental Sustainability and Rural Development
- Appendix I - Social and Economic Inclusion and Innovation Model and Detailed Project Plan

1 Worcestershire – a key driver of economic growth

The Worcestershire economy has substantial potential to grow rapidly and contribute increasingly to national economic growth by realising the significant opportunities in the area and removing barriers that are preventing businesses from investing. **Worcestershire is committed to delivering an additional 25,000 jobs and increase GVA by £2.9 billion by 2025 by implementing the SEP.**

Worcestershire is:

An existing centre of growth. The county has had one of the highest long-term (1997-2011) growth rates in Gross Value Added (GVA) outside the Greater South East.

A leading location in terms of advanced manufacturing, agri-tech² and cyber security/defence/IT. Worcestershire is ranked as one of the best performing Local Enterprise Partnership (LEP) areas in terms of advanced manufacturing employment. It is also a leading location in terms of the growing cyber security sector and has a strong base of horticulture and food sector businesses. Key world class employers in these sectors include globally recognised brands and companies such as Worcester Bosch, QinetiQ, Brintons, Halfords, Npower, Kanes Foods, Yamazaki Mazak, Malvern Instruments, Morgan Motors and GKN.

A well-connected business location. Worcestershire is located at the centre of the national motorway network (M5, M42 and M50) providing access to Birmingham Airport and major cities, including Birmingham, Bristol, Oxford, Cardiff and London. It will also be accessible to HS2.

An attractive living environment and an important visitor destination. Worcestershire has an excellent living environment, which serves to attract highly skilled workers and is an important visitor destination with a number of significant historical, environmental and cultural assets, such as the Malvern Hills and the West Midland Safari Park. The county has an above average life satisfaction rating and life expectancy.

An economy with a strong base of Small and Medium-sized Enterprises (SMEs). The county has a high number of SME's and a high self-employment rate relative to its working age population. A high proportion of employment is in 'contestable' (i.e. export and import intensive) industries. In addition, Worcestershire has a relatively high level of patents per working age resident.

A growing Higher Education (HE) and Further Education (FE) location, with an excellent base of strongly performing schools. The University of Worcester is recognised as one of the fastest growing universities in the UK and is built around its core strengths of teaching, nursing and health but with rapid expansion in sciences, particularly biological sciences. The county is also home to five FE Colleges providing a range of vocational, academic and work-based provision across the county, as well as private sector training providers. In addition,

² For the purposes of this Strategic Economic Plan, the definition of the 'agri-tech' sector is the supply chain spanning seeds, agro- chemicals, machinery, engineering, skills and other inputs including green energy, across arable and livestock agriculture, forestry horticulture, food processing, packaging and retailing.

Worcestershire performs strongly in terms of school age educational attainment and has excellent schools including in the private sector.

The key leaders in Worcestershire have developed a shared vision for the county for 2040 with economic growth at its centre.

Worcestershire Local Enterprise Partnership (WLEP) has formulated this Strategic Economic Plan (SEP or the Plan) to realise the substantial opportunities and address the constraints that are limiting growth. It sets out a comprehensive strategy and action plan that is evidence-based, offers very good value for money and is deliverable.

In order to deliver this additional growth, WLEP is asking for specific funding support from Central Government, along with additional local freedoms and flexibilities, and will in return make a range of commitments or offers.

The WLEP SEP is based on a robust analysis of the evidence base with a strong justification for the proposed interventions and a genuine involvement of the private sector in the design of the Plan and individual projects. The Plan continues in four sections as follows:

- Section 2 - Worcestershire's Vision and Strategic Framework;
- Section 3 - Investment Plan;
- Section 4 - Short-term actions - 2015/16 Local Growth Deal; and
- Section 5 - Delivering the SEP.

2 Vision and Strategic Framework

2.1 Developing the SEP

This SEP provides a vision and strategic framework to ensure that Worcestershire's economy grows more rapidly and makes an increasingly important contribution to the national economy.

The priorities and actions presented in the SEP have been based on the specific growth opportunities and constraints that are present within Worcestershire and reflect priorities at the local level. It integrates investment from the private sector, European Structural and Investment (ESI) Fund, local authorities, revolving funds, other local partners, public assets and proposed Local Growth Fund resources into a strategically aligned package. In addition, a number of freedoms and flexibilities (or asks of Central Government) are identified in order to deliver additional growth.

The Plan has been developed through an extensive engagement process which has included working with the private, public and voluntary sectors. It has also been informed by a call for illustrative projects, which secured 70+ project proposals. In addition, WLEP has collaborated with other LEPs (including Greater Birmingham and Solihull LEP in relation to North Worcestershire, where the boundaries overlap) and other organisations, including various Worcestershire networks and partnerships. A Protocol Agreement with the Greater Birmingham and Solihull LEP establishing co-governance and joint working arrangements has been confirmed. Appendix A sets out details of the timeline and engagement programme and Appendix B summarises the results of the consultations.

Over the period 2014 to 2020, Worcestershire is set to receive support under the more developed region strand of the ESI Funds. The area has a notional allocation of European funding totalling £60.5 million (€70.9 million), including the European Agriculture Fund for Rural Development (EAFRD). The SEP provides the overarching framework for the Worcestershire ESI Funds Strategy. As part of the ESI Funds Strategy, WLEP has decided to 'opt in' to the following national services, which will be tailored to meet local needs and priorities. UK Trade and Investment (UKTI); The Manufacturing Advisory Service (MAS); GrowthAccelerator; The Skills Funding Agency (SFA); The Big Lottery and the Department for Work and Pensions (DWP).

WLEP has worked with the private sector to develop the package of projects and initiatives. It has used the logic chain approach to show how the proposed interventions will address the constraints and opportunities by setting out the linkages between the context, rationale, inputs, activities, outputs and results (see Appendix C).

Worcestershire has a substantial track record in successfully delivering projects including in collaboration with partners across the West Midlands. For many of these projects, Worcestershire has been particularly successful in securing private sector leverage and match funding. For example, in terms of Growing Places, WLEP has either already advanced or is expected to advance almost 80% of its original allocation of £5.5 million.

WLEP has developed the SEP with support from AMION Consulting and ICF GHK. The Plan continues WLEP's commitment to economic growth as set out in the 2012 Business Plan – "The Outlook is Bright in Worcestershire".

An Independent Expert Panel was appointed to review the evidence base and arrive at conclusions and make recommendations about the Draft SEP. The Panel was chaired by Ben Page (CEO, Ipsos Mori), and also comprised of George Barrett (formerly Chief Economist at Ecorys), Professor Peter Tyler (Cambridge University) and Richard Butler (Director, CBI West Midlands). The comments and suggestions of the Panel have been incorporated into the SEP.

Independent Expert Panel

The Independent Expert Panel has endorsed the broad thrust of the Plan. Specifically, it states that the SEP is *"based on a comprehensive analysis...[and] provides a well-articulated, pragmatic, coherent response..., focussing on appropriate key actions"*.

The Panel, however, also identified a number of issues, which have been addressed in the final SEP. For example, it suggested that the main objective of the plan should be on improving GVA per head and per worker, due to the relatively low levels of unemployment and reasonably high economic activity rates.

The Panel also proposed a stronger spatial dimension to the SEP, reflecting the *"differences in needs and potentials of different parts of the county"*. It also asked that the reasons for selecting the growth sectors was made clearer.

Furthermore, it proposed the use of wider sources of evidence (e.g. business surveys) to support proposed activities. In addition, it identified a need to provide a *"clearer rationale, and where possible evidence, to explain the policy and intervention choices which have been made"*.

In terms of governance, it identified a number of challenges, including the need for a robust and transparent decision-making and prioritisation framework. It also noted that the role of the LEP in terms of delivery will need to be strengthened in the medium and longer-term, recognising that short-term delivery will need to fall on established bodies.

Finally, the Panel noted that the overlapping boundaries in the north will continue to require careful coordination to ensure that interventions in the areas of overlap are coherent and mutually consistent.

The SEP has also been informed by work undertaken by Ernst and Young to develop a financial model and Outline Business Case to establish a revolving Infrastructure Investment Fund by retaining business rates within the priority Game Changer sites. In addition, WLEP has also commissioned East West Locations and Breeze Inward Investment to help develop a targeted lead generation and inward investment programme for Worcestershire.

2.2 Building on significant progress

With a clear strategic framework provided by the current WLEP Business Plan, delivery under way and ongoing engagement, the WLEP has a robust platform to deliver the SEP.

The WLEP launched its Business Plan "The Outlook is Bright in Worcestershire" in November 2012 which was based on extensive and widespread stakeholder engagement.

The WLEP's delivery achievements to date include:

Delivery

- targeting the creation of an estimated 850 jobs through Growing Places Fund projects including: Worcestershire County Cricket Club development (£1.25 million), near completion for Spring 2014; Evesham Vale Skills Centre (£0.1 million), completed; Hoobrook Link Road (£0.9 million), completed; Evesham Country Park (£1 million); and Redditch Eastern Gateway (£1 million);
- supporting the visitor economy through Destination Worcestershire and improving tourism infrastructure in terms of high quality hotel and conference provision to meet business needs, such as the Worcestershire County Cricket Club development;
- promoting the pioneering Fladbury Tomato Nursery Anaerobic Digester plant for the benefit of nearby Evesham rural businesses – producing and exporting natural gas and electricity to the national grid – enough to fully serve several surrounding villages;
- delivering a new Skills Academy for the collaborative Vale of Evesham Growers;
- increasing apprenticeships to 5,700 starts in 2012/13 (including a 50% increase at Level 3) through priority employment and skills initiatives;
- supporting the creation of an engineering skills facility and new National Cyber Training Centre; and
- supporting the successful Pershore College bid for £4 million of Skills Funding Agency (SFA) support towards developing the first stage of the Centre of Excellence for the agri-tech sector.

Business Support and Information

- working together with Worcestershire Regulatory Services, National Regulators and local SME businesses to demystify regulatory compliance alongside integrated positive business support;
- producing a Regulators and Business Charter and delivery plan including co-ordinated business start-up and expanding regulatory support packages focusing on the agri-tech sector;
- launching a new business-backed Access to Finance Portal which is the delivery model for a range of signposted contacts (offering a variety of funding and specialist expertise), a series of events with Find It In Worcestershire, Chamber of Commerce and other partners to support businesses in becoming "investor ready";
- establishing Worcestershire Business Central as an embryonic Growth Hub to signpost and broker support for business start-up and growth; and
- launching a European Regional Development Fund (ERDF) funded £1.3 million resource and efficiency advice and grant programme for SMEs supporting them to improve their financial performance through energy, water and waste efficiency.

Partnership and Culture

- establishing the strategic WLEP Planning and Development Charter in partnership with Local Planning Authorities, providing better business friendly experiences of the Worcestershire planning system;
- developing the emerging WLEP-wide spatial plan promoting inward investment on key sites, infrastructure schemes, housing and employment/economic opportunities;
- assisting the Game Changer Sites Programme to support expanding indigenous businesses and/or new external investors;
- a series of Development Management initiatives to establish a business friendly planning culture;
- strengthening rural public, private and third sector partnerships to successfully drive and deliver the current LEADER Project and the Redundant Buildings Grant Scheme with The Marches LEP (£1.5 million) focusing on creating jobs and investment in rural areas;
- procuring and publishing the Worcestershire Manufacturing Study to shape the next stage of the WLEP manufacturing strategy and working with six other LEPs and the Sector Skills Council for Science, Engineering and Manufacturing Technologies (SEMTEA) to establish a cohesive approach to workforce skills development within manufacturing, engineering and production;
- working with Worcestershire Local Nature Partnership, public and third sector interests to realise environmental assets as positive contributors towards rural business growth (using the Natural England Local Environment and Economic Development (LEED) Toolkit);

- working with partners to strengthen LEADER's contributions to jobs and growth while strengthening local communities in its unique community-led engagement model; and
- signing the Armed Forces Covenant and working with 143 (West Midlands) Armed Forces Brigade to pioneer Midlands-wide solutions while promoting Worcestershire as a place for job opportunities, skills development and lifestyle package for exiting Armed Forces personnel.

Leadership

- spearheading a Cyber Security Study and a Cyber Security Strategy for Worcestershire and leading potential alliance with the West of England, Gloucestershire and The Marches LEPs;
- lobbying for and securing significant funding for major schemes such as Hoobrook Link Road and Worcestershire Transport Plan Phase 1; and
- leading an innovative Connecting Schools and Business Programme where all Worcestershire secondary schools and local businesses are pioneering a structured, tailored work placement scheme throughout the year.

2.3 Understanding Worcestershire

2.3.1 Introduction

An extensive analysis of the socio-economic conditions and trends in Worcestershire has been carried out in developing the SEP³. Although Worcestershire's economy has significant strengths and the area offers residents a good quality of life, there remain some major challenges and barriers to growth. The mix of opportunities and challenges varies across the LEP area and the SEP has been designed to address these.

This section summarises the socio-economic conditions in Worcestershire. A more detailed analysis of contextual issues, including district level data as well as a review of the relevant policy background, the market failures and barriers that will be addressed and the future drivers of the WLEP area economy, can be found in Appendix E. The local area analysis has been informed by an extensive programme of consultations.

2.3.2 Place

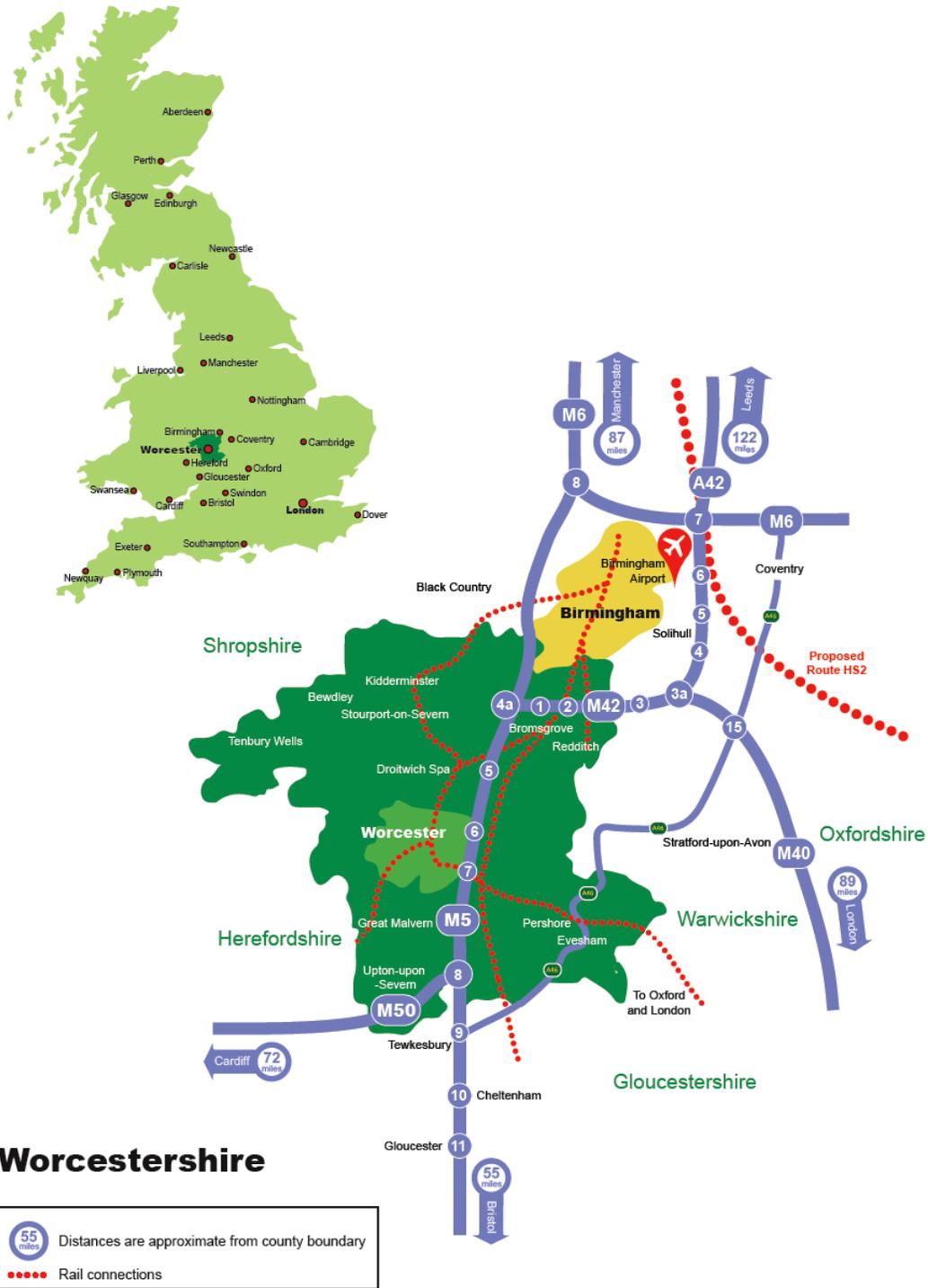
Worcestershire is a diverse county⁴, which provides an excellent business location and living environment, as well as being an important visitor destination. It comprises six local authority district areas - Bromsgrove, Malvern Hills, Redditch, Worcester, Wychavon and Wyre Forest. The main urban areas include the Cathedral City of Worcester, Kidderminster, Redditch, Bromsgrove, Evesham, Malvern and Droitwich (see Figure 2.1). Worcestershire also has a strong network of market towns including Upton Upon Severn, Bewdley, Broadway, Pershore,

³ The results of these analyses are set out in a Data Review document.

⁴ Further analysis at the district level is presented in Appendix E.

Stourport, and Tenbury, interspersed with smaller villages and settlements. Despite the rural nature of the county, **over 70% of the population lives in urban areas.**

Figure 2.1: Worcestershire



Worcester city – the main urban area and civic and cultural centre of the county - has the potential to develop as an ‘engine’ for growth. At present, the service sector in the city is currently underdeveloped given its location and position as the principal centre for the county. However, the City Centre Masterplan is being implemented, with, for example, proposals being brought forward for the former porcelain works to become an arts and designer quarter and the opportunity to develop Lowesmore as a city centre office location. The University of Worcester has grown rapidly and is an important asset for the county. In addition, major development is proposed close to the motorway, including Worcester Technology Park. Access improvements, both by road and rail, will be key to realising this potential.

Primary towns such as Kidderminster and Redditch provide a different dynamic. **Kidderminster** grew rapidly with the industrialisation of the weaving industry based on a ready supply of quality water and close proximity to primary wool markets in mid Wales. It has been adversely affected by the industrial decline of traditional activity. The town is re-establishing and strengthening its economic role and is the base for a number of successful local firms – such as Roxel, Titan steel wheels and Morgan Advanced Ceramics in nearby Stourport. It also benefits from strong local markets. The ongoing activities of the successful Re-Wyre programme continue to deliver local success, although there is a continuing need to support investment.

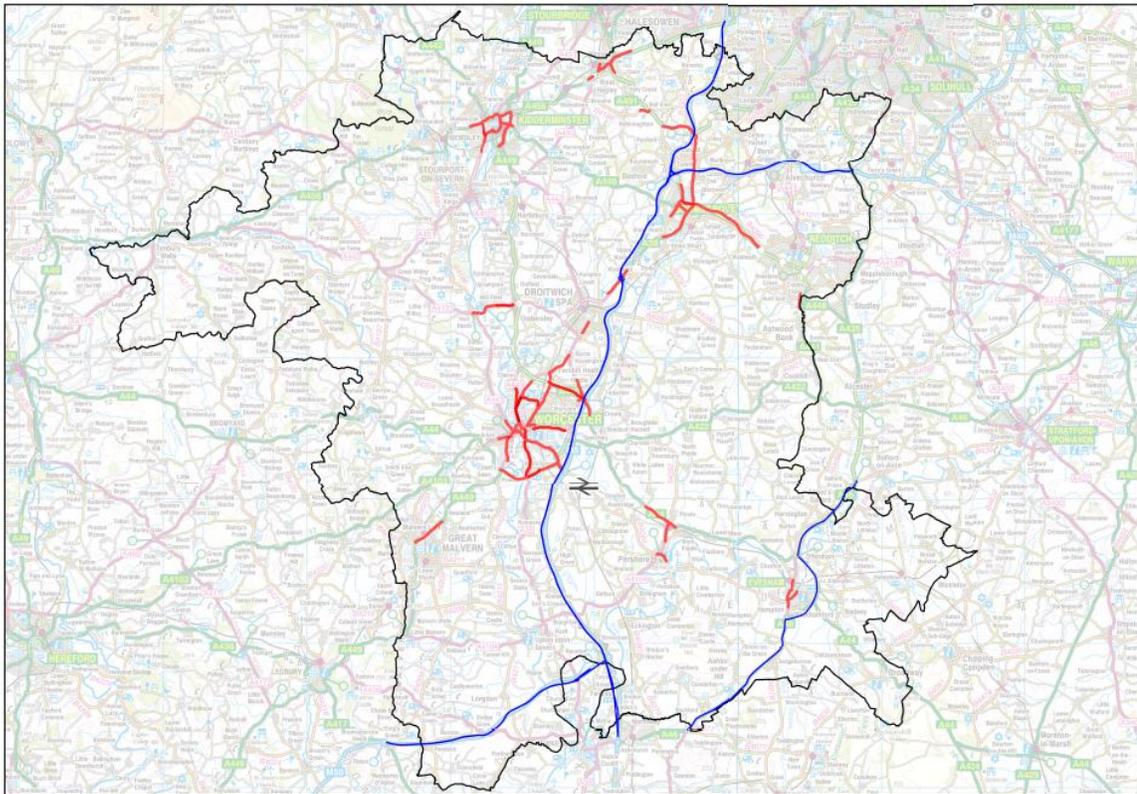
Redditch was one of the last tranche of New Towns. Much of it was developed in late 1970s and early 1980s and it has seen little significant development since. With increased competition and a lack of investment, there has been a significant decline in the shopping, amenity and civic function and appeal of the town centre.

Much of Redditch’s economy is still based on the original relocation of engineering businesses from the Black Country and Birmingham. A number of these organisations have grown significantly and been bought or merged with overseas businesses and this existing employer base provides a strong core of economic opportunity for the county - with a range of overseas and UK businesses based in Redditch that can drive further investment. However, the lack of significant employment land and modern efficient premises is a real barrier to business expansion and investment.

There is an opportunity for Redditch to support further growth through new employment land release and town centre redevelopment. This expansion can complement the major economic and demographic growth that is proposed in Birmingham and Solihull.

The county is **well-connected to other parts of the UK**, particularly through the Highways Agency managed Strategic Road Network (SRN) including the **M5, M42 and M50 motorways and the A46 Trunk Road**, which run through the county and provide good access to London, Birmingham (and the North), and to Wales and the South West. However, access to/from the SRN is constrained in parts of the county due to **capacity constraints on the local highway network**, particularly around urban areas, with Worcester and Bromsgrove having particularly acute problems. Figure 2.2 shows the significant congestion points on the current highway network.

Figure 2.2: Major areas of congestion



Source: Worcestershire County Council (2014)

It is **served by a range of regional and Inter-City rail services**. Regional services primarily link Worcestershire with Birmingham and the wider West Midlands, whilst the Inter-City network provides a key but currently slow link to London. However, whilst the Birmingham-Bristol Main Line (a key part of the strategic rail network) passes through the county, Worcestershire businesses and residents have no direct access to services. In addition, **local businesses have expressed concern about poor frequency and journey times to London, the West Midlands and the South West**. Access to the Worcestershire London and South East services are also **constrained by limited parking capacity at stations and traffic congestion on urban transport networks** (especially Worcester). There is considerable scope to enhance Worcestershire's rail infrastructure and services, which is reflected in the inclusion of Worcestershire Parkway Interchange as a top (Major Scheme) priority in the Local Transport Plan (LTP 3).

Worcestershire has **good access to international markets**, most notably, through Birmingham Airport, which is a 45 minute drive away and London Heathrow (about two hours). Other airports accessible within a two hour drive include East Midlands (1 hour 20 minutes), Bristol (1 hour 30 minutes), Manchester (1 hour 50 minutes), Cardiff (1 hour 55 minutes) and London Luton (2 hours). The expansion of Birmingham's Airport offers significant potential for further growth. The county also has good access to deep water ports, such as Bristol.

The county also has other significant assets which can be used to promote growth. For example, **Malvern Hills Science Park** has played a key role in developing high technology growth sectors

in Worcestershire since Phase 1 opened in 1999 and is currently home to 30 large technology rich companies employing around 300 people. Phases 2 and 3 opened in 2002 and 2009 and Phase 4 will start construction in the near future. The growth of the Science Park is another key opportunity for Worcestershire.

Economic growth in Worcestershire has though in the past been restricted by the **lack of strategic sites and premises**. Research by DTZ in 2012 concluded that:

'...there is in fact an acute shortage of quality B1 (office, research and development and light manufacturing) and B2 (general manufacturing) accommodation and land in the county'.

There are currently **active requirements in the market for manufacturing, high technology and office accommodation**. For example, Spies Kunststoffe Melle (a German injection moulded food packaging manufacturer) has a requirement for 11,200 sq m of manufacturing space in order to expand its UK activities and has identified Worcestershire as a preferred location. Polytex Group, already an important part of the automotive supply chain within Worcestershire, is seeking new premises to enable expansion within the local area. Neither can find suitable sites or premises.

The lack of sites and premises has significantly **constrained growth and led to lost investment**. However, four initial **Game Changer sites** have been identified (Malvern Hills Science Park Expansion, Redditch Eastern Gateway, South Kidderminster Enterprise Park and Worcester Growth Corridor) and are being progressed for development. The development of the priority Game Changer sites is, however, **dependent on specific off-site infrastructure to unlock them and wider growth opportunities**.

In terms of the housing development, the major housing sites are primarily associated with the larger urban areas. Housing affordability remains a significant issue in many parts of Worcestershire. WLEP is committed to securing the **early delivery of affordable and other housing, consistent with the current and proposed development plans, to support economic growth**.

The coverage of superfast broadband in Worcestershire is above the national average at 72.3%, and will be extended to 90% of business and residential premises in Worcestershire by 2015, as a result of recently confirmed investment of £20.75 million by Broadband Delivery UK (BDUK), Worcestershire County Council and BT. The commitment to secure **90% superfast broadband coverage** is particularly significant. The deployment of broadband infrastructure is, however, only part of the picture as there is a significant knowledge gap among SMEs in terms of how the opportunities offered by superfast broadband can transform their businesses. One of the priorities of the SEP is therefore to **support businesses to make full use of superfast broadband**.

The **agricultural, horticultural and forestry sector is an important part of the Worcestershire landscape and economy**. There are three areas that offer significant agri-tech opportunities:

- **Vale of Evesham** provides a focus for commercial horticulture, with increasing opportunities for growth, including food production and processing facilities;

- **Wyre Forest and surrounding area** provides an opportunity for finer grain development of small holdings and smaller scale food production as well as forestry expertise linked to the Marches; and
- **Teme Valley and the South** provide an opportunity for commercial fruit production linked to larger scale orchards.

With its many natural, historical and cultural assets, such as the Malvern Hills and West Midland Safari Park, Worcestershire provides an **excellent living environment and represents an important visitor destination**. The attractive living environment is also reflected in the above average life satisfaction rating.

The **primary river network is a significant tourism and environmental feature and has supported growth** in river towns such as Tenbury, Stourport and Bewdley. The Worcester & Birmingham Canal and the River Severn connects Worcestershire to the Midlands in the north and the Bristol Channel to the South. Canal and river corridors also provide an alternative, safe route for pedestrians and cyclists accessing work and leisure opportunities. The WLEP recognises the benefit of having canal and river navigation through Worcestershire providing waterside locations that can attract investment.

Importantly, the **rivers are also a major source of water for agriculture**. Extraction licences are increasingly controlled and could be a significant barrier to further development of the Vale of Evesham and the agri-tech sector, where ready access to quality water for irrigation is critical.

In the future, more extreme weather events and lower summer flows will influence the rivers in the county. **Alluvial flooding continues to be a problem**, but major investment in flood defences has been completed in most river towns and village areas. The **flood plain of Worcester city, however, remains a major issue**. In February 2014, following extended rainfall the River Severn within Worcester reached record levels. In total 108 homes and 55 businesses in Worcester and Malvern were flooded, while flood water caused severe disruption to residents and businesses across Worcestershire.

In terms of the environment, Green Infrastructure Corridors throughout the county provide an important focus for reflecting the habitat, landscape, flora and fauna of the county. The Green Belt has a significant influence in the north of the County, dominating the countryside outside the established urban areas. The attractive living environment of the county represents a significant strength and a particular challenge will therefore be to ensure that the county maintains an appropriate **balance between protecting the environment and economic development**.

A summary of Worcestershire’s main strengths, weaknesses, opportunities and threats, in relation to Place, is presented in Table 2.1.

Table 2.1: Place	
Strengths	Opportunities
<ul style="list-style-type: none"> • Connectivity – road, rail and air • Attractive living environment - relatively high life satisfaction • Central strategic location to key markets and distribution channels – rail, air and deep 	<ul style="list-style-type: none"> • Key strategic sites (which will be brought forward through the Game Changer programme) • Worcester city – retail, office and leisure • New/improved infrastructure – transport,

<p>water ports</p> <ul style="list-style-type: none"> • Important visitor destinations - history and heritage • Defined employment locations 	<p>digital and utilities</p> <ul style="list-style-type: none"> • Links to HS2 and Birmingham Airport (UK Central), as well as Heathrow • Improved rail connectivity • Motorway corridors and junctions as drivers of economic growth
<p>Weaknesses</p> <ul style="list-style-type: none"> • Current lack of strategic sites (but Game Changer sites will address once infrastructure constraints are overcome) • Affordability of housing in some areas • Some access pinch points to the strategic transport networks – which are constraining economic growth • Limited superfast broadband take-up 	<p>Threats</p> <ul style="list-style-type: none"> • Longer term supply of readily available strategic and other employment sites/premises (beyond initial Game Changer sites) • Failure to deliver housing • Vulnerability of key infrastructure and resources to flooding and climate change

2.3.3 People

Understanding the size and composition of the population is crucial for economic development. The number of people and the age profile of the county influences key measures, such as the size of the working age population. This affects the number of jobs that are required, and for businesses the ease with which they are able to fill roles from the local labour market, with implications for attracting inward investment and the overall productivity of the county.

The population of Worcestershire is estimated at around 569,000. The local authority with the most residents was Wychavon with 117,700, whilst Malvern Hills had the lowest number of residents with 75,000. Notably, **population growth has been relatively modest over the past decade.**

The age structure in Worcestershire differs somewhat from national trends, with noticeably **lower proportions of people aged 20-39 years, and a markedly higher percentage aged 55 years and over.** Older people are particularly concentrated in the more rural parts of the county, including Malvern Hills.

The population growth and structure are heavily influenced by migration patterns, with younger people tending to move to towns and cities for education and employment reasons. This **outflow of younger cohorts** is, however, more than offset by an **inflow of largely older cohorts**, particularly into Malvern Hills, Bromsgrove and Wychavon. Indeed, in terms of total net migration, Worcestershire receives a net inflow of almost 1,300 persons per annum.

Commuting patterns in Worcestershire are complex but important. While some **72% of the resident working population live and work in the county**, a considerable number of people commute out of the county to work elsewhere, while others commute into Worcestershire for employment. Currently, Worcestershire has a **net out-commuting flow of more than 37,000.** The highest net outflows are found in Bromsgrove and Wychavon. The only Worcestershire district with a net inflow of commuters is Worcester, although most of the inflow is from other Worcestershire districts. Equally, the **success and growth of businesses in Worcestershire also has a direct effect on the prospects of residents in neighbouring authorities.** To date,

economic activities in Worcestershire have particularly benefited residents in Birmingham, Dudley, Stratford-upon-Avon, Herefordshire and Shropshire.

In order to develop a strong, sustainable, technology and innovation-led economy for Worcestershire, it is essential that the county has a well-educated, highly skilled workforce able to meet current and future needs of both potential new and existing businesses. Indeed, it is likely that the strongest growth in new jobs going forward will be in higher value added and more highly skilled businesses. Therefore, there is a **need to upskill the workforce in existing businesses to improve their productivity and help them to exploit new market opportunities**, whilst at the same time attracting new businesses and jobs in the higher skilled and higher value added sectors.

Generally, **Worcestershire benefits from a relatively well qualified workforce**, with around a third of the population aged 16-64 qualified to National Vocational Qualification (NVQ) Level 4 or higher and around half of the population qualified to NVQ Level 3 or above. The proportion of the population with no qualification is just over one in ten.

Notwithstanding this relatively strong performance in terms of qualifications, **a number of skills shortages have been identified** including through the UK Commission's Employer Skills Survey 2011. In the UKCES survey, Worcestershire employers reported that 37% of vacancies were hard-to-fill and 26% were hard-to-fill due to skills shortage. This compares to 16% of vacancies in England which were skills shortage vacancies. In addition, employers have also noted that there is a **lack of 'softer skills'** amongst some of the workforce, including the right attitude, motivation and social skills. Moreover, employers have increasingly articulated the **need for a stronger Higher Education offer, including in terms of engineering and manufacturing and IT and technology**.

Worcestershire **performs strongly in terms of school age educational attainment**. The school age educational attainment, however, varies across the districts with Redditch and Wyre Forest generally having lower attainment levels than the more rural parts of the county. Worcestershire has a number of excellent schools, including in the private sector. Significant progress has already been made in connecting local schools and businesses and more can be done in this area.

In terms of earnings, the **median earnings for people who live in Worcestershire are 12% higher than those for people who work in Worcestershire**. This difference is explained by the net out-commuting from Worcestershire to other places, particularly amongst those employed in higher paid occupations. Worryingly, this gap has widened further in recent years.

In terms of the labour market performance, Worcestershire performs well on a number of variables. For example, it has a **high proportion of residents employed in higher order occupations and benefits from a relatively low unemployment rate** (and thus a high employment rate). However, whilst unemployment is generally low, **young people and the long-term unemployed represent an increasing share of the unemployed**. Unemployment rates also vary across the county.

Income deprivation is often considered to be the most important component of disadvantage. People living on low incomes are restricted in terms of their housing choices, education opportunities and skills, and employment prospects. **Just over 28,000 people (4.9% of the**

population) in Worcestershire live in a household with a median income less than £17,016 per annum, which is less than 60% of the median household income for England (the official Government definition of poverty). Across Worcestershire the greatest proportion of the population on a low income live in Wyre Forest, with 7,891 people representing 8.0% of the population. This is the equivalent of 9.5% of households in the area. Worcester and Malvern Hills also have a relatively high proportion of the population and households on low incomes when compared to the county average. In terms of wider deprivation, as measured by the Index for Multiple Deprivation (IMD), the higher incidences of this are **concentrated in pockets in the urban areas of Worcester, Kidderminster, Redditch and Malvern (Pickersleigh).**

It is rare for the IMD to highlight rural areas as deprived, since rural deprivation is often dispersed whereas in urban areas, it tends to be spatially concentrated. However, it is important to recognise that this does not mean that deprivation does not exist in rural areas. Indeed, a recent report highlights that there are almost 9,000 people in rural areas in receipt of benefits. So whilst no rural areas in Worcestershire are identified as deprived according to the IMD, residents of rural areas account for approximately a fifth of all working-age people receiving Department for Work and Pensions (DWP) benefits in Worcestershire.

Reflecting the above, an important priority for the SEP will be to **create the right conditions for the existing and future workforce of Worcestershire to be deployed effectively in well paid and higher value added jobs.** In particular, it will be critical to ensure that Worcestershire provides appropriate **opportunities for younger cohorts to mitigate the current outflow of young talent** and **for older workers to extend their working lives** to counter the potential adverse effects of an ageing population. It will also be important to **address skills shortages**, particularly in the key growth sectors. **Ensuring that disadvantaged individuals and areas have access to economic opportunities** through basic skills provision, employment support and infrastructure investment will also be crucial.

A summary of Worcestershire’s main strengths, weaknesses, opportunities and threats, in relation to People, is set out in Table 2.2.

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Low unemployment/ high employment rate • Relatively highly skilled workers/ higher order occupations • Strong school age educational attainment 	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Comprehensive HE/ FE offer linked to business needs • Mobilise potential of older workers • Retention of graduates/young people • Reduced out-commuting • Improved business-school linkages
<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Skills shortages, particularly in key growth sectors • Pockets of deprivation • Increasing youth/ long-term unemployment • Net outflow of commuters – with consequential difference in residential and workplace-based incomes 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Ageing population – increased dependency, but also a source of labour • Supply of labour – forecast decline in 16-64 population • Out-migration of younger cohorts

2.3.4 Business

Worcestershire's performance in terms of **GVA per head and per worker has been consistently below the national average** in recent years⁵, although this can to a considerable extent be explained by the dominant effect London and some surrounding counties have on the national figures. Indeed, Worcestershire has had **one of the highest long-term (1997-2011) growth rates in Gross Value Added (GVA) outside the Greater South East** (although this growth slowed down in the period 2006-2011, relative to other LEPs⁶).

Notwithstanding this recent relative decline in GVA growth, the Worcestershire economy has substantial potential to return to a higher growth rate and contribute to national economic growth. For example, **Worcestershire has particular sector strengths in high technology growth sectors** such as **advanced manufacturing** (ranked 3rd out of all LEPs), **cyber security/defence/IT** (a nationally recognised cluster centred in and around Malvern) and **agri-tech** (it accounts for 20% of horticulture output in the West Midlands). However, these sectors currently face a number of challenges, including access to finance, energy/resource efficiency, skills development, innovation and R&D support, many of which are a result of information and innovation related market failures⁷. It will be important to address such market failures and challenges in order to ensure that these growth sectors fulfil their potential and support growth in Worcestershire and beyond.

Some of the larger employment sectors, such as services, have underperformed. However, the **professional and business service sector** is an important potential driver of growth for Worcester city and can contribute to raising value added. In addition, the county has strengths in the **visitor and destination economy sectors** – the development of this sector can, for example, play an important role in addressing economic exclusion.

The county's economy is **characterised by a large number of SMEs**, many of which are small and have been trading for a relatively long time. In some cases these SMEs will be 'lifestyle businesses' with limited aspirations for growth, but many do want to expand. However, the entrepreneurial spirit of Worcestershire has weakened in recent years, with relatively fewer start-ups and limited enterprise churn. There are many reasons for this but following the economic crisis access to funding has represented a significant barrier to start-ups and enterprises seeking to expand. As such, it will be important to ensure that there is access to finance and the provision of general business support in order to build on the relatively high levels of entrepreneurship and develop the existing base of SMEs.

A high proportion of Worcestershire employment is in contestable industries – that is those industries which are export and import intensive - although the actual levels of exporting are relatively low. There is thus the potential to increase the level of international trade to support growth.

Whilst Worcestershire exhibits a relatively high level of patents per working age resident, business surveys reveal that **private sector innovation and research activity is limited** and that

⁵ For example, it is ranked 29th out of the 39 LEPs in terms of GVA per worker (2011) and 28th in terms of GVA per head (2011).

⁶ Worcestershire LEP is ranked 34th out of 39 LEPs in terms of average annual GVA growth (%) between 2006 -2011.

⁷ See, for example, the Worcestershire Cyber Security Strategy (2012), Getting to the Heart of Horticulture (2011) and the Manufacturing Survey (2013)

there is a **lack of business and Higher Education (HE) collaboration**. The county also lacks Centres of Excellence that can be catalysts for growth in the key sectors. As such, and notwithstanding the growth and diversification of University of Worcester in recent years, there is a strong need to build external linkages with HEs and other research institutions outside the county, particularly those with a strong industrial research focus. The potential for greater innovation and R&D investment is particularly strong within the identified key growth sectors – cyber security/defence/IT, advanced manufacturing and agri-tech.

Worcestershire has had **limited success in terms of attracting inward investment historically**, despite a number of locational advantages. Recent growth and job creation has principally come from the indigenous business base, which is, as noted, primarily made up of SMEs. In part, the past performance reflects what has been identified as the under-developed national and international profile of the county. However, Worcestershire's location and assets mean that it has significant potential to attract mobile investment.

Whilst Worcestershire is an important economic location in its own right, it is also **well positioned to benefit from and complement the economic strength and potential of Greater Birmingham and Solihull**. As England's second largest city, Birmingham has an international reputation and a significant concentration of economic activity that will inevitably influence the growth of Worcestershire. Furthermore, half the districts that make up the WLEP are also part of the Greater Birmingham and Solihull LEP. The economic linkages with Birmingham and wider West Midlands region are particularly evident in terms of commuting, especially from the northern Worcestershire districts. However, there are also key economic linkages in relation to a number of key sectors. Indeed, a number of key suppliers to, for example, Jaguar Land Rover are located in Worcestershire. Such economic linkages also extend into the South West through, for example, the links of the cyber security sector to Gloucestershire and the West of England.

A number of business surveys have been conducted in recent years identifying the main economic priorities for Worcestershire and the principal barriers and opportunities for local businesses. For example, the 2011 Business Engagement Survey identified the following **economic priorities for Worcestershire**:

- supporting the growth of existing Worcestershire businesses (identified as the main economic priority by more than half the businesses surveyed);
- working with partners to look at possible financial incentives through reduced business rates for companies to locate and/or stay in Worcestershire (35%);
- infrastructure - supporting the maintenance and development of key infrastructure, particularly roads and broadband (23%);
- bringing new companies to Worcestershire (23%);
- improving skills - supporting the development of a skilled workforce – particularly among young people and through apprenticeships (15%);
- access to finance - providing support and guidance to businesses about available funding and providing direct financial support for business development (14%); and

- providing direct support, particularly to start-up businesses to help them survive and grow (13%).

These economic priorities were largely confirmed by the most recent survey of businesses which was undertaken in December 2013. Indeed, 9 in 10 businesses identified **“supporting the growth of existing Worcestershire businesses”** as being a “very high” or “high” economic priority (the increase in the proportion of businesses identifying this as a priority reflects the restriction to selecting only two priorities in the 2011 survey). Other important economic priorities identified by business were **infrastructure and working with partners to look at possible financial incentives**. In terms of ‘infrastructure’ businesses have identified, for example, the lack of high quality hotel and conference facilities as a weakness. Opportunities to improve efficiency by better use of ICT/broadband, renewable energy/energy, water and waste have also been identified. The latter will be important as energy, water and waste resource costs increase.

The 2013 business survey also highlights the reasons for locating their business in Worcestershire. Whilst the majority of respondents (74%) indicated that the reason for locating their business in Worcestershire was because they are Worcestershire residents, over a quarter (27%) also indicated that it was due to the nature of the sites/premises. This highlights the **historic importance of availability of sites/premises and thus the significance of the constraints identified above for future growth**.

In terms of the prospects for Worcestershire businesses, it is notable that approaching a quarter (22%) of respondents expect to recruit over the next 12 months. Such recruitment may however be hindered by a number of skills deficiencies in the local labour market. The most common skills deficits encountered when recruiting are job specific skills (41%) and technical or practical skills (36%). Around three in ten businesses also anticipate skill deficits in customer handling (30%), problem solving (29%) and planning and organisation skills (28%).

The most common business services accessed through Worcestershire County Council are business growth information/support services, procurement and staff recruitment/training related information. More broadly, businesses particularly expect to use business support services to access finance (20%), expand their business (19%) and/or for recruitment (15%) in the coming 12 months.

Table 2.3 presents a summary of Worcestershire’s main strengths, weaknesses, opportunities and threats, in relation to Business.

Table 2.3: Business	
<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Large SME base • 3rd highest share of employment in high/medium-high technology sectors • Key growth sectors – advanced manufacturing, agri-tech, cyber security/defence/IT • High patent registration rate • Strong long-term growth in GVA 	<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Building on the high levels of entrepreneurship and developing the existing base of SMEs • Development of key growth sectors and businesses through targeted programmes (e.g. business support, supply chains, skills strategy delivery) • Cross-sector efficiency – ICT/ broadband, renewable energy/energy, water and waste efficiency • High potential for internationalisation • Major economic and demographic growth in Birmingham and Solihull
<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Below average GVA per head/productivity • Lack of access to finance • Relatively low levels of inward investment • Limited innovation and research activity • Lack of centres of excellence • Lack of business-HEI collaboration • Underdeveloped national/international profile • Lack of high quality hotel and conference provision 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Under-performance of large employment sectors – services • Skills shortages • Spatial variation in performance – economic divergence across the county • Major economic and demographic growth in Birmingham and Solihull (although this also represents a significant opportunity) • Increasing energy, water and waste resource costs

2.3.5 Key opportunities and challenges

On the basis of the analysis of socio-economic conditions and trends a number of key opportunities and challenges have been identified (see Table 2.4). The SEP has been designed to respond to these key opportunities and challenges.

Table 2.4: Key opportunities and challenges	
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • Opportunity 1 – Key sectors of national importance • Opportunity 2 – Economic Game Changer sites • Opportunity 3 – Creating Centres of Excellence • Opportunity 4 – Inward investment growth potential • Opportunity 5 – Export growth potential • Opportunity 6 – Enterprise creation and growth potential 	<p style="text-align: center;">Challenges</p> <ul style="list-style-type: none"> • Challenge 1 – Infrastructure to remove constraints and unlock growth • Challenge 2 – Maximising productivity • Challenge 3 – Accelerating the delivery of housing • Challenge 4 – Tackling the labour supply/demographic challenge • Challenge 5 – Providing finance for growth • Challenge 6 – Ensuring the skills are available for growth • Challenge 7 – Promoting innovation

2.4 A clear and ambitious vision

2.4.1 Vision and strategic framework

WLEP has formulated the SEP to ensure that Worcestershire’s economy grows much more rapidly than would otherwise be the case and makes an increasingly important contribution to national growth.

In developing the SEP, the WLEP has considered the implications of three future scenarios or options (see Appendix F) based on economic forecasts prepared by Cambridge Econometrics, as follows:

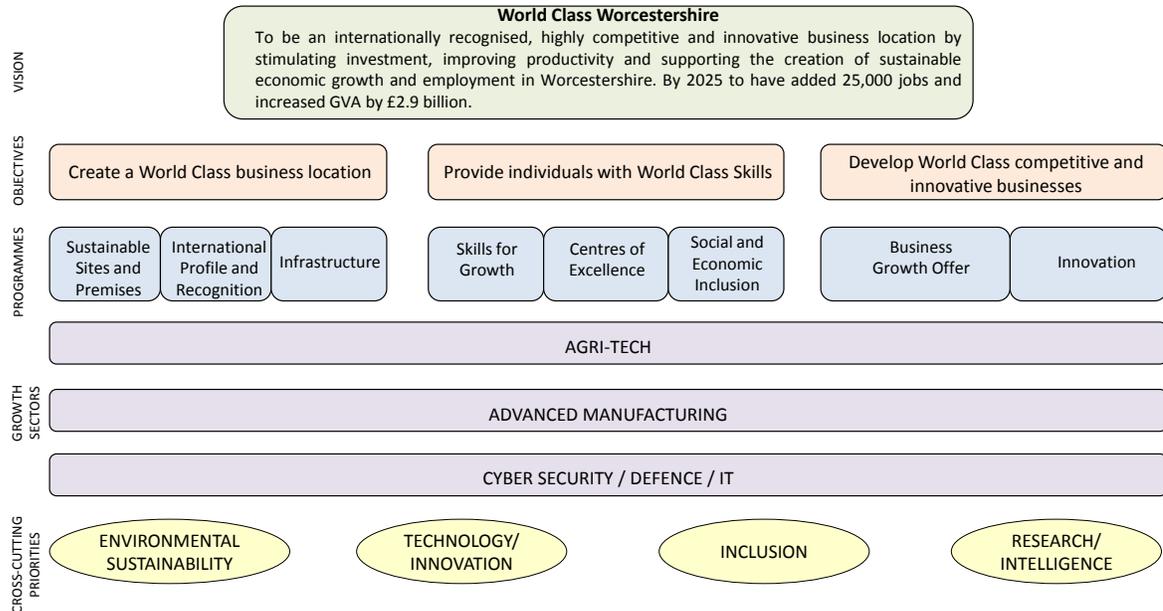
Scenario	Key assumptions
Business as Usual	The Business as Usual scenario would involve the continuing implementation of existing policies and at best achieving growth in line with the baseline projections. However, there is a significant concern that without major supply-side improvements, even the baseline projections would be difficult to achieve.
Smart Efficiency	A Smart Efficiency scenario has also been modelled to reflect a programme of additional interventions to enhance productivity through targeting opportunities to remove barriers and enhance GVA growth, in particular in key sectors. As part of this scenario, there would be focused intervention to address both supply and demand-side issues.
Smart Efficiency and Growth	A third scenario – Smart Efficiency and Growth – has been modelled to reflect the Smart Efficiency scenario plus additional focus on infrastructure investment, inward investment, a business growth package and further interventions to address supply-side constraints.

This analysis highlighted that there is a real opportunity for a transformational change in Worcestershire’s future economic role and contribution to the regional and national economy. The WLEP Board has selected the smart efficiency and growth scenario as the basis for its SEP. Previously the county has had a ‘culture of contentment’ and has hidden its successes, assets and achievements. This Plan represents a major step change in approach and determination by business and local government partners to change this.

Under the ‘Smart Efficiency and Growth’ scenario, which reflects the programme of activities proposed within the SEP, the local economy will by 2025 support approaching 290,000 jobs and generate £11.9 billion in GVA. This represents an increase of over 25,000 jobs and £2.9 billion in GVA.

The identified vision and strategic framework (Figure 2.3) is ambitious and challenging but realistic, and builds on the robust foundations of the current Business Plan and the achievements by WLEP to date.

Figure 2.3 SEP's vision, objectives and cross-cutting priorities



In terms of achieving the vision, WLEP has considered a number of alternative implementation programmes to deliver the transformational changes required under the Smart Efficiency and Growth scenario. Following consultation with the LEP Board and the local authority Leaders Panel, a programme focusing on creating a world class business location, providing individuals with world class skills and developing world class competitive and innovative businesses has been selected. The target sectors of advanced manufacturing, agri-tech, cyber security/defence/IT (as a particular specialism within a dynamic and internationally important sector), along with the visitor and destination economy (in terms of employment) and professional and business services growth in Worcester, will be important sources of growth.

2.4.2 Spatial considerations

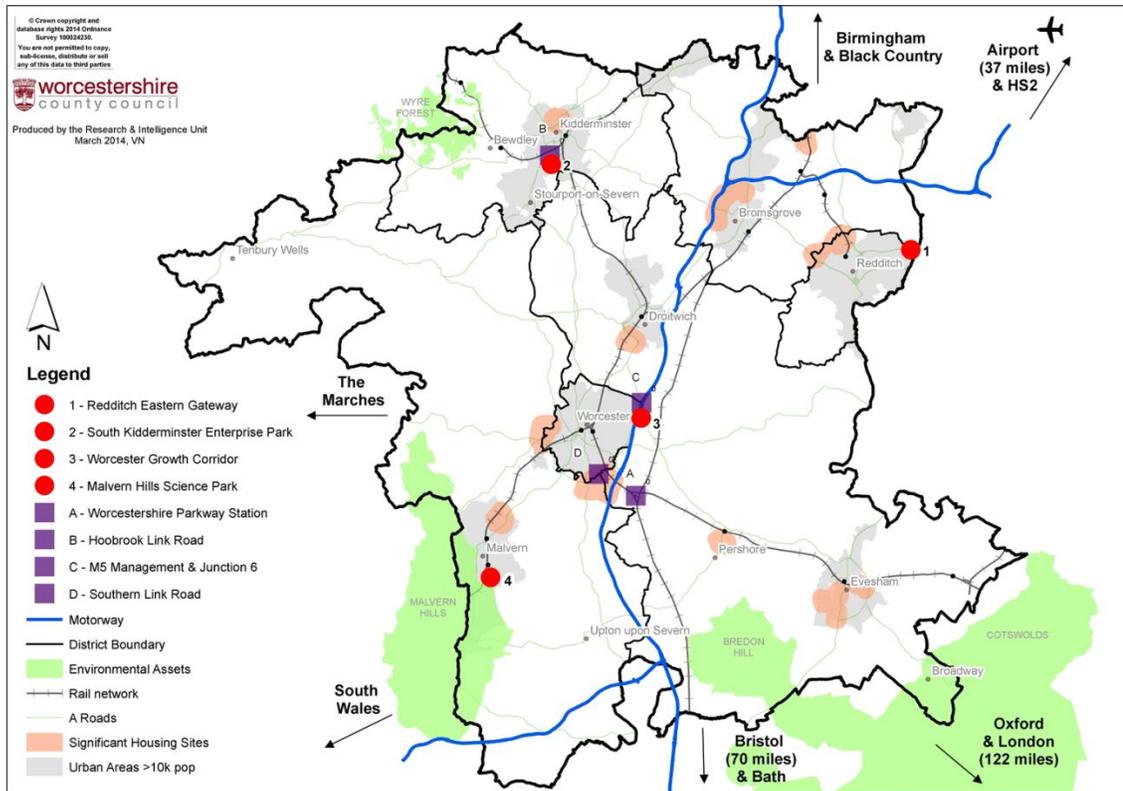
In creating a world class business location, there are important spatial issues and implications to consider in relation to the SEP, particularly given the diverse needs and potentials of different parts of the county. As such, the WLEP is developing a spatial strategy which will see growth focused on:

- the Game Changer Programme – key strategic sites that will be brought forward by the private and public sectors working together providing a focus for investment and growth;
- realising the full potential of Worcester city, as a destination for business and visitor investment, and the town centres of Kidderminster, Redditch, Bromsgrove and Evesham, as important centres of local growth and employment. The county town will be a particular driver of growth with additional investment and growth in the city centre and the Worcester Growth Corridor Game Changer area which runs adjacent to the M5 between Junction 6 and 7;

- motorway corridors and junctions – including extending the ‘UK Central’ corridor proposals to include Junctions 2 and 3 of the M42 and the M5 corridor with major improvements to Junctions 4 and 6;
- sustainable growth and diverse enterprise in rural areas, not least the development and delivery of a coordinated plan for agri-tech focused on the Vale of Evesham;
- public transport ‘nodes’ – in particular, the new Worcestershire Parkway railway station, with fast links to London and the South East. In addition, establishing strong links to High Speed 2 (HS2) will be particularly important and incremental improvements to the local and commuter rail network will assist accessibility;
- growth in tandem with improving local environmental conditions, establishing the green infrastructure corridors and maintaining the look and feel of the county which is an intrinsic part of Worcestershire;
- international connections are vital to the county's competitive position. Worcestershire benefits from proximity of two major international passenger airports at Heathrow and Birmingham in addition to the Severn estuary ports and rail freight connections. Continued incremental improvement to transport accessibility to these economic drivers will be a continued priority to WLEP; and
- sustainable growth in housing focused on significant land releases and natural extension to urban areas identified in the emerging local development plans will reinforce the established hierarchy of settlements in the county.

Figure 2.4 sets out the main components of the SEP spatial strategy. It shows the location of the principle urban settlements, the Game Changer sites, major transport related priorities and the significant housing sites.

Figure 2.4: WLEP Spatial Strategy



WLEP recognises the importance of the individual development plans in order to provide a spatial framework for the area and to ensure that, through the duty to co-operate, there is a joined-up approach to meeting future aspirations. WLEP endorses the strategy, proposals and policies within the current and proposed local development plan documents which seek to promote strong economic performance and efficiency across the sub-region.

The WLEP and Local Planning Authorities have agreed the Worcestershire Planning and Development Charter (2013) to ensure that the planning system is 'business friendly'. They will be working together to ensure that development management practices support effective delivery.

2.4.3 Sector-based approach

As outlined above, Worcestershire has a number of sectoral strengths and the SEP seeks to fully realise the potential of these sectors.

This sector-based approach will have important spatial implications, given the concentration of activities in particular parts of the county. For example, the cyber security sector is clustered in and around Malvern, whilst the agri-tech sector has a strong base in Wychavon (particularly around Evesham). Equally, the advanced manufacturing sector is concentrated in Redditch. Wyre Forest also has a strong base of manufacturing and agri-tech businesses. With regards to professional and business services the potential is particularly strong in Worcester, where more

than half of the employment is in knowledge intensive services, and, to a lesser extent, Bromsgrove.

As outlined in the UK *“Industrial Strategy”* (2012), the role of a sector-based approach is *“to enable firms in different sectors to exploit fully the underpinning economic conditions in a way which generates maximum economic value, addressing any sector specific market or regulatory failures which are preventing them from doing so.”*

However, a sector-based approach may not be effective for all sectors. For example, where sectors are less affected by market failures, a ‘horizontal’ (or cross-cutting) approach will often be more appropriate. By contrast, in sectors where market failures are more prevalent and barriers to growth are high, a long term strategic partnership may be needed to support development and growth.

In particular, the *“Industrial Strategy”* identifies a number of sectors where a specific sector-based approach has a clear role. These are:

- advanced manufacturing, particularly aerospace, automotive, life sciences and agri-tech;
- knowledge-intensive traded services, particularly professional/business services, the information economy and traded aspects of higher and further education; and
- enabling industries such as energy and construction.

Based on the industry cluster maps commissioned by BIS and presented in the Witty report (2013), Worcestershire is identified as having a particular concentration of economic activity (or employment) in the automotive sector, agri-tech sector (LQ value of > 2), and to a lesser extent, the life sciences sector (LQ value of >1). The definition of the ‘agri-tech’ sector, for the purpose of the SEP, is the supply chain spanning seeds, agro- chemicals, machinery, engineering, skills and other inputs including green energy, across arable and livestock agriculture, forestry horticulture, food processing, packaging and retailing.

Worcestershire has a long established cyber security cluster based in Malvern Hills. This cluster, made up of 50 - 100 businesses, is identified by the UK Information Economy Strategy (2013) as *“one of the primary locations in the UK for the research, development and commercialisation of cyber security products and services.”* Malvern is identified within an analysis of the UK cyber security sector as part of a wider cluster extending from Malvern to Bristol, with Malvern identified as an exemplar of the benefits of clustering within this sector. In particular, the effective use of shared marketing, driven by key individuals within the sector, allows the SMEs at Malvern to punch above their weight in terms of brand awareness⁸. Similarly, there is a real potential for Worcester to develop and strengthen its offer in the professional and business services sector. Indeed, more than half of Worcester’s employment is already in knowledge intensive services, including professional and business services.

It is also proposed that the visitor and destination economy is targeted, particularly where the opportunities created are accessible to those in deprived urban and rural areas. In contrast to the other target sectors, which will be targeted to enhance productivity levels, the visitor and destination sector has been selected to provide economic opportunities in areas where

⁸ Pierre Audoin Consultants, Competitive analysis of the UK cyber security sector (2013)

alternative approaches to development may not be feasible and/or desirable. The growth of this sector close to areas of need will help to provide employment opportunities that are accessible to disadvantaged groups. Moreover, support for tourism activities in rural areas represents a priority for European Agricultural Fund for Rural Development (EAFRD) funding.

On this basis, a sector-based approach focusing on the advanced manufacturing sector (particularly automotive), cyber security/defence/IT, agri-tech, business and professional services opportunities (in particular, in Worcester) and the visitor and destination economy will be adopted to complement broad-based or horizontal policy interventions.

Combined, these sectors directly account for 35% of GVA and 30% of employment in Worcestershire. However, importantly, their impact radiates far beyond their sectoral boundaries. For example, these sectors have the potential to drive productivity in other sectors (e.g. by protecting businesses from cyber attacks⁹) and support long local and national supply chains. Moreover, they stimulate the local and national economy by employing highly skilled and paid workers who will spend their disposable income in the communities in which they live.

2.4.4 Consistency with national policies

The SEP is fully consistent with, and will contribute to achieving, national policies for growth. The vision and strategic framework has been developed with close consideration of national policy priorities. For example:

- by creating a long-term framework for investment in key infrastructure, such as transport and housing, the Worcestershire SEP supports the *“National Infrastructure Plan”* (2013) and provides the foundations for growth and improved living standards;
- the focus on sector development is consistent with the *“Plan for Growth”* (2011) and the *“Industrial Strategy”* (2012). In particular, the *“Industrial Strategy”* identifies the need to develop strategic partnerships with a number of growth sectors, including advanced manufacturing and the information economy, in which Worcestershire has particular strengths. Notably, the identified growth sectors in Worcestershire also align well with those identified by the Technology Strategy Board (TSB) and UK Trade and Investment (UKTI). The Worcestershire SEP also contributes to the *“Innovation and Research Strategy for Growth”* (2011) by creating a better environment for commercialising research and supporting business and HE/FE interaction and co-operation. Moreover, it supports the Government’s aspirations to drive forward innovations across the eight great technologies, including, most notably, big data and agri-science;
- the SEP will unlock the potential of the existing and future workforce through a demand-driven approach to providing skills and matching existing skills to job opportunities, supporting the *“Skills for Sustainable Growth”* (2010) which sets out the ambition to have world-class skills base to stimulate private sector growth that will bring new jobs and provide a consistent source of competitive advantage. This includes developing a highly

⁹ According to Government sources, the cost for cyber-security breaches is estimated at between £450,000 to £850,000 for large businesses and £35,000 to £65,000 for smaller ones. Overall, the cost to the UK economy is estimated at £27 billion a year - *“The Cost of Cyber Crime”* (2011).

skilled engineering workforce to exploit new and emerging technologies and market opportunities;

- in line with “*Transport - An Engine for Growth*” (2013), which sets out current government commitments and future plans to transform Britain’s transport network, the SEP will create the infrastructure and connectivity needed to realise the Worcestershire’s economic growth ambitions and reduce carbon emissions; and
- the SEP, by promoting housing delivery, also supports the priorities of “*Laying the Foundations: A Housing Strategy for England*” (2011) which sets out the intended direction of travel for housing, its role in the wider economy and its contribution to social mobility.

2.4.5 ESI Funds Strategy

The SEP provides an overarching framework for the Worcestershire ESI Funds Strategy. The relationship between the SEP objectives/cross-cutting themes and the five ESI Funds priorities is shown in Table 2.5.

Table 2.5: Strategic priorities	
SEP Objective/cross-cutting themes	Worcestershire ESI Funds priorities
World class competitive and innovative businesses	SME business competitiveness
Develop World class competitive and innovative businesses, Technology/Innovation	Research, Technological Development and Innovation (RTDI) and ICT
Create a World class business location, Environment	Environment, Place and Infrastructure
Provide individuals with World class skills	Employment and Skills
Provide individuals with World class skills, Inclusion	Social and Economic Inclusion

3 Investment Plan

3.1 Overview

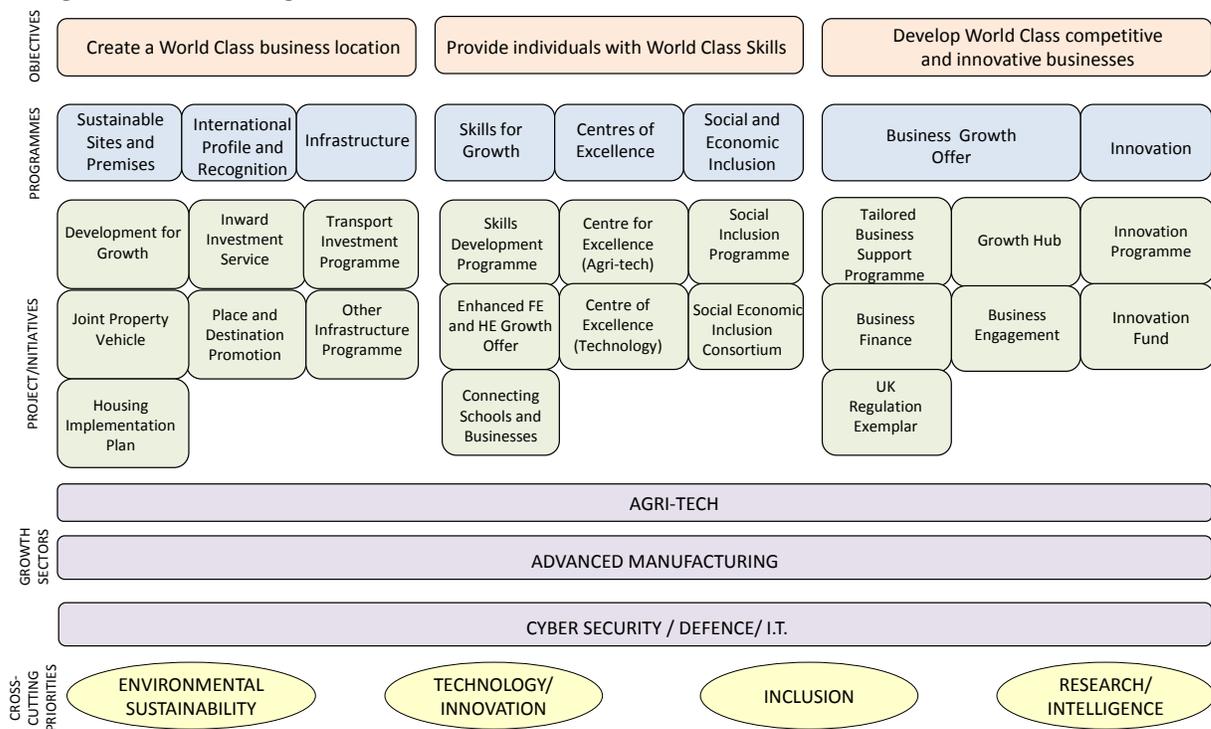
The WLEP investment plan is summarised in Figure 3.1 and covers the period up to 2020/21. Eight programme areas comprising twenty three separate initiatives have been developed in order to achieve the plan’s three overriding objectives:

- to create a World Class business location;
- to provide individuals with World Class skills; and
- to develop World Class competitive and innovative business.

A particular, but not exclusive, focus will be on supporting the growth sectors where Worcestershire has a particular competitive advantage – agri-tech; advanced manufacturing; and cyber security/defence/IT. This will help maximise the area’s future contribution to national economic growth.

The LEP has also identified four cross-cutting priorities (environment, sustainability; technology/innovation; inclusion; and research/intelligence) that will be considered and promoted in relation to each programme area.

Figure 3.1: Delivering the vision - SEP Investment Plan



For each programme area a clear, evidence-based logical argument has been developed showing how the proposed interventions address the opportunities and challenges identified in Section 2. Appendix F sets out Logic Chains for each action area, which show the linkages between the context, rationale, inputs, indicative activities, outputs and results.

The implementation plan will be funded through a range of sources including the private sector, ESI Funds, Regional Growth Fund (RGF), Growing Places Fund (GPF), local authorities and the Local Growth Fund (LGF). WLEP is also proposing to establish a revolving Infrastructure Investment Fund underpinned by retained business rates that will deliver substantially more growth and help to promote the future financial sustainability of the Plan.

Importantly, the Plan will also be supported by a number of proposed “asks” in relation to increased freedoms and flexibilities. Without these, the full vision and strategic objectives will not be accomplished. Details of these asks are included in Section 4.

The remainder of this section summarises the proposed projects/initiatives.

3.2 Creating a world class business location

3.2.1 Sustainable sites and premises

(i) Development for growth

Key opportunities and challenges addressed:	
Opportunity 1 - Key sectors of national importance	Challenge 1 - Infrastructure to remove constraints and unlock growth
Opportunity 2 - Economic Game Changer sites	Challenge 2 - Maximising productivity
Opportunity 4 - Inward Investment growth potential	
Opportunity 6 - Enterprise creation and growth potential	

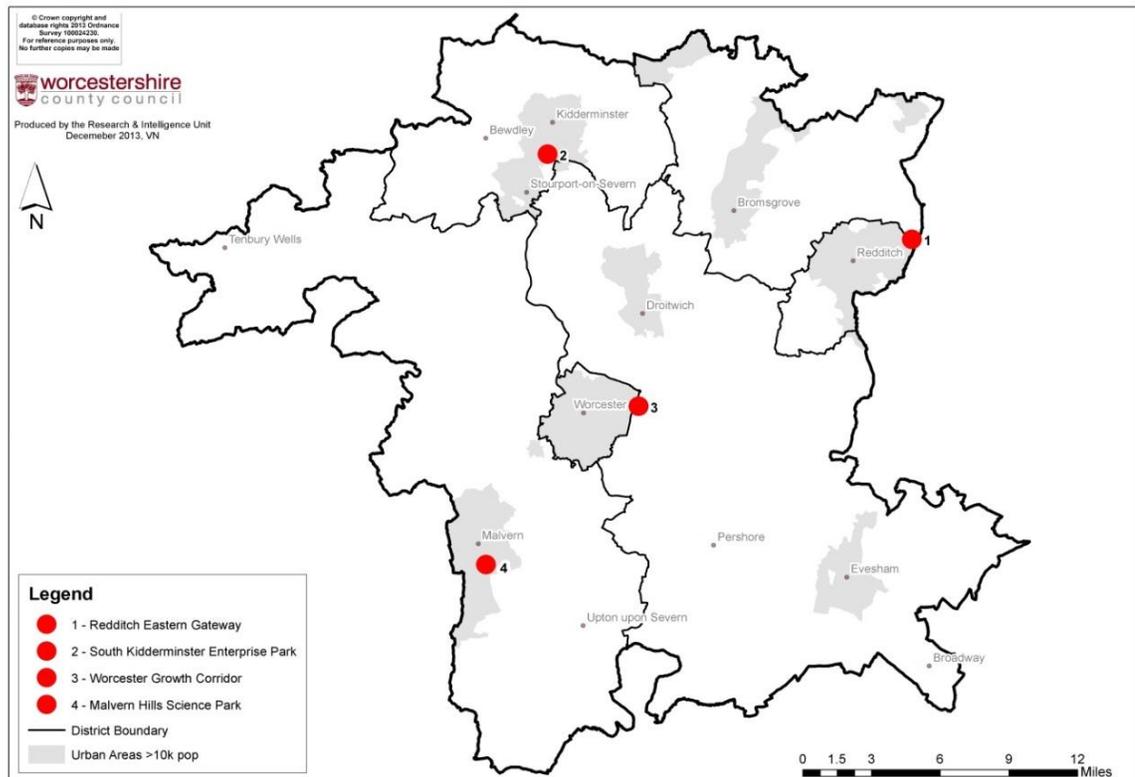
The availability of suitable sites and premises is essential to ensure that firms can expand and inward investment can be attracted. A shortfall of such provision has been identified as a constraint on the recent development of the Worcestershire economy.

The WLEP working with the County Council and Districts has developed the Worcestershire ‘**Game Changer Programme**’ to identify key development opportunities, coordinate public sector activity and work with private sector partners to deliver schemes with a significant sustainable economic impact. Whilst the developments are commercially viable and there is latent demand, the schemes are constrained by infrastructure requirements.

This Programme will focus on the delivery of sites of regional significance, which occupy strategic locations within their markets and provide major opportunities to lever market-led

investment and deliver growth and jobs. Four initial sites have been selected because of their scale, economic impact potential and deliverability (see Figure 3.2).

Figure 3.2: Initial Game Changer sites



The four sites are:

- Worcester Growth Corridor – land on the eastern fringe of the city alongside the M5 motorway between Junction 6 and 7, including Worcester Technology Park, for commercial uses to create an attractive gateway to the city. The development would be attractive to advanced engineering and food manufacturing businesses, along with other technology rich activities;
- Malvern Hills Science Park Expansion – to accommodate further phases of the existing highly successful and fully occupied Malvern Hills Science Park including the supporting of existing investors through the provision of ‘grow on’ accommodation. One of the key sectors would be cyber security/defence/IT.
- Redditch Eastern Gateway – to create a high quality business park to attract and safeguard investment and employment, with a target being advanced engineering businesses. This will satisfy an identified need for a new employment facility in the area.
- South Kidderminster Enterprise Park – to support the ongoing development of an existing employment scheme in attracting new investment in this location. Again a target would be advanced engineering businesses.

The initial four priority Game Changers' sites total around 200 hectares (ha) of undeveloped land and could result in:

- over 540,000 sq m of floor space once fully developed;
- some 16,800 full time equivalent (FTE) jobs (9,600 FTE jobs net additional);
- some £520 million GVA p.a. gross (£440 million GVA p.a. net additional); and
- completed sites with a combined development value of over £500 million.

WLEP propose to work with the private sector to secure the creation of **Enterprise Centres** on the three Game Changer sites that do not already have them (Worcester Growth Corridor, Redditch Eastern Gateway and South Kidderminster Enterprise Park).

WLEP is currently identifying the next set of sites that will form part of the ongoing Game Changers sites programme based on the following criteria: scale, fit with vision and objectives, potential economic impact, market potential and deliverability (including barriers to development).

Delivery of these Game Changer sites will be complemented by other pipeline employment land being brought forward by Development Plans to ensure suitable accommodation is available throughout Worcestershire. This will ensure a three tier hierarchy of employment land supply comprising:

- a) The Game Changer sites
- b) Strategic sites – associated with city and town centres and key infrastructure
- c) Local sites – to support local need

WLEP will also support the implementation of the **Worcester City Centre Masterplan** and a programme of economic growth focused **Town Investment Plans** for Redditch, Bromsgrove, Kidderminster, Malvern, Evesham and Pershore. (Further details about the City and Town Centre Investment Programmes are set out in Appendix F). Wherever possible, investments will be made on a revolving basis, with recycled receipts used to support further growth schemes. As well as specific projects/initiatives funded through Development for Growth Initiatives, these city and town programmes will be integrated with projects/initiatives from other Programme areas, such as the Transport Investment Programme. In addition, they will also be complemented by the proposed Joint Property Vehicle (JPV) proposals for regeneration schemes in Worcester and Redditch facilitated by rationalising the public sector estate (see below).

In view of the success of the original Growing Places Fund allocation and the level of unmet demand, WLEP is also seeking to establish a **Growing Places Extension Programme** that will provide loan and investment facilities to bring forward strategic and local employment sites.

The Homes and Communities Agency (HCA) owns a number of important assets and interests in Worcestershire, including in relation to two of the initial Game Changer sites. WLEP will be seeking assurances that the HCA will continue to proactively work to implement Development for Growth Initiatives.

Development for growth	
Rationale	Shortage of sites and premises due to infrastructure and other constraints.
Activities	Game Changer sites – package of infrastructure and other investments; Worcester city centre – package of infrastructure and other investments; Town Investment Plans – package of infrastructure and other investments; Enterprise Centres – work with the private sector to deliver three new Enterprise Centres on Game Changer sites; Growing Places Extension Programme – loan and investment facilities for strategic and local employment sites.
Delivery arrangements	Private sector-led developments WLEP and Worcestershire County Council working with the district councils.
Costs and funding	Cost: £700.40m Funding: LGF £46.50m other public £8.55m private sector £645.35m
Benefits	12,350 jobs created or safeguarded 45 new enterprises supported 15 other enterprises supported 750 housing units

(ii) **Joint Property Vehicle**

Key opportunities and challenges addressed:	
Opportunity 4 - Inward investment growth potential	Challenge 1 - Infrastructure to remove constraints and unlock growth
Opportunity 6 - Enterprise creation and growth potential	Challenge 2 - Maximising productivity
	Challenge 3 - Accelerating the delivery of housing

Worcestershire County Council, Worcester city and Redditch are currently working with the Cabinet Office / Government Property Unit (GPU) on a project to explore creating a single public sector estates unit (the Joint Property Vehicle - JPV) for the Council, Police, Fire and Health services, initially in Worcestershire. There is also agreement with the Midlands GPU that the

JPV would work with them in managing the Central Government estate. This builds upon the Capital Asset Pathfinder (CAP) which has driven co-location and combined property services across public sector organisations.

One of the key drivers behind the JPV is to offer a true strategic estate management of the public sector estate and contribute to economic development and inward investment. The target for the JPV is to achieve revenue efficiencies of £118 million over ten years.

The forming of a public sector owned vehicle to jointly manage property has the potential to drive transformational change in the way property is utilised across Worcestershire and the wider region resulting in the realisation of a number of significant benefits, including:

- a more joined up, cohesive property management solution with the aim of optimising the utilisation of public property assets on a much larger scale;
- material efficiencies and economies of scale across property management services;
- a unique model which meets the current government agenda for public sector reform and has the potential to satisfy various partner needs, including the flexibility to allow new partners to join, or existing partners to leave;
- the potential to support large scale regeneration initiatives within Worcestershire acting as a catalyst for both cost savings and growth through the CAP ‘One Town’ approach, as well as through providing the ability to establish a development company alongside the private sector; and
- the potential to exploit revenue generating opportunities more effectively.

‘One Town’ reviews will be undertaken for both Redditch and Worcester to support the delivery of regeneration schemes in conjunction with private sector partners. Initial analysis has highlighted substantial potential to free up assets in order to promote accelerated growth and housing delivery.

The JPV offers substantial potential to better use public sector assets to secure and accelerate economic growth. The benefits of this type of approach were acknowledged in the recent Budget Statement. Consequently, WLEP will be asking Government to become more directly involved in the JPV and to encourage the positive involvement of departments, such as the Department for Work and Pensions (DWP).

Joint Property Vehicle	
Rationale	Ensure strategic estate management of the public sector estate Facilitate the estate’s contribution to economic development and inward investment
Activities	Agreement of JPV remit and scope Agree representation on JPV and oversight arrangements Agree staffing arrangements (secondments). Establishment of JPV

Delivery arrangements	Delivered by JPV
Costs and funding	Cost: £165.65m - Funding: LGF £7.15m - other public £35.50m - private sector £123.00m
Benefits	More efficient utilisation of premises Reduced public expenditure through economies of scale and reduced duplication of management costs. Use of the public sector estate (including surplus assets) to secure and accelerate economic growth. 2,340 jobs created or safeguarded 450 housing units

(iii) Housing implementation plan

Key challenges addressed:
Challenge 3 - Accelerating the delivery of housing
Challenge 4 - Tackling the labour supply/demographic challenge

The availability of appropriate housing is critical to enable the successful delivery of the SEP through meeting labour market need, retaining local expenditure, promoting output in the construction sector and meeting the needs of local communities.

Housing growth of 9.4% between 2001 and 2013 exceeded population growth as, consistent with national trends, levels of household occupancy fell reflecting changing family structures. The number of affordable housing units increased by 0.9% over this period and affordable housing now accounts for around 15% of total stock. The provision of affordable housing remains a significant issue with lower quartile house prices across Worcestershire being 7.78 times lower quartile earnings in 2012, far above the upper lending thresholds for the majority of mortgage providers.

The age structure of the county's population and expectations about the way it might change are important drivers of the scale and nature of housing that the area will need to provide in future. The population is projected to age significantly across Worcestershire, which will result in a rising demand for smaller properties for elderly single persons or couples. More generally, 80% of total demand is expected to be for one or two bedroom properties.

The Housing Implementation Programme comprises two key elements. The first will be a Housing Implementation Plan which will build upon existing structures to provide a clear coordinated approach to support housing delivery across Worcestershire. The Plan will identify a toolkit of interventions to support delivery with areas of focus to include:

- **Housing for key groups** - housing that meets identified economic and social need, including young people and vulnerable groups;

- **Private rented sector scheme** – working with the HCA through existing and future funding programmes;
- **Housing retrofit** – including use of private and public sector funding such as Eco and Green Deal;
- **Community led housing schemes** – provide support to communities to support Community Land Trusts working alongside the HCA;
- **Vacant properties** – to bring empty homes back into use and support schemes to convert vacant commercial properties that are no longer suitable for employment use;
- **Supported housing** – support for schemes that meet the needs of the elderly and vulnerable groups.

The second component comprises a programme of capital funding (the Housing Growth Fund) that will support the delivery of key infrastructure and unlock housing sites. This revolving capital funding is designed to complement the recently announced Builders’ Finance Fund, which will be delivered by the HCA, and will have two components:

- Housing Growth Fund: infrastructure* - at present a number of major sites are constrained by off-site infrastructure requirements. Support will be targeted to promote the delivery of affordable housing, meeting the needs of key groups and promoting a balanced housing stock; and
- Housing Growth Fund: Registered Providers* - funding will also be made available to Registered Providers to acquire the affordable housing units on ‘day one’ of a scheme. This will de-risk the project as far as the developer is concerned and will ensure that the Registered Provider purchases the units for a good price. Resources would then be recycled into other schemes.

WLEP will also work with its public sector partners, including through the JPV, to make land available for housing. In addition, it will explore the potential to develop a Local Development Order or similar approach, whereby planning permission is deemed to be granted on allocated sites subject to developers meeting design and other standards.

Housing Implementation Programme	
Rationale	Increase the level of housing construction above current levels to support economic growth. Ensure that the housing offer across Worcestershire meets local needs and responds to demographic changes.
Activities	Housing Investment Plan – work in conjunction with local partners including local authorities and the HCA to develop a coordinated Housing Investment Plan for Worcestershire. Housing Growth Fund – to provide support to housing schemes to address barriers to delivery.
Delivery arrangements	Worcestershire Strategic Housing Officers Group – coordinate the development of the Housing Investment Plan working with local and

	national partners. WLEP – co-ordinate the Housing Growth Fund.
Costs and funding	Cost: £186.25m Funding: LGF £10.00m private sector £176.25m
Benefits	Development and publication of the Worcestershire Housing Investment Plan 3,463 housing units

3.2.2 *International profile and recognition*

(i) **Inward investment service**

Key opportunities and challenges addressed:	
Opportunity 4 - Inward investment growth potential	Challenge 2 - Maximising productivity

Worcestershire has, in recent years, suffered from low levels of inward investment. For example, in terms of Foreign Direct Investment successes, Worcestershire ranked 31st out of the 39 LEP areas in 2012/2013. To address this underperformance, it is key that a clear strategy should be prepared and implemented.

Organisations including the County Council, local authorities, key strategic businesses, Chamber of Commerce, University of Worcester and Worcestershire Ambassadors are all involved with activity that could attract inward investment, but do not act in a co-ordinated way. Furthermore, there is no clear business proposition for these partners to 'sell' and therefore the county is not represented in a coherent way to potential investors. UKTI led research has shown that added value and a high quality Inward Investment Service are a key factor in an organisation's decision making process. There is therefore a need for a fit for purpose Inward Investment Service for Worcestershire. To achieve this, WLEP will implement a service based on the following principles:

- a strong value proposition that promotes the sectoral strengths in Worcestershire;
- using the skills networks and capability of partners and stakeholders; and
- developing a common approach and structure to promote, respond, engage and manage inward investment opportunities.

The new inward investment service will adopt an approach that includes investor development (working with existing companies in the area that are most likely to generate future growth) and recognises the importance of working with and through intermediaries and partners, such as trade associations, sector specialists and UKTI.

The Inward Investment Service will prioritise activities in order to ensure that overseas and indigenous investments impact on a range of indicators including:

- investment in new plant;
- high added value employment creation and safeguarding;
- local / regional multiplier effects; and
- productivity and technology transfer effects – for example, where the development of a new overseas supplier requires an increase in the productive efficiency of domestic component suppliers.

Inward investment service	
Rationale	Low levels of inward investment in Worcestershire due to a lack of knowledge among prospective investors
Activities	Proactive targeting, promotion and relationship development Reactive response New investment co-ordination and management Investor development
Delivery arrangements	The Inward Investment offer will be owned by the WLEP. It will be delivered by a team accountable to the Executive Director of the LEP. The team will comprise internationally aware and business-focused individuals from organisations including local authorities, Chamber of Commerce and business support providers. WLEP will work with other LEPs where appropriate.
Costs and funding	Cost: £1.20m Funding: Other public £1.05m Private sector £0.15m
Benefits	An increase in the number of UK and overseas investments in Worcestershire and the retention Expansion of inward investors in Worcestershire 1,200 jobs created or safeguarded

(ii) **Place and destination promotion**

Key opportunities and challenges addressed:	
Opportunity 4 - Inward investment growth potential	Challenge 2 - Maximising productivity

Worcestershire has much to offer, including good communication networks, established businesses with skilled employees, several earmarked sites for development, excellent educational and recreational facilities and good quality of life. These key attributes, when combined, make it a unique and highly attractive business location. With all that it has to offer it should and can be a significant 'player' on the national and international stage. However, many

of these benefits are unknown to the outside world – the rest of Britain and overseas. The external image of Worcestershire remains underdeveloped and as such it has not yet managed to realise its potential as a business location.

The WLEP has developed and will implement a Marketing Reputation Plan to raise the international profile and image of the county linked to the proposed inward investment service. This will focus on establishing Worcestershire as a distinctly attractive investment destination, with excellent support for businesses wishing to move to the area.

In relation to communications, the WLEP will work with partners and external agencies to develop public relations and communications tools and campaigns that sell Worcestershire's 'proposition' as a county for inward investment and growth to specific and targeted audiences. These target audiences are:

- Key influencers – these include, UKTI, politicians, Government Ministers, senior civil servants - and other groups who regularly host or organise overseas trade delegations;
- Government departments; and
- UK and overseas business leaders and existing Worcestershire-based businesses.

The campaign, supported by investor targeting work, will lead to greater awareness of the county's investment opportunities and engagement with businesses and stakeholders and an increase in the number of investment enquiries.

Place and destination promotion	
Rationale	Lack of awareness outside the county of the assets and attributes of Worcestershire as a business location
Activities	<p>A campaign comprising:</p> <ul style="list-style-type: none"> • media relations; • events (including an annual conference); • publications (printed and on-line, including an annual report); • website and social media activities; • direct mail. <p>WLEP will continue to build relationships with local businesses and partners in the county / District Councils, Chamber of Commerce and with government departments.</p>
Delivery arrangements	WLEP will take the lead, with support from partners in the private and public sector.
Costs and funding	<p>Cost: £0.42m</p> <p>Funding: Other public £0.42m</p>
Benefits	It will contribute to the LEP's objective of 25,000 jobs and an increase in GVA by £2.9 billion by 2025.

3.2.3 Infrastructure

(i) **Transport infrastructure programme**

Key opportunities and challenges addressed:	
Opportunity 2 - Economic Game Changer sites	Challenge 1 - Infrastructure to remove constraints and unlock growth
Opportunity 4 - Inward investment growth potential	Challenge 3 - Accelerating the delivery of housing
Opportunity 5 - Export growth potential	
Opportunity 6 - Enterprise creation and growth potential	

It is recognised by WLEP and its partners that additional investment in Worcestershire’s transport infrastructure and services is essential to provide businesses with improved access to markets and employees and to encourage economic growth. Transport investment will be targeted to unlock the potential of key employment and housing development sites to support the overall growth vision. Investment will also improve external linkages (with neighbouring sub-regions and international gateways to enhance access to national and global markets) and enhance accessibility between key economic centres within the LEP area to accommodate the travel demand associated with the growth aspirations.

The programme has been developed in collaboration with Worcestershire County Council, the county’s six Local Planning Authorities and the business community. It identifies critical packages of transport infrastructure schemes to increase network capacity and accessibility to support planned new local development and growth.

The Transport Investment Programme builds upon the Local Transport Plan (LTP3) and the WLEP reaffirms the major priorities of the Worcestershire Local Transport Body. Many of the proposed schemes have been subject to detailed appraisal. A number of the transport and infrastructure schemes have been designed to enable private sector investment and jobs/housing and initial public sector expenditure will be reimbursed.

Key activities within the Transport Infrastructure Programme are detailed in Appendix G. Immediate priority projects included in the programme for 2015/16 are:

- **Hoobrook Link Road, Kidderminster** – key infrastructure essential to enable access to the South Kidderminster Game Changer site;
- **A4440 Worcester Southern Link Road Improvements (Norton Roundabout)** – works to partially address a key pinch point and facilitate early delivery of housing and employment sites;
- **Kidderminster Rail Station Enhancement scheme** – development of key interchange hub and access point into Wyre Forest;
- **Flood Alleviation Programme** – implementation of key flood alleviation infrastructure works at critical sites across the county; and

- **Worcester Technology Park** – off-site works – provision of off-site highways works to enable access to this major Game Changer site.

Other short term priorities programmed for delivery in 2016/17 are:

- **A4440 Worcester Southern Link Road dualling** – a developer-led scheme to enhance capacity between the Ketch junction and the M5 to support development schemes within South Worcestershire;
- **Worcestershire Parkway Station** – construction of a new rail station at the intersection of Worcester to London and Birmingham to Bristol lines to enhance connectivity to London and other key markets;
- **Pershore Northern Link Road** – construction of a short section of relief road to facilitate delivery of a strategic employment and housing development site; and
- **Interim M5 Junction 6 solution** – reconfiguration and additional capacity in the motorway junction to remove a key pinch point to growth.

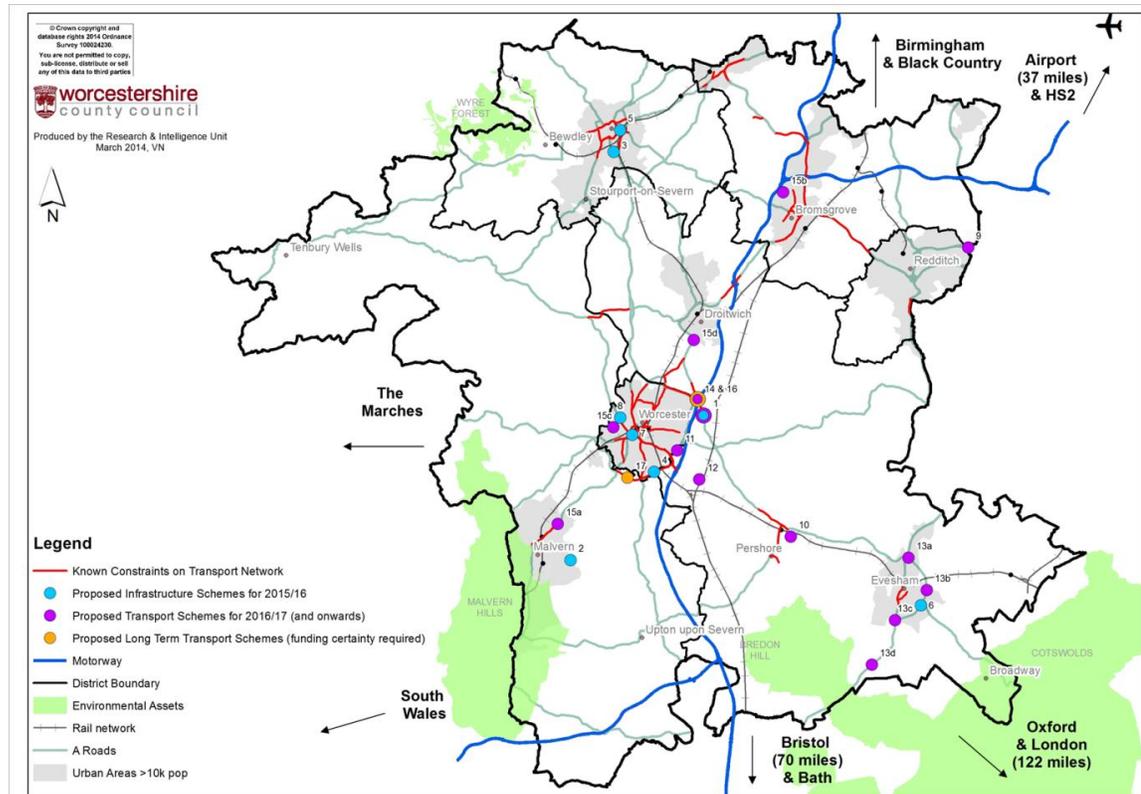
Over the medium term (to 2020/21) investment will be targeted to complete the dualling of the **A4440 Worcester Southern Link Road** across the Carrington Bridge. Alongside this, reconfiguration of **Junction 6 of the M5** will provide additional capacity to address a key pinch point and support future growth.

Support will also be provided through the programme for **Urban Transport Packages** to promote sustainable growth within key economic centres. These packages will be integrated with the programme of works outline above and will be designed to maximise the efficiency of the transport network by improving accessibility and connectivity to markets, employment opportunities and a range of other facilities by all modes of transport.

Over the period 2015/16 to 2018/19 the WLEP supports the prioritisation of the **Hoobrook Link Road, Worcester Southern Link Road** and **Worcestershire Parkway Station** for major scheme funding to support the delivery of economic and housing growth objectives. More generally, the Transport Infrastructure Programme has been developed as part of an integrated package, in particular with the Development for Growth and Housing Implementation Programme.

Figure 3.3 shows the relationship between the key transport projects and known constraints on the transport network.

Figure 3.3: Proposed transport schemes and network constraints



WLEP has consulted extensively with the business community and a key issue that has emerged is the frequency, reliability and journey times of rail services to London, West Midlands and the South West. Consequently, the WLEP will be seeking support to deliver such improvements. In addition, it will also be asking, together with Gloucestershire LEP, that the Government ensures improvements are made to the key A46 strategic route.

Transport Infrastructure Programme	
Rationale	Unlock the potential of key employment and housing development sites to support the overall growth vision Enhance access to markets through improving internal and external infrastructure linkages
Activities	The WLEP will work with partner organisations (in particular, Worcestershire County Council) to ensure the early delivery of critical transport infrastructure through the Local Growth Fund. The WLEP will work alongside other West Midlands LEPs within a Transport Group to provide a clear overarching framework for transport investment and provide a forum for information sharing.

Delivery arrangements	Led by WLEP and Worcestershire County Council working with the district Councils and key national agencies including the Highways Agency and Network Rail.
Costs and funding	Cost: £630.15m Funding: LGF £150.35m Other public £64.55m private sector £415.25m
Benefits	Supporting economic development through: <ul style="list-style-type: none"> • delivery of new highway infrastructure • improved public transport provision • upgrade of existing highway infrastructure 17,362 jobs created or safeguarded 4,721 housing units

(ii) **Other infrastructure for growth programme**

Key challenges addressed:
Challenge 1 - Infrastructure to remove constraints and unlock growth
Challenge 2 - Improving productivity

Energy

The decentralisation of energy is a key objective of the 2011 Energy White Paper. The vast majority of Worcestershire's energy is supplied from outside the county and there is a need to source locally a higher proportion of energy needs, particularly from zero and low-carbon sources.

Increasing indigenous energy production has the potential to improve energy security and make energy more affordable for local users thereby supporting economic competitiveness and providing employment opportunities for local people. Alternative energy infrastructure supports emissions reduction and can provide a more local supply at more reasonable costs. Promoting Worcestershire as a location for sustainable energy infrastructure could also help the county in attracting and retaining green business (both energy and non-energy) and establishing the area as a centre of excellence.

In support of these objectives a Geothermal Energy Programme is proposed. The Worcestershire Geological Basin has extensive known geothermal resources. Estimates suggest that the local area could generate in the region of 7 gigawatts of recoverable thermal energy. However, limited research has been undertaken to date to explore opportunities to exploit this resource and investigate how geothermal energy could support economic growth within Worcestershire.

An initial desktop feasibility study will be commissioned to review the existing evidence base and identify the scale of the potential costs and benefits to the local area of deep geothermal energy. WLEP is asking the Department for Energy and Climate Change (DECC) to jointly commission this feasibility work. The scope of this study will include the identification of potential users - in terms of both indigenous users and inward investors – and an analysis of potential issues and constraints. Subject to the findings of the study, WLEP will work with local and national partners and the private sector to carry out detailed ground investigations.

Digital infrastructure

Worcestershire County Council, BDUK and BT recently confirmed an investment of £20.75 million in Worcestershire's broadband infrastructure by 2015. This infrastructure investment will provide 90% of business and residential premises with access to superfast broadband by 2015. In June 2013, the Government announced plans to extend Superfast broadband to 95% of premises by 2017. This involves further Government investment of £2.39 million, with a similar amount being provided through other public funds. The justification for this further investment is to provide further social and economic benefits by reducing the number of people without access to Superfast broadband. As a county, we know that we have a significant number of people who experience social deprivation, with poor outcomes in the areas of education, training, health and income. WLEP aspire to becoming a county where pockets of disadvantage are tackled effectively and prosperity comes to all. WLEP know that digital inclusion is one route to this and that those people who have access to superfast broadband are the most digitally included: they access job opportunities; training support when they need it; benefits when they need them; resources to take responsibility for their own and their families' well-being; and they keep in touch with the business world if they have a break from it at any stage. WLEP will be seeking Government support to permit Worcestershire's previous funding 'overmatch' on the Broadband pilot to be included in the extension programme by May 2014.

However, the deployment of broadband infrastructure is only part of the picture as there is a significant knowledge gap among SMEs in terms of how the opportunities offered by superfast broadband can transform their businesses. WLEP is also working to make available wifi access in urban areas and the County Council is seeking to use its assets to enhance mobile signals. Wireless coverage of Worcester City Centre is in planning.

Water/ flooding

Worcestershire has suffered from a number of large scale flood events, including the major floods of 2007 through to the recent floods experienced in the winter of 2013/14. These have been as a result of river flooding from the Severn, Avon and Teme and also from surface water flooding. These floods have had a significant impact on the economy of the county with various road closures and diversions being put in place where flooding has affected major roads. This has a clear knock on effect with increased time and delay for business, haulage and commuter journeys. Alongside this access to key towns and villages is often reduced which has direct impacts upon local business and trade.

A number of specific flood alleviation transport projects are proposed to help address this issue, focused on mitigating economic impacts by reducing periods of closure of main business routes when flooding occurs.

In addition, new development and economic growth need reliable water supplies and drainage infrastructure. Evidence suggests that there will be a supply-demand deficit over the longer term across the Severn Zone, unless additional investment is made in water supply infrastructure. In some areas, groundwater is already being over-abstracted as demand is outstripping supply.

The impacts of climate change mean that resilience of infrastructure to increased demand and severe weather is critical. Some existing infrastructure is not well-suited to cope with incidents of severe weather but projections suggest the intensity and frequency of these types of events is due to increase. Previous flooding in Worcestershire had led to the closure of a substation, resulting in a loss of power to parts of the county. Other infrastructure is also extremely dependent on electricity to maintain provision of services (for example, for pumping water, maintaining communications (services/businesses reliant on computer systems) and traffic signals).

All of the above will be linked in with the development of the Flood Risk Management Strategy for Worcestershire and other key flood alleviation projects within the county.

Green infrastructure

Worcestershire Green Infrastructure Partnership has been developing innovative approaches to the delivery of eco-systems services on development sites which benefit both the natural environment and developers. Green infrastructure provides a number of benefits, including social benefits (for example, breaking down social isolation), economic benefits (for example, through improving working environments and attracting new business); health benefits (for example, improvement of mental health and cardio-vascular health through physical exercise) and environmental (for example, preserving eco-systems and reducing flood risk). The County Health and Well-being Strategy has identified four areas of focus, based on a full assessment of local need. One of these four areas is tackling obesity and the obesity action plan includes specific ambition around increasing the use of green space for physical activity. There is, therefore, a need to improve green infrastructure provision in Worcestershire, including the provision of green infrastructure within both employment and housing areas. In addition, the infrastructure can provide important cycle networks and route corridors.

The Partnership therefore aims to work further with the development industry to expand the number of sites which can benefit from green infrastructure and to work with infrastructure providers to develop viability alternatives to grey infrastructure which deliver some advantages for the county through utility security, price or choice.

Other infrastructure	
Rationale	<p>Address key infrastructure issues within Worcestershire including:</p> <ul style="list-style-type: none"> • over reliance on energy supplies from outside the LEP area and over reliance on energy from non-sustainable sources; • Gaps in broadband coverage and understanding of how to maximise benefits from broadband; • a potential supply – demand deficit in terms of water supply; and • the need for improved flood defences and flood reduction activity across the county.
Activities	<p>Commissioning a desktop feasibility study to review the local potential of deep geothermal energy</p> <p>Subject to findings of the study, carry out detailed investigations and progress the delivery of geothermal energy infrastructure.</p> <p>lobby and work with others to ensure timely investment in infrastructure;</p> <p>support the continued investment in flood defences to prevent disruption and business interruption.</p>
Delivery arrangements	<p>The geothermal study – commissioned by WLEP who will work with local partners – particularly Worcestershire County Council – to manage the process.</p> <p>Superfast Worcestershire – established track record of implementing broadband improvements.</p>
Costs and funding	<p>Cost: £19.07m</p> <p>Funding:</p> <p>LGF £3.97m</p> <p>ESI £5.59m</p> <p>other public £2.41m</p> <p>private sector £7.11m</p>
Benefits	<p>Support for economic growth resulting from improved: broadband coverage; water supply; energy supply; greenspace; and protection against flooding.</p> <p>30 jobs created or safeguarded</p> <p>200 enterprises supported</p>

3.3 Providing individuals with world class skills

3.3.1 Skills for growth

(i) Skills development programme

Key opportunities and challenges addressed:	
Opportunity 1 - Key sectors of national importance	Challenge 2 - Maximising productivity
Opportunity 4 - Inward investment growth potential	Challenge 4 - Tackling the labour supply/demographic challenge
Opportunity 6 - Enterprise creation and growth potential	Challenge 6 - Ensuring the skills are available for growth

WLEP recognises employment and skills as a key priority. In 2012 it established the Employment and Skills Board (ESB) with representation from the private sector, local authorities and local education and training providers (including schools, FE and HE).

The ESB's priorities include skills and workforce planning, increasing employability and strengthening the relationship between schools and businesses. Since 2012, significant progress has been made in pursuit of these priorities including, for example, delivering the following initiatives:

- 'Graduate to Business' – an ERDF Graduate employment subsidy programme;
- the launch of the National Cyber Skills Centre in Malvern Hills;
- a Higher Level Fund to support SMEs to take on Level 4 Apprenticeships;
- a £3 million Employer Skills Funding project addressing emerging employer needs;
- the launch of the Connecting Schools and Business Programme into 29 schools and working with 150 Businesses in March 2014; and
- a "Growing Cyber " ERDF programme supporting SMEs in Worcestershire to become " cyber secure".

However it is clear that there is more to be done to develop Worcestershire in its aspiration to "Provide Individuals with World Class Skills". While the area benefits from a highly skilled working age population, with around a third qualified to NVQ4 equivalent level or above, research and consultation with businesses have identified a number of concerns – for example;

- the future supply of highly skilled labour – due to an ageing population and out-migration of younger cohorts;
- forecasts suggest future employment and skills growth will be higher at Level 3 and above. However there is a potential gap in the supply of provision to meet this requirement, for example, the proportion of Higher Level Apprenticeships being undertaken remains low;

- a perceived gap in the employability of learners when joining the workforce and a significant requirement for education and training up to Level 2, particularly within deprived urban areas; and
- a need to maximise existing funding regimes and to be collaborative and flexible in the delivery of provision particularly in light of public sector financial constraints.

In response three main action areas to move forward WLEP's skills ambitions have been identified:

- **Young Worcestershire** - mapping pathways into employment; increasing apprenticeships; developing graduate level opportunities; connecting Vocational and Educational pathways;
- **Worcestershire Skills Hub** - increasing private sector investment in skills; building the capacity of training providers, FE and HE to respond to employer needs; understanding skills gaps; succession planning and talent management in Worcestershire's employers; and
- **Work in Worcestershire** – developing employability programmes to match the needs of the local economy; employment hubs mapping support services in areas of highest need; building better mechanisms to identify job opportunities.

The ESB has identified three initial specific project priorities for 2015/16:

- **Worcestershire Employment Hubs** – the main delivery mechanism to address skills, youth unemployment and Not in Education, Employment or Training (NEET) issues. The network of three Employment Hubs in Worcester, Redditch and Kidderminster town centres (the areas of highest need) will provide dedicated support to 16-24 year olds claiming Job Seekers' Allowance (JSA), classified as NEET or in transient employment and to those older people who are furthest from the job/labour market.
- **Worcestershire Apprenticeship Clearing House** - a mechanism where unsuccessful apprenticeship candidates can receive further support, advice and guidance and referral to appropriate and relevant support programmes to prepare for other apprenticeships and opportunities in Worcestershire. The project will be supported through a programme of employer engagement (particularly with SMEs) to increase employer demand for apprentices.
- **The Worcestershire National Careers Service Trailblazer 14-19 year old project** – a response to the recommendations from the Department for Education (DfE) and Department of Business Innovation and Skills (BIS) Report – Skills Careers Guidance Action Plan 2013. The project will facilitate a cohesive local careers service for young people aligned to the needs of local employers. It will help meet future workforce needs and minimise the NEET risk, particularly in areas where the levels of youth unemployment are high, such as Wyre Forest. It will work alongside the pioneering WLEP 'Connecting Schools and Business Programme'.

WLEP will also be seeking Government support to ring fence part of the existing apprenticeship budgets to enable WLEP to develop employer-led STEM Level 4 apprenticeships. This will enable

the WLEP to ensure that skills gaps are addressed and local employers' needs satisfied. In addition, it is also seeking Government support to extend the eligibility for the National Careers Service to offer an integrated service in Worcestershire for 14 to 24 year olds.

Skills development programme	
Rationale	<p>Address key issues including:</p> <ul style="list-style-type: none"> • a potential shortfall in the future supply of highly skilled labour; • a gap in provision to meet need for high level skills; • low skills levels and employability particularly within deprived urban areas. • high levels of unemployment especially among the young resulting in lost productivity and higher benefits payments.
Activities	<p>Establish three Employment Hubs to provide comprehensive employment support services to young people and those furthest from the labour market.</p> <p>Create an Apprenticeship Clearing House that will provide support for young people to take up apprentice opportunities and seek to increase employer demand for apprenticeships.</p> <p>Develop a National Careers Service Trailblazer 14-19 year old project to provide a cohesive local careers service for young people aligned to the needs of local employers.</p>
Delivery arrangements	<p>All projects - overseen by the Worcestershire Employment and Skills Board.</p> <p>Employment Hubs – Delivery managed by Worcestershire County Council. Partners will include local authorities, JobcentrePlus and training bodies. An ESB sub-group will be established.</p> <p>Apprentice Clearing House – Led by Worcestershire County Council. Herefordshire and Worcestershire Training Providers' Association (HWTPA) to co-ordinate training providers and FE partners.</p>
Costs and funding	<p>Cost: £28.99m</p> <p>Funding:</p> <p>ESI 14.50m</p> <p>other public £11.67m</p> <p>private £2.83m</p>
Benefits	<p>Employment Hub - 3,000 Apprenticeships; 20 new businesses; 500 young people in employment</p> <p>Apprenticeship clearing house - 2,500 additional apprenticeships; reduced NEET rates</p> <p>Careers Trailblazer - 20,000 careers advice sessions per annum; reduced NEET rates</p> <p>13,900 participants in employment and skills support</p>

(i) **Enhanced FE and HE growth offer**

Key opportunities and challenges addressed:	
<p>Opportunity 1 - Key sectors of national significance</p> <p>Opportunity 4 - Inward investment growth potential</p> <p>Opportunity 6 - Enterprise creation and growth potential</p>	<p>Challenge 2 - Improving productivity</p> <p>Challenge 4 - Labour supply/demographic challenge</p> <p>Challenge 6 - Skills</p>

WLEP recognises that the FE and HE sectors have a critical role to play in delivering its aim to "Provide Individuals with World Class Skills".

FE provision in Worcestershire is largely provided by five FE colleges, a Sixth Form College, and a number of private training providers. HE provision in Worcestershire is largely provided by the University of Worcester. Two of the larger FE Colleges have some directly funded higher education provision and all of the colleges, including the Sixth Form College, work in partnership with the University in the delivery of some collaborative higher education provision located in the colleges themselves.

WLEP will work with the FE sector to develop an employer-led approach. It will seek to integrate the existing providers with the proposed Centres of Excellence (see below) in a 'hub and spoke' type model. Recent evidence from research by KPMG has shown that SMEs have had difficulty in engaging with, and influencing, provision. Consequently, WLEP is asking the Government to ring fence 10% of the FE expenditure in Worcestershire to be jointly commissioned with WLEP to accelerate investment in skills.

Upgrading the FE estate will also be important in order to deliver effective training and education. There is likely to be an increased need to attract employer and learner co-investment which will be difficult if facilities are outmoded and of poor quality.

The specific capital investment projects identified for the initial programme period include:

- South Worcestershire College
 - Rotec Training Academy for Engineering;
- North East Worcestershire College
 - Redditch Engineering Skills Academy;
- Worcestershire Group Training Association
 - Expansion of Worcestershire's Centre of Vocational Excellence for Engineering Training.

The University will be an important focal point for growth with, for example, proposed investment in areas such as research and enterprise focused at University Park.

WLEP is seeking to develop a comprehensive skills solution for those aged 14 to 24 years old, which includes employer-led options such as a University Technical College (UTC) or elite college.

Enhanced FE and HE growth offer	
Rationale	Need to ensure that FE and HE provision meets the needs of local employers. SMEs have difficulty in engaging with, and influencing, provision of Further Education and Higher Education.
Activities	Work with FE sector to develop an employer-led approach Upgrade the FE estate to ensure provision is fit for purpose Work with University of Worcester to explore the potential to establish a University Technical College within Worcestershire
Delivery arrangements	Lead partners – WLEP Partner organisations – FE sector; HE sector; Businesses; local authorities
Costs and funding	Cost: £43.73m Funding: LGF £19.35m ESI £10.62m Other public £10.87m Private sector £2.88m
Benefits	Participants in education/training upon leaving Participants in employment upon leaving Participants gaining a qualification upon leaving Participants engaged in positive activities that address barriers to work Enhanced retention of young people within Worcestershire

(ii) **Connecting schools and businesses**

Key challenges addressed:
Challenge 4 - Tackling the labour supply/demographic challenge Challenge 6 - Ensuring the skills are available for growth

WLEP launched the Connecting Schools and Business programme in March 2014, with the aim being to equip young people with the skills required in the workplace.

The service offers young people the opportunity to gain work experience related to their competencies. The project works with 29 schools and over 150 businesses and aims to provide

over 1,000 placements over the next three years. This programme will be funded in part through the ESI Funds.

Connecting schools and businesses programme	
Rationale	Lack of cohesion between schools career services and labour market needs Need to ensure that educational provision meets the needs of local employers
Activities	Provide 1 to 1 careers advice to plan and map career options Establish and sustain relationships with a wide range of employers to support targeted work placements
Delivery arrangements	Lead partner – WLEP Other partners – Worcestershire County Council, local authorities, schools, FE and sixth form colleges, businesses.
Costs and funding	Cost: £0.74m Funding: ESI £0.37m Other public £0.30m Private £0.07m
Benefits	Participants in education/training upon leaving Participants in employment upon leaving Participants gaining a qualification upon leaving Participants engaged in positive activities that address barriers to work Enhanced retention of young people within Worcestershire

3.3.2 Centres of excellence

WLEP is working with industry-led groups to assess the opportunities to establish Centres of Excellence in Worcestershire. These include possible future Centres associated with thermotechnology and composites.

(i) A Centre of Excellence (Agri-tech)

Key opportunities and challenges addressed:	
Opportunity 1 - Key sectors of national importance	Challenge 2 - Maximising productivity
Opportunity 3 - Creating Centres of Excellence	Challenge 6 - Ensuring the skills are available for growth
	Challenge 7 - Promoting innovation

The Agri-Tech Centre of Excellence is a key element of our approach to raising the productivity levels of the sector and physically at least, consists of two elements:

- National Centre of Excellence for Horticulture at Pershore College
- Centre of Agricultural Innovation

National Centre of Excellence for Horticulture

Recently awarded £4 million capital investment by the Skills Funding Agency, Pershore College will now be providing facilities and expertise to support growth within the sector including:

- an industry hub, where employer partners can develop with the college their workforce planning strategies;
- a redesigned curriculum offer that will operate along clear industry focused pathways with integrated experience of work with employers;
- a centre equipped for apprenticeship growth, which will support high quality off the job training, including English and Maths delivery;
- new employer partnerships with the College, enhancing employer engagement;
- a centre to support more learners to prepare for success in self-employment, with advice, infrastructure, facilities and services targeted to support new business formation and growth; and
- engagement with the University of Worcester and others to develop the research and development offer available to the sector.

Construction work will commence in 2014.

Centre of Agricultural Innovation

The current focus for the proposed SFA-funded National Centre of Excellence for Horticulture is the development of the appropriate high level skills to support sector growth. However, to fully realise the potential of the sector, a significant improvement is also required in the research and development offer.

The market failure is two-fold. First, the decline of Agriculture and Horticulture research centres (such as Horticulture Research International at Wellesbourne in Warwickshire) means that there is poor regional support for these key industries especially with regard to innovation and an increased economic contribution to the county. Secondly, existing national support for Agriculture and Horticulture is very 'commodity-based' with support targeted according to farm-gate production values for specific crops. This means that the growers of some crops receive very little support and, even more importantly, that there tends not to be strategic planning for the development of generic new technologies.

There is a need for a regional centre providing national capacity, to support growers and develop and implement novel technologies that address the needs of those growers in order to ensure the sustainability of their businesses and enhance their contribution to the county's economy.

Centre of Excellence in Agri-Tech	
Rationale	<p>The agricultural sector is an important part of the Worcestershire landscape and economy</p> <p>Promote investment in new products and markets to enhance productivity and enable businesses in this sector to compete more effectively at the global level</p>
Activities	<p><u>National Centre of Excellence for Horticulture</u> - support the delivery of the new facility at Pershore College</p> <p><u>Centre of Agricultural Innovation</u> – to:</p> <ul style="list-style-type: none"> investigate the feasibility of the Centre and review options for delivery, management and operation; and deliver a new facility for Worcestershire to work with sector partners to identify research opportunities to promote enhanced productivity.
Delivery arrangements	<p><u>National Centre of Excellence for Horticulture</u> – Led by Pershore College with support from the Skills Funding Agency, University of Worcester and other local partners;</p> <p><u>Centre of Agricultural Innovation</u> – WLEP working with the Agri-Tech Leadership Council as part of the national Centres of Agricultural Innovation Initiative.</p>
Costs and funding	<p>Cost: £14.25m</p> <p>Funding: Other public £14.50m</p>
Benefits	<p>Worcestershire recognised as a centre for excellence in the agri-tech sector</p> <p>Centre of Excellence recognised as exemplar model for business led training and skills development</p>

(ii) **Centre of Excellence in Technology**

Key opportunities and challenges addressed:	
<p>Opportunity 1 - Key sectors of national importance</p> <p>Opportunity 3 - Creating Centres of Excellence</p>	<p>Challenge 2 - Maximising productivity</p> <p>Challenge 4 - Tackling the labour supply/demographic challenge</p> <p>Challenge 6 - Ensuring the skills are available for growth</p> <p>Challenge 7 - Promoting innovation</p>

STEM sectors account for some 20% of employment in Worcestershire, with a number of large businesses in these sectors, including Worcester Bosch, Yamazaki Mazak and QinetiQ. However, many of the employees in these sectors are over 55 years of age and there is an insufficient number of young people with higher level skills in STEM sectors or undertaking higher level

training and also a lack of school based training in these subjects. There is also a lack of understanding and experience among teachers of the expertise required among the workforces of STEM sector businesses. In terms of employment space and facilities, Worcestershire lacks high quality incubator facilities to nurture high tech start-ups and the capacity in new labs and research facilities to support / attract high tech firms.

In order to support the growth of the identified target sectors and address the skills, productivity and labour supply challenges, the LEP is proposing to create a Centre of Excellence. This will draw on the expertise of market leaders from industry and academia and will specifically support the following key objectives:

- to develop a world class skills base and build a talent pool for key sectors;
- to integrate industry and academic expertise, research and development to create a national centre of excellence for skills development, teaching and learning;
- to stimulate the creation and growth of businesses; and
- to facilitate and encourage cross-cutting industry knowledge, innovation and capability to generate new product development and commercial opportunities.

The target market for the Centre will include:

- employers in STEM areas including engineering, manufacturing and cyber security;
- 16-24 year olds;
- adult workforce;
- entrepreneurs and start-ups;
- HE / industry research houses; and
- schools and teacher development programmes.

The Centre will encompass: engineering training workshop; classroom based teaching facilities and design studios; 12 incubator offices / studios for high tech start-ups; research labs; business support; and ultrafast broadband and 4G. It is envisaged that there will also be a 14-24 integrated skills solution and training programme incorporating academic, vocational and work based provision and teacher development in STEM subjects linked to employer developed and supported curriculum. A hub and spokes model will be developed with important outposts at Redditch linked to the automotive sub-sector and Evesham for the mechanical sub-sector.

Centre for Excellence in Technology	
Rationale	An ageing workforce with STEM sector skills and a lack of young people on higher level training courses in these sectors. Lack of facilities, including incubation space.
Activities	The establishment of new employer designed, developed and led Centre of Excellence in technology. A 14-24 integrated skills solution and training programme Hub and spokes model will be developed with important outposts at Redditch and Evesham
Delivery arrangements	The project will be led by an employer board made up of key business leaders. A project delivery board comprising partners will lead the project under three workstreams: Finance and Design; Curriculum Development and Governance.
Costs and funding	Cost: £16.40m Funding: LGF £16.15m Other public £0.25m
Benefits	The project will result in: <ul style="list-style-type: none"> • a 10% increase in 16-24 year olds attaining qualifications in STEM related subjects and a 20% increase in 16-24 year olds attaining at least a L3 STEM apprenticeship; • 15% increase in new teachers within STEM subject areas; • 50 new businesses created and surviving at least 5 years in STEM sectors and 2,000 businesses supported to grow • 10%+ increase in exports across STEM sectors • 1,000 new jobs created / safeguarded

3.3.3 Social and economic inclusion

Key opportunities and challenges addressed	
Opportunity 6 - Enterprise creation and growth potential	Challenge 4 - Tackling labour supply/demographic challenge Challenge 6 - Ensuring the skills are available for growth

The WLEP has been working with its partners to integrate social and economic inclusion across the SEP objectives and delivery. The fundamental purpose is to ensure economic success is accessed and shared by all interests in Worcestershire. The challenge is about responding to a wide range of individual clients and families with multiple needs which require varying types and levels of support into work. In turn, local-to-national interventions, whether third or public

sector provision, create a confusing and complex landscape of services, offers and programmes. Silos of support, while good in their own right, often either duplicate other offers, or leave gaps unintentionally and are generally disconnected. At times, this means that providers are in competition for the same limited resources.

The WLEP's social economic inclusion commitment aims to:

- help reduce the number of people at risk of exclusion and poverty;
- support inactive and unemployed people with multiple disadvantage;
- support low-skilled workers on a constructive journey to improve skills and gain better paid employment and reduce income deprivation;
- support unemployed people on routes to enterprise, whether SMEs, young entrepreneurs or social entrepreneurs;
- address geographical concentrations of target groups and communities;
- support locally developed community programmes;
- ensure business needs determine the best routes and support packages for people's development into employment or enterprise; and
- deconstruct the current silos, avoid duplication/gaps and integrate provision.

Working with the business community and third sector providers in the first instance, the Worcestershire Social Economic Consortium (see the model in Figure H1 in Appendix H) has been shaped to fulfil the SEP's strategic ambitions as well as co-ordinate and connect the wide range of third and public sector delivery organisations to meet business needs. Businesses and the third sector are on the frontline in understanding the issues on the ground. Employers define the skills and aptitudes required of future employees. Third sector organisations engage successfully with individuals and groups through informal networks and contacts as opposed to the perceived formal statutory institutions.

The model places the 'whole person approach' at its heart and driving service and programme responses, where individual customers are offered one-to-one support and make informed choices about their own entire journey into settled paid employment with employers or as an entrepreneur. Simplified access points at any point in the customer journey, co-ordinated hand-overs between relevant providers and tailored individual support packages will ensure consistent, quality assured offers and a shift from dependency into independence. Businesses have helped shape the model and the 'personalised package' will be tailored around each individual's needs and will equip them with the necessary additional skills, confidence and attitudes to succeed in work. Businesses also provide the incentives through opportunities for apprenticeships, placements and employment.

A social enterprise partnership in Worcestershire is also bringing together its initiatives effectively in support of potential young and social entrepreneurs across the county. Its aim is to increase the competitiveness and sustainability of existing social businesses as well as nurturing new start-ups. A particular focus is on accessing public sector procurement opportunities and related supply chains.

The model will deconstruct current ‘silos’, close gaps, avoid duplication and will join-up third and public sector provision with a major focus on the ESI Funds Big Lottery Opt-In as well as other National Programmes via DWP, JobcentrePlus and the Cabinet Office, alongside local statutory providers such as local authorities and NHS Trusts. The Consortium brings all interests together to maximise outcomes and impacts, to work to respective sector strengths and to establish more effective and efficient co-ordination with limited resources, (for example, potential for sharing back office costs and joint training for clients). Having established a strategic consensus between all WLEP partners, a project plan and timeline has been devised to establish a cross-sector Consortium and convert the model into a delivery and commissioning vehicle for the WLEP and its objectives and priorities. The model will provide a vehicle for partners to align different funding streams and activities together and better manage the process to meet the needs of those facing multiple disadvantages.

Establishing the Consortium as a Social Enterprise in its own right is one innovative feature being explored in more detail. There is the potential to use Social Impact Bonds with the income generated being re-invested into the model with the intention of it becoming self-sustaining in the long-term.

The WLEP will also use the EU Social Economic Inclusion Programme outside the Consortium model to commission and deliver other initiatives and services which meet the needs of economically and socially excluded people and groups.

Social economic inclusion	
Rationale	<p>Need to deconstruct current ‘silos’, close gaps, avoid duplication and join-up third and public sector provision</p> <p>Establishing a coordinated, tailored individual package which responds to multiple disadvantage and removes barriers to skills development and work</p> <p>Businesses defining workforce and supply chain needs create incentivised opportunities which will improve their growth and competitiveness</p>
Activities	<ul style="list-style-type: none"> • Through strategic collaboration the Worcestershire Social Economic Consortium will commission and co-ordinate delivery of diverse offers which meet business needs as well as respond to individual tailored client need. • Open routes to apprenticeships, skills training, placements, employment and/or starting a new enterprise/social enterprise. • Wider social inclusion initiatives will be supported by the ESI Funds Programme

Delivery Arrangements	<p>WLEP will form a strategic agreement with the Worcestershire Social Economic Consortium</p> <p>The Consortium will co-ordinate and commission programmes and projects to deliver the WLEP objectives and priorities.</p> <p>ESI Fund Social Economic Inclusion Programme also fund projects which fulfil the SEP objectives and criteria outside the Consortium model.</p> <p>The Consortium will align partners' resources alongside ESI Funds, National Programmes such as DWP and Big Lottery Opt-in</p>
Costs and Funding	<p>Costs - £11.7 million</p> <p>Funding - ESF (EU Social Inclusion Programme Big Lottery, DWP, SFA) - £5.85 million</p> <p>DWP/SFA Match - £2.18 million</p> <p>Private - £ 350,000;</p> <p>Other public sector - £3.3 million</p>
Benefits	<p>Total number of participants – 14,833</p> <p>Number of unemployed – 6,228</p> <p>Number of inactive – 4,911</p> <p>Number of employed – 3,694</p> <p>Number aged 15-24 years – 4,038</p>

3.4 Developing world class competitive and innovative businesses

3.4.1 Business growth offer

(i) Business finance

Key opportunities and challenges addressed:	
<p>Opportunity 1 - Key sectors of national importance</p> <p>Opportunity 5 - Export growth potential</p> <p>Opportunity 6 - Enterprise creation and growth potential</p>	<p>Challenge 2 - Maximising productivity</p> <p>Challenge 5 - Providing finance for growth</p>

A recent survey of Worcestershire businesses found that 35% identified access to finance as one of the key barriers to growth. Consultations by WLEP have also revealed that finance for growth is one of the main areas of support that manufacturing businesses wish the WLEP to intervene in.

The WLEP is committed to supporting financial investment initiatives to bridge gaps in the private sector and to help improve competitiveness and growth in Worcestershire. It has collaborated with the other West Midlands LEPs in developing a proposal for the creation of a “Joint European Resource for Micro to Medium Enterprises” (JEREMIE). Within this structure, there will be a guaranteed level of intervention for Worcestershire SMEs. The mechanism will provide a range of financial instruments including start-up loans, start-up equity, development capital and mezzanine loans.

While the JEREMIE proposal is the core of the proposed approach to future business finance, it is also proposed to build upon and extend the existing RGF-funded grant scheme targeted at Worcestershire businesses – the Worcestershire Business Expansion Programme (WBEP). This would provide complementary financial support to businesses seeking to expand who require assistance to enter new markets, address skills shortages, take forward product innovation and/or undertake new capital investment, including in premises.

Business finance	
Rationale	An identified lack of external finance to viable SMEs will hinder growth and investment by local firms and thus may restrict the Worcestershire economy from fulfilling its potential.
Activities	Provision of loan and equity finance to fill private sector gaps via the West Midlands JEREMIE fund of funds. Provision of grant support to expanding SMEs
Delivery arrangements	JEREMIE will be a joint initiative by the six West Midlands LEPs with BIS, British Business Bank and DCLG representation on the Board plus an independent Chairperson. Worcestershire CC will be the accountable and delivery body for the two grant funds. WLEP’s Access to Finance group will be the decision-making body.
Costs and funding	Cost: £48.70m Funding: LGF £15.00m ESI £5.6m Private sector £28.10m
Benefits	JEREMIE – estimated Worcestershire share of new investment generated £15m; 360 jobs safeguarded; 300 jobs created; 80% return on capital for re-investment. WBEP – 360 jobs created; 360 jobs safeguarded; £30m private sector leverage. 1,319 jobs created or safeguarded 31 new enterprises supported 61 enterprises supported

(ii) **UK regulation exemplar**

Key opportunities and challenges addressed:	
Opportunity 1 - Key sectors of national importance	Challenge 2 - Maximising productivity
Opportunity 5 - Export growth potential	Challenge 6 - Ensuring the skills are available for growth
Opportunity 6 - Enterprise creation and growth potential	Challenge 7 - Promoting innovation

In November 2012, WLEP and Worcestershire Regulatory Services (WRS) launched the Regulatory and Business Partnership Charter with local businesses and other regulator partners such as the Environment Agency, Her Majesty’s Revenue and Customs (HMRC), Hereford and Worcester (HW) Fire and Rescue Services and the Advisory Conciliation and Arbitration Service (ACAS). Subsequently, the WLEP/WRS Partnership was selected as a BIS/Better Regulation Delivery Office (BRDO) “Better Business for All” LEP Champion on UK Regulations supporting Business Growth Agenda (December 2012) and has shared practical learning and collaborative solutions across the National LEP Network (December 2012 onwards). A Charter Action Plan (integral to the SEP and ESI Funds growth ambitions) has increased the momentum for change as well as establish a platform to find long-term system solutions.

WLEP and WRS are working with partners to develop new approaches to reducing regulatory burdens on businesses with an initial focus across the Worcestershire “farm/field to fork” supply chain in the priority agri-tech growth sector. Collaborative work is looking at opportunities to create a single regulatory framework which combines self-compliance by SME businesses with reduced regulatory interventions. The shared ambition is to stimulate sectoral based innovation, improve the skills of regulators and businesses alike, enhance business competitiveness and productivity and nurture enterprise creation, expansion and exporting. As a consequence, the bureaucracy imposed on businesses by the current complicated UK regulatory system should be removed or lessened and a practical, streamlined “right touch” regulatory approach established which is fit for modern purpose.

The WLEP is seeking to establish the local/national business-regulators sector approach as a UK Regulations Exemplar which will:

- follow the food supply chain and challenge unnecessary regulatory barriers and complexities, in order to facilitate business start-ups, growth, expansion, diversification and exporting;
- enable the ambitious sector to grow its profile and exports by leading and pioneering new solutions and innovations to help horticulturalists, forestry enterprises, farmers, food production and distribution companies, food retailers/purchasers and a diverse range of inter-dependent rural businesses;
- developing a single regulatory framework for a new or diversifying business (lead regulator, single point of contact and a shared understanding of risk amongst regulators based upon local agreements and closer regulatory partnerships) which reflects the Regulators’ Compliance Code principles;

- establish one simple inspection regime for the farming community, combining all regulatory sources and requirements into one local ‘fast track’ process testing the MacDonald Report, Elliot Review and Pennington Review findings;
- forge a stronger link with the Elliot Review on food fraud and working closely with the Food Standards Agency’s project on exporting (i.e. testing proof of concept or implementing recommendations in practice);
- encompass wide ranging local sector interests comprising local SMEs; member and trade networks such as the National Farmers’ Union (NFU), the County Land and Business Association (CLA), the Federation of Small Businesses (FSB), and the Heart of England Fine Foods; academic organisations such as potentially Pershore College, Harper Adams and University of Aberystwyth; local representatives of national regulators such as HMRC, ACAS, the Health and Safety Executive (HSE), HW Fire and Rescue, Environment Agency, Natural England, Forestry Commission and Worcester Local Nature Partnerships (WLNP);
- work with Local Planning Authorities as a statutory consultee to deliver the WLEP Planning and Development Charter which intends to embed a business-friendly planning culture (Environment Agency, WRS, Natural England, HSE and HW Fire & Rescue);
- seek engagement through WLEP ESI Funds National Programme Growth Opt-In initiatives - UKTI, GrowthAccelerator, DWP, SFA and Big Lottery;
- establish how regulations can support and not restrict farm diversification – for example, in relation to animal welfare, waste and water, planning, technology and skills (Defra, NFU, CLA, Local and National Regulators);
- explore recruitment, retention of skilled workforce, reliance on EU Bulgarian and Romanian migration, loss of SAWS Scheme allowing seasonal labour to move freely to other sectors, chronic lack of staff expertise across the sector, (DWP, SFA, UK Border Agency and Gangmasters Licensing Authority); and
- establish potential alliances with other LEPs sharing a similar sector focus.

The WLEP Business and Regulators Sub Group is working up the business case for this national pioneering work which will demonstrate the freedoms and flexibilities needed in scaling up and rolling out the Exemplar, locally and nationally.

UK regulation exemplar	
Rationale	<p>Unnecessary, or badly designed, regulation places a burden on companies and can have a detrimental effect on growth, innovation and job creation.</p> <p>WLEP and WRS are working with partners to develop new approaches to reducing regulatory burdens on businesses with an initial focus across the Worcestershire agri-tech growth sector.</p>
Activities	<p>Establish a single regulatory framework which streamlines regulatory interventions and aids business self-compliance in order to maximise</p>

	<p>business growth in the agri-tech sector.</p> <p>Collaborative work driven by SME business needs and ways of working which shape the local-national regulators strategic/operational activities, interventions and system-wide change</p>
Delivery arrangements	<p>Lead partners – WLEP and Worcestershire Regulatory Services</p> <p>National and local public sector partners - BIS/BRDO, CLG, Defra-Environment Agency, Natural England, Forestry Commission, DWP, SFA, UK Border Agency and Gangmasters Licensing Authority) UKTI, GA</p> <p>Businesses in the agri-tech sector</p> <p>Member and trade networks - HW Chamber of Commerce, FSB, IoD, Heart of England Fine Foods, WLNP, NFU, CLA</p>
Costs and funding	<p>Resources/in-kind contributions and expertise via local regulatory and business partners; SME competitiveness and Innovation programmes; lead Government/National Regulators</p> <p>Cost: £100,000</p> <p>Funding: Other public</p>
Benefits	<p>Places Worcestershire agri-tech sector at the forefront of new regulatory approaches with attendant benefits for its growth, skills and competitiveness, including new investment and enhanced productivity and exporting</p>

(iii) Tailored Business Support

Key opportunities and challenges addressed:	
<p>Opportunity 1 - Key sectors of national importance</p> <p>Opportunity 5 - Export growth potential</p> <p>Opportunity 6 - Enterprise creation and growth potential</p>	<p>Challenge 2 - Maximising productivity</p>

A critical component of the plan will be the targeting of business support in order to ensure that it delivers the best value for money. Not all businesses will receive the same support. Those businesses that have significant realistic growth plans will be offered a more intensive package of assistance. Growing businesses in the target sectors will receive the greatest level of support.

Therefore business support provided will vary based on the following criteria:

- (i) basic support (accessible through the Growth Hub) will be available across all sectors. This support will be available primarily through the online portal or phone-based support;
- (ii) additional support will be available for growing companies (including through the ESI Funds Opt-in Programme developed with GrowthAccelerator and UKTI). In these cases businesses may well be offered face-to-face support; and

(iii) more intensive assistance and tailored support will be available for new and existing companies in identified growth sectors. In these cases, the businesses will be allocated an account manager with specific packages of assistance being developed as appropriate.

WLEP's approach to the provision of tailored business support will also include:

- specific provision for start-ups including fully equipped business incubators ; and
- a Low Carbon Business Support Programme that will provide resource efficiency funding, advisory and other support to eligible SMEs plus support to businesses wishing to expand or diversify into the Low Carbon and Environmental Goods and Services (LCEGS) growth sector.

Tailored business support	
Rationale	Need to ensure that business support is tailored to specific business needs and targeted where there will be maximum benefit for Worcestershire and the wider economy.
Activities	Structured and tailored business support with additional provision for new and growing enterprises and Low Carbon businesses
Delivery arrangements	Co-ordination – WLEP working with Worcestershire County Council Delivery – a broad-based partnership of providers including UKTI, Chamber of Commerce, districts, University, and private sector.
Costs and funding	Cost: £22.75m Funding: LGF £5.00m ESI £9.25m Other public £5.93m Private £2.57m
Benefits	Enhanced rates of business growth and business start-ups supporting employment and an increase in GVA and productivity. 601 jobs created or safeguarded 385 new enterprises supported 1,306 enterprises supported

(iv) **Growth hub**

Key opportunities and challenges addressed:	
Opportunity 1 - Key sectors of national importance Opportunity 5 - Export growth potential Opportunity 6 - Enterprise creation and growth potential	Challenge 2 - Maximising productivity

Worcestershire local authorities and national support agencies established Worcestershire Business Central (WBC) in February 2013 as an integrated business ‘growth hub’ using a combination of EU and County Council funding. The Hub incorporates a comprehensive range of services as well as promoting national UKTI and MAS offers.

The Hub provides a single web portal, free phone number, business intelligence desk and account management service for employers across Worcestershire. Over 20 partners are involved and committed to the principle of combining access to business services in one place. Over 1,000 SMEs were helped in the first year.

The next stage of development is to focus particular support on the WLEP’s identified growth sectors – cyber/defence/IT; agri-tech; and advanced manufacturing. A targeted campaign to engage with businesses in these sectors and to undertake an analysis of needs will commence in June 2014. The Hub will provide a single business ‘portal’ and integrate support (both physical and on-line) from local and national¹⁰ service providers. It will be the focal point for tailored local business support provision, including start-up support, business skills and advice, public procurement advice, workforce training advice, sites and premises and low carbon/resource efficiency support.

Growth hub	
Rationale	Provide a single point of access for business support services for growth sector businesses thereby providing co-ordinated support and avoiding confusion.
Activities	Focusing of an integrated business support ‘offer’ on identified growth sectors involving: <ul style="list-style-type: none"> • analysis of need for key sectors; and • provision of a single business portal to coordinate local and national support.
Delivery arrangements	Co-ordinated by Worcestershire County Council reporting to WLEP and other partners.

¹⁰ Including the Manufacturing Advisory Service (MAS), UK Trade and Investment (UKTI) and GrowthAccelerator.

Costs and funding	<p>Cost: £11.92m</p> <p>Funding:</p> <p>LGF £1.50m</p> <p>ESI 5.21m</p> <p>Other public £1.8m</p> <p>Private sector £3.41m</p>
Benefits	<p>More competitive businesses.</p> <p>Consolidation of Worcestershire’s national and international competitive advantage in key growth sectors.</p> <p>Increased GVA and employment</p> <p>More effective delivery of business support services and greater clarity for businesses about what is available.</p> <p>1,010 jobs created or safeguarded</p> <p>1,125 new enterprises supported</p> <p>1,270 enterprises supported</p>

(v) **Business engagement**

Key opportunities and challenges addressed:	
<p>Opportunity 1 - Key sectors of national importance</p> <p>Opportunity 5 - Export growth potential</p> <p>Opportunity 6 - Enterprise creation and growth potential</p>	<p>Challenge 2 - Maximising productivity</p>

Effective engagement with businesses is essential to the delivery of the SEP aims and ambitions. It is necessary in order that businesses are aware of opportunities and the support available and to ensure that business needs are being met.

Business engagement is integral to WLEP activities. To date this has involved three major conferences, sector and theme business workshops and various consultation exercises. It has also included ongoing channelled engagement through the WLEP Business Board, individual representatives, business membership organisations and WLEP Sub-Groups.

A range of existing businesses engagement activities are already in place. For example, the Chamber of Commerce is commissioned to ensure dedicated support and aftercare service for the 100 strategic businesses which employ more than 50% of all private sector employment in Worcestershire. The next largest 150 are supported through Worcestershire Business Central, with further engagement segmented by the type of business and over 1,000 companies have been supported in total. WLEP will now be expanding and developing the scope of these activities to ensure that SMEs and representative organisations are effectively engaged on a systemic basis. This will build upon and continue the engagement arrangements and processes

established to inform the development of the SEP. Ongoing effective business engagement will be critical to ensure that the Plan remains relevant and is meeting the needs of businesses.

Business engagement	
Rationale	Consolidate the presence and role of the largest businesses within the Worcestershire economy and engage effectively with SMEs and representative organisations.
Activities	Strategic Business Engagement Service – expand service to provide dedicated support and aftercare service for the 70 largest businesses Engagement with SMEs and representative organisations Hold priority sector based workshops Establish engagement alliances/connectivity with other LEPs
Delivery arrangements	Lead organisation – WLEP Key partners – local authorities, BIS, UKTI, MAS, CoC, trade associations, sectoral organisations.
Costs and funding	Cost: £1.05m Funding: Other public
Benefits	Growth of largest businesses Improved supply chain linkages Employment and GVA

3.4.2 Innovation

Key opportunities and challenges addressed:	
Opportunity 1 - Key sectors of national importance Opportunity 3 - Creating Centres of Excellence Opportunity 5 - Export growth potential	Challenge 2 - Maximising productivity Challenge 7 - Promoting innovation

(i) Innovation programme

Between 2000 and 2008 it is estimated that innovation accounted for up to 70% of labour productivity growth in the UK¹¹. In Worcestershire the productivity of local businesses continues to be below regional and national averages. In order for the area to bridge this gap - through higher value added activities - investment in innovation is vital.

¹¹ NESTA, 2011, Driving Economic Growth: Innovation, knowledge spending and productivity growth in the UK

The potential for greater innovation and R&D investment is particularly strong within the identified key growth sectors – cyber security/defence/IT, advanced manufacturing and agri-tech. There will therefore be a focus on these sectors although this will not be exclusive.

Developing a space and the opportunity, both real and virtual, for innovation to flourish is a key part of the vision of Worcestershire SEP. There is a particular need to facilitate linking business opportunities and needs with appropriate Research and Development (R&D) capacity and expertise (through institutions, other professionals and other businesses).

A virtual innovation hub will be established comprising a network of institutions, professionals and other resources where individuals or organisations can go for support in innovating and accessing supporting finance. One option being explored is to offer a brokerage service facilitated by an academic third party but brokering in expertise from other (including non-Worcestershire) organisations and enabling direct business-to-business support. A small-scale Innovation Fund is a further possibility (see below).

It is also proposed to build on the Centres of Excellence concept through exploring the potential to develop a skills-focused innovation facility to run alongside the virtual hub. A feasibility study will be commissioned.

In addition, a Smart Specialisation approach to economic development will be developed through targeted support to research and innovation. Production of a Research and Innovation Strategy for Smart Specialisation (RIS3) is recognised by the EU as a pre-cursor to access to wider research and innovation resources. WLEP is investigating the best way forward. The likelihood is for a two-tier approach with WLEP taking the lead with regard to agri-tech and being a partner in cross-LEP strategies for other sectors, for example, advanced manufacturing.

WLEP will promote all Technology Strategy Board products for the benefit of the county's economy. For example, the Agri-Tech Catalyst will offer funding for collaborative projects, taking innovative ideas from any sector or discipline with the potential to provide an economic boost to the UK Agri-Tech industry, by tackling challenges in agriculture.

Innovation programme	
Rationale	<p>Need for development of higher value added activities, particularly in key growth sectors and their supply chains</p> <p>Need to facilitate links between business opportunities and R&D capacity / resources in institutions, other professionals and other businesses in order increase productivity and competitive advantage</p>
Activities	<ul style="list-style-type: none"> • Concept Plan development • Establishment of Virtual Innovation Hub • Explore feasibility of a physical hub • Production of a Research and Innovation Strategy for Smart Specialisation (RIS3) • Networking and promotion of awareness of opportunities for agri-tech funding and collaboration

Delivery arrangements	WLEP will appoint a lead organisation for the virtual hub. Working Group established – members potentially to include University of Worcester, other universities, research bodies, Technology Strategy Board, private sector businesses
Costs and funding	Cost: £19.67m Funding: LGF £10.00m ESI £5.17m Other public £2.25m Private sector £2.25m
Benefits	Increased productivity, GVA and employment arising through growth of key sectors Enhanced R&D capacity 458 jobs created or safeguarded 732 enterprises supported

(ii) **Innovation fund**

Lack of finance has been identified by businesses as a particular barrier to innovation. Consequently, WLEP is proposing to continue to make financial support available for innovation and proof of concept investments. The support will be integrated with the business finance initiative identified above. The project will build upon and learn from the current European funded Proof of Concept Programme.

Innovation fund	
Rationale	Market failures (such as imperfect information) resulting in a lack of available finance for SMEs to undertake innovation and proof of concept work
Activities	Availability of funding to SMEs to fund innovation, concept testing, implementation of new innovative process and delivery of new innovative products
Delivery arrangements	WLEP to commission delivery, which will be integrated with the business finance initiative.
Costs and funding	Cost: £1.07m Funding: ESI £0.57m other public £0.25m private sector £0.25m
Benefits	Funding to support higher rates of SME innovation in key sectors and associated up and down stream benefits Increased productivity, GVA and employment arising through growth of key sectors

	<p>Enhanced R&D capacity</p> <p>25 jobs created or safeguarded</p> <p>40 enterprises supported</p>
--	--

3.5 Cross-cutting themes

3.5.1 Introduction

The WLEP has identified four cross-cutting themes that will inform the development and delivery of the programme. These will be important in informing priorities and investment decisions with regard to each of the action areas. Impacts of the programme’s interventions on each theme will be regularly reviewed. The themes are – Environment and sustainability; Technology and Innovation; Inclusion; and Research and Intelligence. The remainder of this section discusses each in turn.

3.5.2 Environmental sustainability

Environmental sustainability will be of central importance to the achievement of the Plan’s objectives. Sustainable development is integrated fully into the SEP and the ESI Funds Strategy and has been at the heart of partnership working across Worcestershire since the early 1990s. The quality of the natural landscape and built environment is a major asset of the local area and its economy. It enhances the quality of life of people who live and work in Worcestershire and helps to attract (and retain) residents, visitors, businesses and investors.

Moreover, the future growth of businesses involved in low carbon and environmental goods and services (LCEGS) is a key element of this Plan and the ESI Fund Strategy. Valued at over £1 billion in terms of sales and growing at some 4.9% per annum, it has been estimated that more than 7,600 jobs and over 400 businesses in the county are directly involved in LCEGS. These activities cross many sectors – including, in particular, the advanced manufacturing and agri-tech growth sectors.

Worcestershire Local Nature Partnership (WLNP) is leading the environmental sustainability networks across Worcestershire and working through its well-formed relationships and a range of private, public and third sector interests to further advance Worcestershire’s natural qualities and built heritage. The WLEP and WLNP have a well-established strategic relationship and collaborate to tackle priorities of mutual advantage through the SEP and ESI Funds Strategy and WLNP Business Plan processes. The relationship is robust enough to resolve any potential future differences through constructive dialogue and practical solutions.

The Natural England Local Environment and Economic Development (LEED) Toolkit has provided a systematic and focused lens to examine various environmental assets and develop their potential contributions to local economic growth. The LEED Level 1 Workshop (2013) framed a constructive challenge and scoping of Worcestershire’s environmental assets and a subsequent

LEED Level 2 Assessment (2014) has created a Five Point Framework (See Appendix H) to develop priority initiatives and a pipeline of projects as follows:

- sustainable development, particularly through the 'game changer' programme sites and sustainable infrastructure resilient to future flooding;
- Worcestershire Brand - Tourism and Inward Investment;
- “Made in Worcestershire” Agri-Food, Agri-Tech, Horticulture and Forestry Sector;
- Sustainable Training and Skills – sustainable development and sector oriented; and
- Water and Environmental Impacts.

Strong synergies and complementary investment involving WLEP, LEADER, EAFRD and Agri-Food, Horticulture and Forestry Sector initiatives will ensure a solid, balanced approach to sustain, improve and increase rural business prosperity, generate integrated sustainable development outcomes and benefit local needs. This will align and reinforce the WLEP rural, food and horticulture ambitions and priorities and will strengthen access to finance, business development and supportive infrastructure for many existing and new rural enterprises, which will make significant contributions to the local and national economy. In particular:

a) WLEP and LEADER Programme

Worcestershire LEADER Programme has established a successful track record of delivery and the WLEP is currently working with the Worcestershire LAG (WLAG) during the LEADER transition period to ensure the future programme substantially shifts towards delivering the Government's Growth Agenda, Defra objectives and priorities as well as aligning implementation of the WLEP's SEP ambitions and objectives. The strong WLEP-WLAG relationship emerging will ensure the future LEADER strategic direction will be fit for purpose and secure effective and sustainable solutions that reinforce local growth objectives. Stakeholder consultations during Spring 2014 will help shape a new LEADER Local Development Strategy in readiness for prompt implementation of the new LEADER Programme in January 2015. The new LAG membership will incorporate business interests and a strategic agreement will formalize future joint WLEP-WLAG working arrangements and programme delivery mechanisms.

b) EAFRD

Equally important will be both the distinction as well as the connection between the elements of the EAFRD Programme within and outside the WLEP remit. This combined approach is essential to avoid duplicity as well as nurture new innovative opportunities for stronger local beneficial impacts. A strong Rural Development Programme will align and reinforce the WLEP ambitions for many existing and new rural enterprises, which will make significant contributions to the local and national economy. The WLEP will ensure that the EAFRD allocation will consolidate and strengthen previous ERDF/ESF allocations as well as parallel EUSIFS intentions to ensure co-ordinated holistic and effective local impact. The SEP objectives take an integrated and inclusive approach to business needs which recognise that while solutions will have a basic commonality of principles and criteria, unique characteristics and features simultaneously exist at a very local level which distinguish between a rural or urban based business initiative. For instance, SME

needs will be met by the range of business support initiatives being proposed but specific rural oriented features and needs can be met through additional aligned programmes which are pertinent in rural areas whether it is EAFRD or the Rural Redundant Buildings Programme.

c) WLEP and GBSLEP Protocol and EAFRD

An agreement has been established between WLEP, Greater Birmingham and Solihull LEP (GBSLEP) and Stoke on Trent/Staffordshire LEP (SSLEP) regarding the respective EAFRD allocations, given the overlapping areas of North Worcestershire and South Staffordshire. WLEP and SSLEP will lead on rural priorities in the respective overlapping areas with GBSLEP, including the focus of EAFRD funding allocated to the three LEPs. This will ensure the most effective alignment of EAFRD funds against the rural priorities in the wider Worcestershire and Staffordshire areas as well as co-ordination with the future LEADER Programme, all focused on economic growth and jobs. Simultaneously, WLEP and SSLEP will ensure that EAFRD projects will deliver against the GBSLEP objectives and priorities.

d) Environment and Agri-Food Sector Regulations

The WLEP and WLNP have a strong synergy working with the WLEP Business and Regulators Sub Group into research, development and testing innovatory environmental technologies and creating new simplified regulatory frameworks for emerging business solutions in the priority sector of Agri-Food, Agri-Tech, Horticulture and Forestry. The WLEP and WLNP will contribute to the work of local and national regulators with businesses in demystifying regulatory compliance through positive business support.

3.5.3 *Technology and innovation*

WLEP will encourage the use and adoption of new technology and the use of innovative approaches across, and through, the SEP Programmes. Links with schools and FE Colleges will be developed to increase specific ICT-related apprenticeship schemes to support local businesses. Linkages will also be developed between local government, schools, the University of Worcester and FE Colleges to improve young people's access to technology to support local employers and ensure skills gaps are minimised. WLEP will also promote the business use of new ICT in order to realise the full business benefits of, for example, superfast broadband.

The target sectors and, in particular, the cyber security/defence/IT sector, each has specific ICT requirements. The enterprise programme will offer support for entrepreneurs with emerging technology-based solutions.

3.5.4 *Inclusion*

While Worcestershire as a whole can be considered to be an affluent and prospering area, there are pockets of multiple deprivation (in both urban and rural areas). The WLEP recognises the need to ensure that economic success is shared and that inclusion and deprivation factors are tackled successfully. The WLEP will encourage actions that ensure disadvantaged individuals and communities of interest, whether due to poverty, gender, age or other characteristic, can access employability and skills support as well as include preventative interventions reducing the number of people experiencing exclusion and poverty. Activities will target linkages between

areas of opportunity and need. For example, growth in the destination and visitor economy sector can provide accessible employment for those living in areas with high levels of deprivation.

In working across the wide ranging civil society, voluntary and community interests in Worcestershire, former entrenched positions and older patterns of thinking across the third, public and private sectors are shifting noticeably and substantially. The new Social Economic Consortium Model and its innovative social re-investment feature offer exciting and cohesive opportunities to align local-to-national efforts and resources through an effective commissioning and delivery vehicle. There will still be opportunities for other initiatives to be developed and delivered through the Social Inclusion Programme, as well as other partners' commitments such as the NHS and local government family.

Income deprivation is a particularly important component of disadvantage. People living on low incomes are restricted in terms of their housing choices, education opportunities and skills, and employment prospects. There is therefore a strong case for improving access to affordable credit and developing outreach activities in relation to debt and welfare advice, as well as basic skills training in finance, literacy and capacity. Just over 28,000 people (4.9% of the population) in Worcestershire live in a household with a median income less than £17,016 per annum, which is less than 60% of the median household income for England (the official Government definition of poverty). Across Worcestershire the greatest proportion of the population on a low income live in Wyre Forest, with 7,891 people representing 8.0% of the population. This is the equivalent of 9.5% of households in the area.

It will be important to ensure that disadvantaged groups and areas gain access to opportunities generated through investment in Worcestershire. Equally, it will be important to ensure that the jobs created are well paid.

The prevention of young people aged 14-19 years from becoming NEETs and the re-engagement of those that have, represents a particularly important area in terms of social inclusion. Specific support is required for vulnerable young people who are NEET and not ready to progress into mainstream provision. NEETs often face multiple and complex issues and these have to be tackled in a comprehensive and integrated way. The individual life-time public finance cost of NEETs is estimated at £56,300.

Worcester and Wyre Forest also have a relatively high proportion of the population on low incomes when compared to the county average.

On a broader measure of deprivation (based on the Index of Multiple Deprivation), it is estimated that approaching 16% of Worcestershire's Lower Layer Strategic Output Areas (LSOAs) are in the most deprived 30% of SOAs in England. A significant proportion of these are concentrated in Redditch, Worcester and Wyre Forest.

3.5.5 Research and intelligence

Since its inception in 2011, WLEP has been committed to ensuring that its strategy and actions are based on robust research and intelligence, with businesses at the heart of the process. A comprehensive on-line evidence base has been pulled together for LEP partners.

The commitment to evidence was first demonstrated in late 2011 with a major market research programme interviewing 1,270 Worcestershire businesses to establish initial LEP priorities. This was recently repeated to assess businesses views on progress and inform the SEP. As part of the Strategic Business Engagement Service, the WLEP use the "Worcestershire Business Barometer" survey to track the confidence and future outlook for those strategic businesses and how the LEP may need to act.

Tackling the challenge of significantly growing Worcestershire's GVA and jobs, both absolutely and relatively, requires a programme on a much bigger scale than ever before. Key to this are the Game changers - sites identified through evidential analysis and market intelligence that can attract major employers to the county with their key supply chains. The Game changers were the basis of WLEP's recent response to government consultation on Assisted Areas - demonstrating the link, through reliable analysis and research, between areas of deprivation in the county and the employment opportunities that the Game changer sites will generate.

This SEP has been specifically supported by comprehensive analysis from AMION consulting and ICF GHK. More detailed research has been commissioned to underpin the LEPs approach to supporting target sectors. A detailed assessment is also underway on the supply and demand for skills in the local economy to enable the WLEP to best support skills development. Within this skills development approach, the Employment and Skills Board has been researching how local schools and businesses can be most effectively connected to transform the spread and quality of work experience in the county.

The examples here highlight WLEP's reliance on robust evidence. In the future, this approach will continue to underpin the WLEP's activities and will be supplemented by evidence from evaluating the effectiveness of interventions over time.

3.6 Revolving Infrastructure and Investment Fund

WLEP has worked with Ernst and Young to assess the feasibility of establishing a revolving Infrastructure Investment Fund ("the IIF") using Non-Domestic Rates (or business rates) to fund critical infrastructure works to remove constraints and accelerate growth. This work has identified the substantial potential benefits of the proposed IIF.

WLEP is therefore seeking to have the four initial Game Changer sites designated as areas where business rates generated over the next 25 years will be retained locally in order to create a revolving IIF to deliver priority infrastructure for economic growth. Initially this would focus on transport and other physical infrastructure in relation to the Game Changer sites and then wider infrastructure priorities, but it may also be used to support the wider 'economic development' infrastructure required to deliver the SEP vision and objectives.

The objectives of the Fund are to:

- enable the WLEP and its partners to create a long-term sustainable financial strategy to support infrastructure delivery and growth in Worcestershire;

- fund an initial package of infrastructure that will unlock accelerated development at the Game Changer sites;
- create an IIF that enables additional business rates from the Game Changer sites to be recycled locally and combined with Local Growth Fund and other sources (including Community Infrastructure Levy) to fund further strategic infrastructure across Worcestershire; and
- realise additional business rates from future development sites unlocked by reinvestment in further strategic infrastructure, creating a self-sustaining local IIF.

The initial investments that would be prioritised would be those directly or indirectly associated with the Game Changers and then a wider programme of priority strategic infrastructure projects in the county, including potentially:

Core package of infrastructure to unlock accelerated development across the Game Changer sites and wider strategic economic growth

- Worcester Technology Park
- Junction 6 M5 reconstruction
- Southern Link Road Phase 3
- Hoobrook Link Road Phase 2
- Redditch Gateway new primary access
- Malvern Land acquisition and enabling
- Development of Malvern Hills Science Park
- Worcestershire Parkway
- Worcester city centre

Activity is underway to implement this infrastructure programme long-term, but it is piecemeal and slow. The WLEP is seeking to dramatically accelerate delivery and provide certainty to investors that strategic infrastructure is deliverable. The IIF would empower the WLEP and its partners to drive forward economic growth.

Ernst and Young has been advising the WLEP and Worcestershire County Council on the development of a financial model for the IIF using the 2012/13 independent property development forecasts prepared for the Game Changers. The indicative modelling indicates that circa £341 million of additional business rates could be delivered from the Game Changer sites which could fund infrastructure across Worcestershire. Indicative modelling is summarised in Table 3.1 and Figure 3.2 and shows illustrative cashflows from investment in a £100m core package of infrastructure.

Table 3.1: Infrastructure Investment Fund summary cashflow

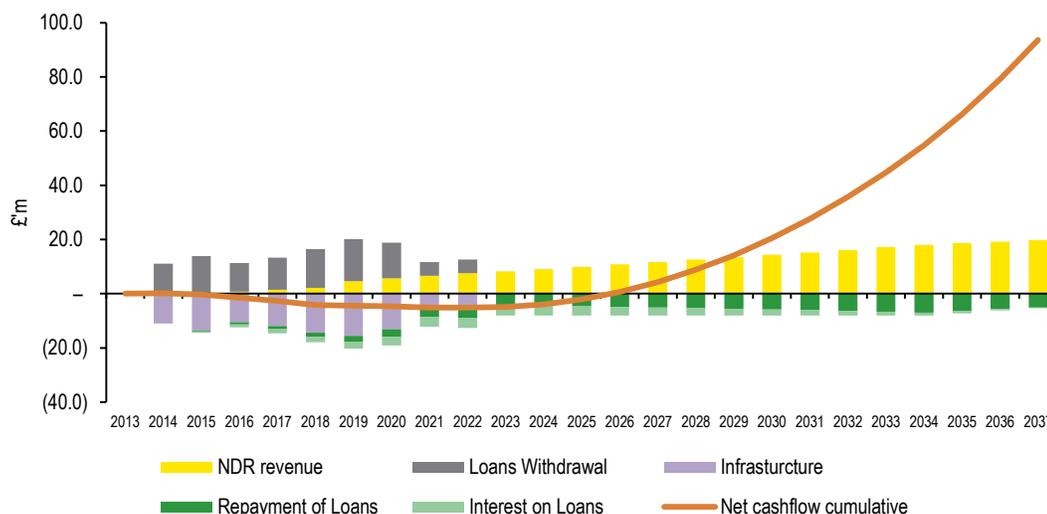
	Cumulative 25 year cashflow
Game Changer gross additional non-domestic rates	£341m
Displacement to UK Government at 30% (illustrative)	(£102m)

Game Changer net additional non-domestic rates	£239m
Infrastructure investment principal repaid	(£100m)
Infrastructure investment interest repaid	(£50m)
Net Infrastructure Investment Fund Surplus at year 25	£89m
Net present value of surplus	£25m

Source: Ernst & Young

The illustrative analysis includes an allocation of £102 million of business rates to UK Government on the assumption a displacement rate would be set as part of the agreement on the establishment of the Infrastructure Investment Fund. Surplus cashflows could be recycled to fund further strategic infrastructure or be distributed to the local partners.

Figure 3.2: Infrastructure Investment Fund illustrative 25 year cashflow



Source: Ernst & Young

The model assumes that additional business rates above the baseline at year zero are retained for the full 25 year period and that the Game Changer sites would be granted exemption from business rate resets (in 2020 and beyond). These provisions would enable development to complete and business rate revenue to mature to provide a long term revenue stream to repay infrastructure borrowing. The illustrative model also assumes infrastructure investment is borrowed through the Public Works Loan Board.

The options for delivering the IIF have been set out in an Outline Business Case that has been prepared in collaboration with Ernst & Young. The Outline Business Case considers the strategic, financial and economic case in greater detail. In addition it sets out objectives for the finance management and governance structure including the establishment of transparent infrastructure investment criteria that would enable the infrastructure programme to be accelerated or slowed based upon actual revenue flows. The preparation of the Outline Business Case has involved stakeholder engagement with the local Worcestershire authorities and the WLEP.

WLEP and the Worcestershire authorities are seeking Government approval for the full retention of non-domestic rate income on the identified Game Changer sites for a period of 25 years. If the IIF is approved the WLEP and Worcestershire authorities would undertake a range of next steps guided by the development of a Full Business Case and Fund implementation plan.

4 Short-term Actions – Local Growth Deal

4.1 Introduction

WLEP has identified and appraised a range of projects that are capable of being delivered in 2015/16. It has identified robust delivery arrangements and will closely monitor performance to ensure that the projects are delivering in line with expectations.

4.2 Local Growth Fund projects

A total of 19 projects/initiatives will be delivered through the 2015/16 Local Growth Deal. LGF funding of £47.1 million is sought in 2015/16. These projects/initiatives are as follows

- Create a World Class business location
 - Malvern Hills Science Park
 - Worcester Technology Park off-site works
 - Worcester City Centre Masterplan
 - Enterprise Centres
 - Joint Property Vehicle
 - Housing Growth Fund
 - Hoobrook Link Road
 - Southern Link Road A4440 (Norton to Whittington)
 - Kidderminster Rail Station Enhancement Scheme
 - Flood Alleviation Programme
 - Worcester Pedestrian Bridge Crossing
 - Vale Park, Evesham
 - Geo Thermal Energy
- Provide individuals with World Class Skills
 - Centre of Vocational Excellence for Engineering Training
 - Redditch Engineering Skills Academy
 - South Worcestershire College
 - Centre of Excellence (Technology)
- Develop World Class competitive and innovative businesses
 - Business Finance
 - Growth Hub

Table 4.1 sets out the proposed funding profile of those projects/initiatives that will be delivered using Local Growth Fund monies in 2015/16. Where projects/initiatives continue beyond 2015/16, the amount of funding sought in subsequent years is also identified.

Table 4.1: Local Growth Deal 2015/16 funding profile (£000s)									
	2015/16				Subsequent years				Total
	LGF	Other public	Private	Total	LGF	Other public	Private	Total	
Sustainable sites and premises	13,850	10,250	7,000	31,100	33,300	26,600	485,250	545,150	576,250
International profile and recognition	-	-	-	-	-	-	-	-	-
Infrastructure	24,625	9,750	2,004	36,379	1,500	5,300	248,321	255,121	291,500
Social and economic inclusion	-	-	-	-	-	-	-	-	-
Skills for employment and growth	4,925	165	2,635	7,725	429	85	245	760	8,485
Centres of Excellence	150	150	-	300	16,000	100	-	16,100	16,400
Business offer	3,500	1,261	4,651	9,412	13,000	11,351	26,861	51,212	60,625
Innovation	-	-	-	-	-	-	-	-	-
Total	47,050	21,576	16,290	84,917	64,229	43,436	760,678	868,344	953,260

The total outputs associated with those projects/initiatives seeking Local Growth Fund monies in 2015/16 are set out in Table 4.2 below.

Table 4.2: Local Growth Deal total outputs and impacts of 2015/16 projects						
	Jobs created/ safeguarded - by 2025	Jobs created/ safeguarded - over longer term	Enterprises supported	New enterprises supported	No. in employment and skills support	Housing units
Sustainable sites and premises	6,027	9,011	15	45	-	2,313
International profile and recognition	-	-	-	-	-	-
Infrastructure	4,814	10,524	-	-	-	2,621
Social and economic inclusion	-	-	-	-	-	-
Skills for employment and growth	-	-	-	-	3,158	-
Centres of Excellence	900	1,000	2,000	-	-	-
Business offer	2,329	2,329	1,186	1,301	-	-
Innovation	-	-	-	-	-	-
Total	14,070	22,864	3,201	1,346	3,158	4,934

4.3 Control and influence – asks of Government

The Government has indicated that the Growth Deal is about more than just LGF and therefore WLEP has identified a range of flexibilities. Table 4.3 overleaf sets out the asks and offers of WLEP.

WLEP and the local partners have already made significant commitments to growth including through the work to implement the current WLEP Business Plan. The local government family in Worcestershire is already spending in excess of £35 million on projects to delivery economic growth. These commitments will now be further extended and will include:

- developing an ambitious and multi-year SEP and ESI Funds Strategy;
- supporting the creation of over 25,000 new jobs and £2.9 billion of GVA by 2025, with the early delivery of key projects that will unlock substantial growth;
- delivering enhanced efficiency, improving productivity and accelerating economic growth;
- increasing the pace of decision-making within the partnership to encourage growth and investment;
- tackling difficult decisions (for example issues in relation to housing and governance); and
- working collaboratively and pooling resources on delivery (public/private and cross-LEP). This will build upon the significant existing local authority and other commitments to growth.

Table 4.1: Asks of Government

	Rationale	Ask of Government	WLEP Local Offer	Central Government Benefit	WLEP Local Benefit
Short term asks (2015/16)					
<i>WORLD CLASS WORCESTERSHIRE – 'PLACE' ASKS</i>					
01	<p>Access and connectivity to London, West Midlands and South West is poor with 19th century journey times.</p> <p>An estimated 12% of Birmingham International Rail users reside in Worcestershire and 13.5% of Warwick Parkway users.</p>	<p>To ask the Department for Transport (DfT) to deliver (Cotswolds Train Line) frequency and journey time improvements (under 2 hours) from Worcester to London and to include Worcestershire Parkway in the new Great Western Franchise.</p>	<p>WLEP committed to delivering the Worcestershire Parkway scheme.</p> <p>Local commitment to contribute significant financial resources to this scheme to support delivery and implementation costs.</p>	<ul style="list-style-type: none"> • Clear endorsement from Worcestershire LEP / Worcestershire County Council of HS2; • Resolution of DfT Rail/NR rail access issues in South Worcestershire; • Critical (and popular) piece of infrastructure for South Worcestershire development; • The business case for the Parkway scheme demonstrates that it makes money – reducing central Government subsidy into the rail industry - £700k per annum 	<ul style="list-style-type: none"> • Improved access (journey time and frequency) to London; • A new Worcestershire Parkway station would improve cross country connectivity including London, Birmingham and Bristol • Meaningful connectivity to HS2;
02	<p>WLEP priority – The A46 is a strategic route through the south of the county essential to delivering planned growth and development.</p> <p>This includes key development sites and housing growth around Evesham (and Tewkesbury in Gloucestershire).</p> <p>There is cross-LEP support from Gloucestershire.</p>	<p>To ask DfT to instruct the Highways Agency to deliver a plan, by April 2016, which outlines improvements to the key strategic route A46 to remove growth constraints, address pinch-points and support economic growth objectives across 2 neighbouring LEP areas (Worcestershire and Gloucestershire).</p>	<p>WLEP established current pinch points in Worcestershire, particularly around Evesham, as part of the South Worcestershire Development Plan and are working to secure scheme contributions.</p>	<ul style="list-style-type: none"> • Greater certainty / acceleration of planned growth 	<ul style="list-style-type: none"> • Support acceleration of planned growth, both residential (circa 2000 homes) and employment-land development with a first phase around Vale Park in Evesham; • Greater certainty over infrastructure delivery;
03	<p>Capital Asset Pathfinder has had GPU representation, but as they do not operate as corporate landlord for all central Government departments access to estates strategy for each stream of Government has been difficult and the One Town Reviews have not been able to be</p>	<p>To ask Cabinet Office through the Government Property Unit to become a partner shareholder in the Joint Property Vehicle (JPV) proposal in order to maximise the benefits of a single estate management team with responsibility for a common public sector estate strategy.</p>	<p>Currently through its Wave 1 Capital Asset Pathfinder status the partners work closely with GPU, (who are also supporting the development of the JPV).</p> <p>Government could instruct central government departments with assets in Worcestershire and surrounding counties to allow the JPV to pilot a local</p>	<ul style="list-style-type: none"> • Key vision of improved use of, and rationalisation of public sector assets aligns with the GPU's key priority regarding the Central Government estate. • Having a single corporate landlord body will ensure swifter and more efficient delivery of this vision for all parties. • Exclusive of GPU the JPV can 	<ul style="list-style-type: none"> • Single point of contact for public sector estates issues and strategic co-ordinated release of land to enable and assist with regeneration opportunities. • This will all be developed through a co-ordinated Estate Strategy delivered by the One Town Review process.

	maximised as a consequence	This would allow the JPV to pilot the benefits of operating a corporate landlord responsibility across both local and central government estate across the Counties covered by the JPV.	management of the property asset portfolio.	<p>release 18% of its estate generating capital receipts of £118m - we would expect a similar scale of benefits to apply to the central government estate.</p> <ul style="list-style-type: none"> In addition, the scale of revenue benefits will be similar to that identified in JPV OBC report to each Government Department, i.e. approx. 28% (circa £110m excluding GPU) revenue saving on property costs within 10 years. 	
04	The legacy of carried financial interests inherited by HCA in both the Malvern Hills Science Park site, and the Bromsgrove Tech Park through PXP provide tangible barriers to investment by the existing and potential future market investors in the sites.	<p>To ask the Department for Communities and Local Government (DCLG) to instruct the Homes and Communities Agency (HCA) to continue working with WLEP and proactively support the Worcestershire Game Changer programme by:</p> <ol style="list-style-type: none"> Surrendering its residual financial interest in the Malvern Hills Science Park development to the local authority shareholders by April 2015 and so enabling further investment by the existing investors in the wider development for Malvern Hills Technology Park. Committing to marketing and disposal of HCA land known as Winyates Triangle site in Redditch to the commercial development market by December 2014 in support of the Redditch Eastern Gateway game changer proposals. Ask HCA to either capitalise PXP or release Bromsgrove 	<p>WLEP putting further significant investment (£4-6m over next 2 years to 2017/18) into MHSP. WLEP committed to undertake Strategic Review of MHSP in 2014/15 to ensure future development of this vital asset. Coordinated approach to delivery of Redditch Eastern Gateway.</p>	<ul style="list-style-type: none"> Effective and efficient recycling of central Government assets to enable local economic development activity. Enabling MHSP to develop and provide opportunities for further market based investment with direct increase in innovation activity, jobs and leverage. 	<ul style="list-style-type: none"> New and relevant investment in MHSP and the surrounding Game changer Site. Release Bromsgrove Technology Park for development by removal of the real and perceived barrier to development inherent in current PXP structure. Enable significant progress in the delivery of Redditch Eastern gateway game changer site.

		Technology Park from the legacy PXP structure by September 2014 enabling the market-led development.			
05	BDUK original identified £3.35m allocation to Worcestershire to support the roll out of Superfast Broadband, the county Council were asked to match fund this. WCC more than double match funded BDUK's allocation to ensure at least 90% coverage to superfast broadband infrastructure, recognising that their contribution was low in comparison with neighbouring authorities. WCC allocated £8.0 million which, with BT's investment of £8.9m has secured 90% coverage for the county. WCC are now being penalised for their foresight to ensure maximum coverage across the county and are unable to demonstrate VFM to tax payers to identify a further £2.39 to match BDUK's new allocation to achieve 95% coverage.	To ask the Department for Culture Media and Sport (DCMS) to instruct Broadband Delivery UK (BDUK) to secure an exception to the existing protocol to allow Worcestershire's previous funding 'overmatch' on the Broadband Rollout Programme to be recognised as a match in the extension programme, by May 2014.	The additional funding from BDUK of £2.39m would bring further residential and business coverage of superfast broadband, particularly in rural areas of the county with known positive GVA outcomes.	<ul style="list-style-type: none"> Worcestershire being able to support the Government's ambition to achieve 95% superfast broadband coverage by 2017. 	<ul style="list-style-type: none"> Increased GVA, through employment and production opportunities due to capability brought through faster broadband infrastructure.
06	It is well documented that the Worcester Geological Basin has extensive geothermal resources. Estimates have suggested that the local area could generate in the region of 7 gigawatts of recoverable thermal energy. The geothermal potential of the	To ask the Department of Energy and Climate Change (DECC) to jointly commission with WLEP a feasibility study on a geothermal heat pilot in Worcestershire, by September 2014.	The LEP will invest an element of its 2014 - 2020 EU funds to undertake the feasibility study with the potential of further EU capital investment should the case be proven.	<ul style="list-style-type: none"> DECC's Deep Geothermal Review Study by Atkins in October 2013 identified that whilst the thermal gradient of the Worcester Basin was unlikely to be sufficient for power generation, it may well be suitable for heating alone. If implemented, this scheme contributes to the Governments 	<ul style="list-style-type: none"> In securing a renewable source of heat, the LEP will be able to utilise this for district heating schemes with significant potential for supporting the heat requirements for our key sectors.

	<p>local area is understood to be only surpassed by a small number of other counties/regions in the UK.</p> <p>No research has been undertaken locally into what this heat could be used for in the Worcester area and how this could be used to encourage inward investment or help to make existing businesses more efficient. Possible uses for the heat could include district heating networks, space heating within buildings or the provision of heat to industry</p>			<p>stated aims of increasing the use of low carbon technologies in energy production.</p>	
WORLD CLASS WORCESTERSHIRE – 'SKILLS' ASKS					
07	<p>Investment in skills is recognised by BIS as critical economic challenge. Skills White Paper 2011 and recent Skills Funding Statement restate importance of leveraging and increasing employer investment in skills alongside targeted public investment. Strategy is to facilitate this by ensuring the system is more demand led with employers identifying the key skills required and providers responding to demand. Recent evidence from KPMG study on FE and HE provision in Worcestershire, commissioned by WLEP shows evidence that SMEs have had difficulty engaging with and influencing provision and do not have</p>	<p>To ask the Department for Business, Innovation and Skills (BIS) to instruct the Skills Funding Agency(SFA), by August 2015, to ring-fence 10% of existing Further Education (FE) spending in Worcestershire to be jointly commissioned with WLEP to accelerate investment in skills, with a priority for Science, Technology, Engineering and Maths (STEM) sectors to support our growth priorities</p>	<ul style="list-style-type: none"> • Driven by business-led Employment & Skills Board of the WLEP • Investment of £500k by County Council to establish skills hub within Worcestershire Business Central • Leverage of min £5m of skills investment by SMEs alongside investment through ask • On-going gap analysis of employer demand against provision, led by Employment & Skills Board 	<ul style="list-style-type: none"> • Min of 1000 new SMEs investing in long term skills development • Min of 500 new apprenticeships created including STEM sectors across Worcestershire 	<ul style="list-style-type: none"> • Investment in key economic sectors with STEM prioritised • Support growth of small business economy accounting for over 90% of Worcestershire business base

	the scale to challenge and lever changes within providers. Specific gaps in provision and capacity have also been identified in the LEP's key sectors including the STEM agenda.				
08	Investment in Higher Level Skills is recognised as critical by BIS to develop high level specialisations in STEM. Worcestershire is in the early stages of developing Higher Level frameworks and requires the flexibility to ensure that the frameworks fit our local companies to move this forward,	To ask BIS to instruct the SFA to ring-fence £1.5m of existing apprenticeship budgets to WLEP to develop employer-led Level 4 apprenticeship frameworks in STEM by April 2015.	<ul style="list-style-type: none"> • Driven by Employment and Skills Board buy-in to increasing number of Higher Level Frameworks • Levered £300K to support employers • SFA ESF 2012-2015 funds levered into support development of higher level frameworks 	<ul style="list-style-type: none"> • New Employer led frameworks • Genuine employer led scheme with investment by private sector • Increase in higher level skills • Growth in STEM economy by skills gap being met. • Specialist frameworks developed by strategic employers 	<ul style="list-style-type: none"> • Skills gap addressed in STEM sectors • Growth in local economy • Young People actively choosing to stay in Worcestershire and pursue STEM careers • Growth in STEM employment
09	Recent reports by Education Endowment Foundation, UKCES and OfSted have established the critical nature of careers advice for young people in securing employment, developing critical skills and understanding the key opportunities being created in the labour market by business. Current careers advice is fragmented and disjointed with conflicting and poorly co-ordinated provision for schools age, post 16 and university level (14-24 year olds) with no alignment in quality, content, support or direction and limited direct employer involvement in design, delivery or engagement.	<p>To ask BIS to instruct the SFA and Department for Education (DfE) to extend eligibility for National Careers Service (NCS), within the existing provision, to an integrated service in Worcestershire for 14 to 24 years olds across schools, FE / vocational education and training and Higher Education (HE), by April 2015.</p> <p>Ask to be supported through £1m per annum of existing NCS contract and SFA NCS opt-in under ESI Funds Framework for 3 years from April 2015 to March 2018.</p>	<ul style="list-style-type: none"> • Strategic buy-in from all 29 High Schools, 5 FE Colleges, Private Training Provider Network and University of Worcester • Levered investment of minimum of £5million from employers in the support and delivery of employment focused support across the age range • Driven by business-led Employment & Skills Board of the WLEP 	<ul style="list-style-type: none"> • New careers pathway model across the 14-24 age range and provider groups • Genuine employer led scheme with investment by private sector • Increase in young people progressing into high value sectors e.g. STEM 	<ul style="list-style-type: none"> • Increase in young people pursuing careers in key economic sectors • Skills shortages in STEM are reduced • Young people accessing more consistent and co-ordinated careers support across age ranges

	Services are either commissioned at the national level or defenced within existing institutions limiting the degree of impartial support given. At the local level these problems are further exacerbated with no oversight or integration for the individual customer				
WORLD CLASS WORCESTERSHIRE – 'BUSINESS' ASKS					
10	Multiple regulations from numerous separate local/national sources in a complex regulatory landscape which strangleholds SMEs' growth and prosperity. Supporting evidence from local/national business surveys and regulatory system analysis	To ask that BIS, DCLG and the Department for the Environment, Food and Rural Affairs (Defra) align national regulators and government interests to actively collaborate with WLEP businesses, local partners and regulators in the Worcestershire Agri-Tech, Horticulture and Forestry Sector as a UK Exemplar for simplified business regulatory self-compliance thereby enabling growth	Worcestershire Regulatory Services is a leading national service. Its partnership with National Regulators and WLEP gained Better Business for All Champion status with an established track record. WLEP, WRS & local sector business collaboration provides the foundations for in-depth practical solutions, locally and nationally, to inform future system and policy reform by Government	<ul style="list-style-type: none"> Use the WLEP Sector Exemplar to pioneer holistic, in-depth testing/refining streamlined regulatory experiences for SMEs in 2014/15 prior to national system-wide roll-out across England and the Home Nations from 2015 onwards To use in-depth local practical Sector focus to inform current and future UK Regulatory System and Policy Reform Products and tools with transferability to other Sectors 	<ul style="list-style-type: none"> Recognition as a UK Exemplar Additionality from Government & National Regulators resources, insights, knowledge; Constructive independent and external challenge from across the regulatory system
11	The agri-tech sector is key to growing the economy of the county. Worcestershire already has a number of high quality agri-tech businesses and education facilities including the Centre of Excellence for Horticulture and RHS Regional Centre at Pershore College.	To ask BIS to instruct the Agri-Tech Leadership Council to jointly commission by December 2014 a feasibility study to develop a Centre for Agricultural Innovation in Worcestershire. To ask BIS to instruct the Technology Strategy Board to work with WLEP to maximise investment from the £70m Agri-	By identifying the agri-tech sector as a priority within the Strategic Economic Plan, we will ensure that it benefits from a number of key interventions designed to support growth.	<ul style="list-style-type: none"> The contribution the agri-tech sector makes to the UK economy The implementation of the UK Strategy for Agricultural Technologies. 	<ul style="list-style-type: none"> A significant contribution to the SEP ambitions adding £2.9bn of GVA to the Worcestershire Economy and creating 25,000 new jobs by 2025.

	<p>However, to realise the full potential of the sector for the benefit of Worcestershire and the wider UK economy, it is essential that we apply public and private sector agricultural research through the supply chain spanning seeds, agro-chemicals, machinery, engineering, skills and other inputs across arable and livestock agriculture, horticulture, food processing, packaging and retailing.</p>	<p>Tech Catalyst</p>			
<p>12</p>	<p>There is an enormous variation of cyber security awareness and operational security between companies of all sizes in the UK. The primary accreditation a company can achieve to demonstrate that they work to a certain standard of cyber security safety is the ISO27001 standard. It is also the government's default standard on pre-qualifying questionnaires for firms interested in securing contracts through individual departments. Due to the requirements to meet this standard, it is difficult and costly for an SME to attain accreditation to this standard. This is a major barrier to entry to small and micro businesses especially and restricting the growth potential of cyber businesses in Worcestershire.</p>	<p>To ask the Cabinet Office to enable micro and SME businesses to compete for government procurement for cyber security contracts by flexing procurement regulations, by April 2015, through:</p> <p>a. the adoption of IASME as recognised industry standard in government Pre-qualification Questionnaires (PQQs); and</p> <p>b. the introduction of new streamlined contracting process for SMEs for government tenders below 150,000 euros</p>	<ul style="list-style-type: none"> • Supporting the development of a cyber- security cluster including export opportunities through UKTI • £1.3m investment in sector including national promotion and inward investment programme, new cyber security apprenticeship framework, with e-skills UK development of new professional development centre at Malvern Hills Science Park • Introduction of asks will support the growth of the sector, removing key barriers to entry for small companies to grow • Cyber-Security clusters already engaged and working with BIS, and are ready and willing to engage with Cabinet Office to support redesigned tiers and work to resolve this issue 	<ul style="list-style-type: none"> • Minimum 10% growth in cyber sector • Sustained growth in key UK sector with increased export potential • Establishing a recognised structured quality process encompassing the whole cyber sector • Greater competition and innovation in the market for government contracts 	<ul style="list-style-type: none"> • Competitive advantage in key growth sector • Development of new high skilled, high value employment • Increased clustering and investment of new businesses into Worcestershire

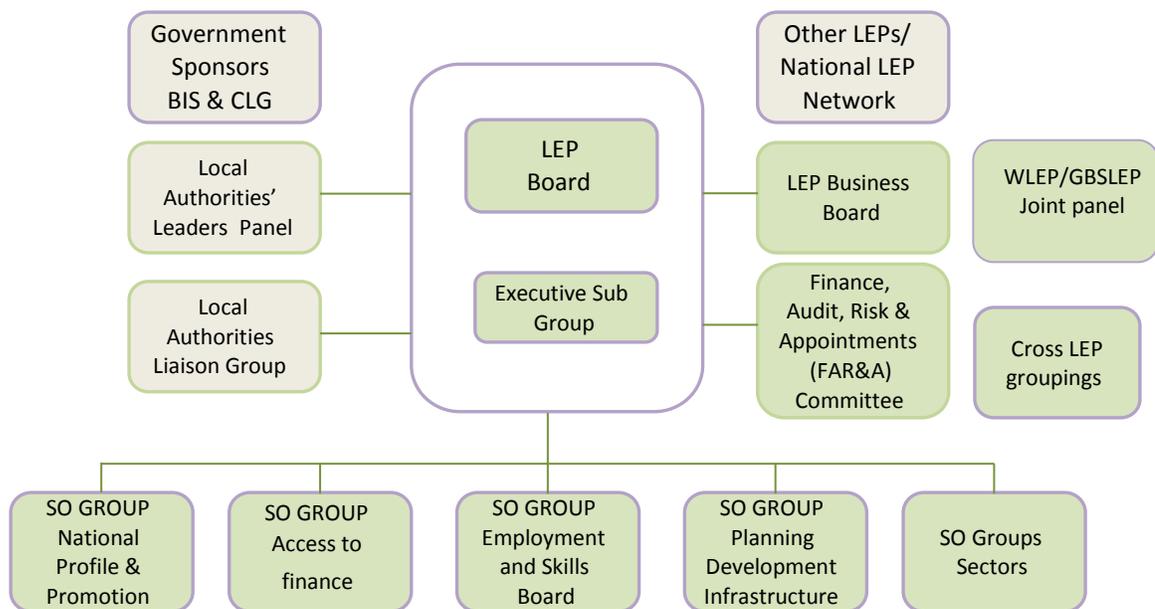
MEDIUM to LONG TERM ASKS OF GOVERNMENT (2016/17 onwards)				
WORLD CLASS WORCESTERSHIRE – 'PLACE' ASKS				
13	<p>Growth within Worcester and its environs is significantly constrained by capacity problems at Junction 6 and along the A4440 Worcester Southern Link Road.</p>	<p>To ask the DfT to endorse the work agreed with the Highways Agency regarding the M5 Junction 6 and 'indicatively' prioritise funding for both M5 Junction 6 and the Carrington Bridge dualling elements of the A4440 Worcester Southern Link as part of the Department's capital programme 2016/17 to 2020/21</p>	<p>WLEP will continue to deliver the programme of junction enhancement along the route and WLEP will develop the SLR dualling proposals and bring forward business case assessments to meet DfT timescales.</p> <p>WLEP will continue to work in partnership with the HA to develop the M5 Jnc 6 proposals and bring forward business case assessments to meet DfT timescales.</p> <p>WLEP will seek to secure developer funded and other contributions towards both schemes building upon the existing local contribution of £7m.</p>	<ul style="list-style-type: none"> • Greater certainty / acceleration of planned growth • Greater certainty / acceleration of planned growth; • Ability to effectively plan for new schemes (specifically deal with statutory orders); • A new motorway junction and a dualled SLR which addresses current constraints on the network; • Significant improvement to the SLR with address the current congestion pinch points and facilitate the delivery of planned growth by: <ul style="list-style-type: none"> ○ Reducing actual journey times by 30% by 2026 ○ Reducing do nothing journey times by 50% by 2026
14	<p>The certainty of funding to deliver significant civil engineering projects is a barrier to the delivery of business growth in the county.</p> <p>The future non-domestic rates income associated with the Game Changer Sites could provide a long-term revenue stream to fund the delivery of a package of core infrastructure projects which will unlock and accelerate business growth in the game changers sites.</p> <p>The use of the non-domestic rates in this way incentivises WLEP and wider local authorities to deliver business rate growth.</p>	<p>To endorse the 'Worcestershire Infrastructure Investment Fund' Outline Business Case developed by the WLEP and ask HM Treasury to approve full retention of non-domestic rate income on the identified Game Changer Sites by the Worcestershire Local Authorities for a period of 25 years, from April 2016.</p>	<p>To deliver a local governance and management structure to ensure robust relevant financial management of the Worcestershire Infrastructure Investment Fund.</p> <p>To ensure delivery of the core infrastructure to programme that unlocks and accelerated business rates growth.</p> <p>To create the conditions to enable market delivery of game changer sites.</p>	<ul style="list-style-type: none"> • The infrastructure fund approach provides a financially efficient option to the delivery of core infrastructure in the county, minimising financial risk to central Government • Supports the principle of local solution - empowering local partners take on the financial risk of delivery and of financing solution • Minimises short / medium term call on central Government funds • Gives certainty to the delivery of core infrastructure in the county so releasing and accelerating the development of the Game Changer Sites • Supports the wider economic growth within the SEP; • Support the wider place making and investment hierarchy in the county; • Demonstrates real commitment to underpin market confidence

5 Delivering the SEP

5.1 Governance

WLEP has established governance and organisational arrangements that were suitable for its original purpose. These mechanisms are supported by the WLEP Executive team, with Worcestershire County Council acting as the Accountable Body. The current governance arrangements are summarised in Figure 5.1.

Figure 5.1: Existing WLEP Governance arrangements



The Government has significantly extended the roles and responsibilities of LEPs, including asking them to develop SEPs, negotiate Local Growth Deals and locally manage the ESI Funds. As a result of overlapping boundaries, WLEP has been working closely with Greater Birmingham and Solihull LEP to agree co-governance and joint working arrangements for the North Worcestershire area. Consequently, WLEP has undertaken a review of its governance arrangements.

On the basis of the review, the existing governance arrangements are being refined – as part of a series of evolutionary changes. The sub-groups will play an important role in project and programme sourcing and selection and will be supported by additional executive resource. The WLEP will retain effective and responsive governance arrangements that minimise the level of bureaucracy and increase the pace of decision making. It will also continue to ensure that all relevant partners are effectively engaged.

The WLEP has deliberately used a combination of sub-groups, task and finish groups and cross cutting theme groups to extend and deepen its reach and involve business, public and third sector interests to determine its strategic objectives and specific initiatives, as well as to provide it with linkages to delivery organisations. The various sub-groups and theme groups comprise

cross-sector representation and will ensure local substance and effectiveness in the delivery of WLEP's ambitions, while the WLEP Board has responsibility for strategic co-ordination and decisions, including the resolution of any potential conflicts of interest.

The WLEP will also produce an annual implementation plan, starting with 2015/16, that will reflect on prior year's performance and set out the priorities and working arrangements for delivering project activity during the year ahead. This will be used by the WLEP Board as a management tool to assess performance.

The WLEP will retain effective and responsive governance arrangements that minimise the level of bureaucracy and increase the pace of decision making. It will also continue to ensure that all relevant partners are effectively engaged.

5.2 Greater Birmingham and Solihull LEP

Since the North Worcestershire area (comprising Bromsgrove, Redditch and Wyre Forest districts) is part of both the WLEP and the Greater Birmingham and Solihull LEP areas, collaboration across the two LEPs is fundamental in ensuring the effective and efficient investment in the overlapping area. Both LEPs have complementary offers and the common aim is to reinforce each LEP's ambitions, as well as establish maximum advantage for local businesses.

The WLEP and Greater Birmingham and Solihull LEP have forged a mutually constructive working relationship since their inception where Chairs, Board Members and Executive Officers exchange views and participate in respective workshops and Sub Groups on a regular basis. North Worcestershire is represented on both LEP Boards, as well as through officer level involvement in parallel mechanisms, which have overseen the development and delivery of both the SEP and the ESI Fund Strategies. This arrangement has already proved invaluable in supporting initiatives of joint interest such as aligning co-funding through Growing Places to support the Hoobrook Link Road Scheme in the Wyre Forest District Council area which opens up significant employment and housing land opportunities.

The primary concern of both LEPs is to stimulate economic growth and create jobs. In doing this they recognise that businesses must be able to access prompt, assured and consistent support services, help and advice whichever sign posted route they pursue. It is the confirmed intention of both LEPs that the operating landscape for businesses is simple, co-ordinated and effective and responsive and there is a mutual LEP commitment in delivering results and achieving real impacts to meet business needs.

Both LEPs have established excellent engagement with business networks and representative organisations across the private sector in Worcestershire. It is also significant that both the Greater Birmingham Chamber Group and the Herefordshire and Worcestershire Chamber of Commerce have established a formal agreement and are working together collaboratively alongside both LEPs which means that private sector interests are represented in a consolidated way.

A Protocol Agreement has been developed and agreed by both LEPs as illustrated below. It will join-up common programmes and initiatives to strengthen business and job opportunities as

well as respecting unique LEP offers which would meet diverse needs in specific localities in either LEP. The agreement will also ensure that there will be neither duplication nor gaps in services and offers by both LEPs' activities. The agreement provides a robust framework within which barriers to growth will be removed, innovations nurtured and mutually beneficial outcomes realised which is testament to our good working relationship. The formal agreement will be countersigned by both LEP Chairs following final approval by GBS LEP and WLEP either at their next meeting or virtually.

Protocol Agreement Aim: WLEP and GBSLEP working together to achieve economic growth and job creation in North Worcestershire

Protocol Principles: The framework for respective LEP commitments to North Worcestershire are based on the following principles:

- co-ordinating strategic ambitions, sectoral and delivery priorities where possible;
- synchronising business support by aligning LEPs' local programmes and services to provide consistent responses and delivery to businesses as much as practically possible;
- working jointly through local business engagement mechanisms with North Worcestershire;
- joint liaison with government on initiatives of mutual interest;
- agreeing the most appropriate mechanisms for preparing funding bids;
- agreeing respective "LEP leads, LEP Support" roles for common programmes;
- as each LEP's separate negotiations with the major National Opt-In Programmes are confirmed, establishing alignment, co-ordinated and consistent support and signposting where possible;
- managing resources and programmes to maximum mutual effect;
- where there is commonality across the LEPs, agreeing a consistent programme and project development appraisal process and criteria for ESI, government or local funding purposes; and
- agreeing an appropriate performance management system which incorporates efficient monitoring, review and reporting of programme and project delivery to both LEP Boards.

Working Mechanisms:

- a joint GBSLEP -WLEP Panel which will meet three times annually or as/when significant issues arise requiring joint resolution;
- the Joint Panel is to comprise two nominated LEP Board representatives and Executive Director from each LEP, ideally one from the private sector and one from the public sector;
- continuous liaison between both LEPs will be maintained through both Executive Teams;
- depending on agenda items to be subject of Panel discussion, LEP Board representatives will be invited to contribute specialist knowledge and LEP intelligence (i.e. chairs of respective Place Sub Groups if considering development sites or infrastructure schemes);
- the Panel will submit joint reports to respective LEP Boards on Panel meeting outcomes, programme/project updates as well as performance management culminating in an annual review of progress and a forward look to the next year;
- the Panel will escalate any substantive issues of non-agreement to respective LEP Chairs via both Executive Teams in the first instance and ultimately respective LEP boards;
- the Panel will recommend joint decisions on programmes, projects, funding or issues arising to both LEP Boards for formal approval;
- the Panel will use the North Worcestershire Economic Development & Regeneration (NWEDR) Portfolio Holders' Service and North Worcestershire Business Leaders mechanisms as channels for wider consultation with local businesses, interests and organisation;
- the Panel will require the support of the NWEDR service to co-ordinate the delivery of joint priority objectives, programmes and projects to ensure effective use of combined resources, impacts and outcomes as well as avoiding duplication; and
- the Panel will nominate one LEP to lead a common programme theme on behalf of both LEPs where appropriate i.e. first confirmed arrangement will be WLEP (as well as Stoke and Staffordshire LEP) managing the GBS LEP EAFRD funds (£1.14m) in a tri-partite alliance delivering projects which fulfil respective SEP strategic objectives and rural priorities and align fully with WLEP and SS LEP EAFRD funding.

5.3 Partner support

The WLEP has engaged widely with stakeholders to help shape its SEP and ESI Funds Strategy and ensure effective delivery. The engagement with organisations and groups has been structured to align with the objectives, priorities and themes of WLEP.

The WLEP has established stakeholder engagement at the heart of its activities in terms of producing and delivering its Business Plan "The Outlook is Bright in Worcestershire" (November 2012). The WLEP continues to broaden and deepen its reach with wide ranging perspectives and interests as sub-groups, sector groups, cross cutting groups, WLEP partners and external

alliances with others shape delivery plans and specific programme and project initiatives. WLEP collaborations have secured commitments in principle from these diverse interests and continued joint working is now identifying detailed theme programmes, specific projects and pipelines of initiatives with matched resources.

In developing the SEP and the ESI Funds Strategy, the WLEP has ensured that continuing and widespread discussions and consultations with diverse interests have been integral to the process across Worcestershire, with Government and national lead organisations as well as LEPs across the National LEP Network. LEP alliances are important to facilitate shared synergies between ambitions, programmes and bids. In particular, given the change to the WLEP's remit, consultations have been held with interests from the third sector, civil society, rural areas, housing, new Worcestershire Local Nature Partnership/environment, social enterprise, social inclusion and key representatives form part of the WLEP Task and Finish Group overseeing the SEP/ESI Funds process. Discussions with other LEPs and National Programmes are also revealing opportunities to achieve joint ambitions and delivery with other geographies.

5.4 Collaboration

WLEP has been engaging extensively with other LEPs in the West Midlands and beyond which have shared interests in order to deliver improved outcomes.

The six West Midland Chairmen meet on a formal and quarterly basis and officers from the various secretariats meet in support. Together these arrangements enable formal and coordinated responses to a range of LEP issues pertinent to the area. Examples include:

- joint work around national connectivity/regional centre connectivity
- engagement with Government departments such as DfT;
- collaboration on RGF funding; and
- co-ordinated representation on the LEP Network.

Transport is the number one priority for cross-LEP working in the West Midlands. An effective transport infrastructure is essential for international competitiveness. The area sits at the apex of an extensive national and international transport infrastructure and the six LEPs are determined to ensure that it does not become a transport bottleneck and to maximise the potential impact of HS2. The LEPs have developed a cross-LEP transport statement setting out their joint commitments and objectives.

Another joint priority for the six West Midlands LEPs is access to finance, which is a key barrier to many companies. The six LEPs are committed to creating a JEREMIE Investment Fund of €150m using Advantage West Midlands legacy funds and funds from the European Investment Bank.

Collaboration between WLEP and other LEPs in the West Midlands has also occurred in relation to the low carbon economy (with Black Country, Coventry & Warwickshire, Greater Birmingham & Solihull, the Marches and Stoke-on-Trent & Staffordshire LEPs). It has also been working with partners in the Marches LEP on issues such as food and drink and social enterprise. In addition,

it has been exploring potential options with Gloucestershire LEP and the West of England LEP on cyber security. Thematic and other sector specific opportunities for collaboration have been identified with 'Opt-in' service providers as part of the ESI Funds Strategy – for example, through MAS in relation to the food and drink sector in Lincolnshire. These and other discussions are continuing.

Worcestershire is also part of the Local Government Association's (LGA's) Economic Growth Advisor Programme and will be working as part of the Shared Learning Network focusing in particular on inward investment and the local delivery models.

5.5 Delivering the SEP

WLEP has been focusing on wider delivery arrangements with partners and others since launching its current Business Plan in November 2012. It has operated and will continue to operate as a strategic body, with delivery undertaken by others.

The WLEP has deliberately used a combination of Sub Groups, Task and Finish Groups and cross cutting theme groups to extend and deepen its reach and involve business, public and third sector interests to determine and consolidate delivery of its strategic objectives and specific initiatives. This embedded delivery ethos provides a sound foundation for continued positive impact and outcomes in Worcestershire and will be integral to the new governance arrangements from 2014 onwards. The various Sub Groups and Theme Groups comprise cross-sector representation and ensure local substance and effectiveness in delivery of WLEP ambitions, while the WLEP Board has responsibility for strategic co-ordination and decisions, including the resolution of any potential conflicts of interest.

In order to ensure efficient and effective delivery of the SEP, WLEP will make use of:

- **Partners** – WLEP will work with its public, private and third sector partners to ensure that they implement the Strategy;
- **National 'opt-ins'** (as part of the ESI Funds Strategy);
- **Commissioning** – WLEP will work closely with specific delivery partners to develop locally tailored investment proposals;
- **Collaborative schemes** – discussions are ongoing regarding co-investment with other LEPs in the West Midlands and elsewhere in relation to financial instruments, innovation, the environment and sector specific initiatives. For example, WLEP will work with the other West Midlands LEPs to establish 'fund of funds';
- **Calls for projects** – where there are no credible delivery partners, WLEP will seek to secure competitive bids in response to specific calls for projects that meet particular ESI Fund Strategy priorities. WLEP has already issued a limited call for illustrative projects in order to inform the final version of the SEP and the ESI Funds Strategy. As noted, some 70 project submissions were received; and
- **Programme-based delivery structures** – WLEP will not be formally using the community-led local development approach in relation to the ESI Funds. However, it will seek to build upon the success and lessons learned through the 2007-2013 Worcestershire LEADER Programme

in order to ensure successful, early delivery of community programmes within particular geographies including rural areas.

Delivery, in many cases, will be led by partner organisations. However, as well as a co-ordinating role, the LEP will have an important part to play in ensuring that investment is targeted in line with the objectives and priorities of the SEP. Moving forward, WLEP will also seek to strengthen its role in supporting the delivery of key priority projects.

5.6 Costs and funding strategy

The investment programme amounts to some £1,920 million of expenditure. As shown in Table 5.2, of the total Plan costs, some £283 million of LGF funding is being sought. Private sector resources of £1,410 million are expected to be levered in by the Plan.

WLEP is developing a funding strategy that will maximise the leverage of private investment and draw upon a range of public sector funding sources. This will include European Programmes, such as Horizon 2020, COSME, the European Territorial Co-operation Programme and LIFE.

Table 5.1: Cost summary									
	Profile (£000s)								
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Future years	Total
Sustainable sites and premises	2,535	34,937	73,172	134,505	125,846	109,930	101,472	342,025	924,423
International profile and recognition	-	270	270	270	270	270	270	-	1,620
Infra-structure	7,982	36,584	48,863	64,513	56,005	84,386	109,334	369,427	777,095
Social and economic inclusion	160	1,511	1,831	1,751	660	700	720	-	7,332
Skills for employment and growth	1,189	13,673	9,648	11,934	11,920	12,421	12,676	-	73,461
Centres of Excellence	-	4,550	16,100	10,000	-	-	-	-	30,650
Business offer	1,620	11,542	13,587	17,800	12,997	13,391	13,587	-	84,525
Innovation	430	1,075	3,935	3,720	3,773	3,881	3,935	-	20,747
Total	13,917	104,141	167,406	244,492	211,472	224,978	241,993	711,452	1,919,852

Table 5.2: Funding summary									
	Profile (£000s)								
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Future years	Total
Pre-committed LGF	-	2,500	-	-	-	-	-	-	2,500
Competitive LGF	-	44,550	50,319	34,748	16,102	30,100	56,600	50,050	282,470
ESI Funds	1,853	6,946	11,154	9,977	9,716	10,305	10,599	-	60,549
Other public sector	10,299	32,685	40,191	25,897	10,490	8,859	18,544	17,550	164,515
Private sector	1,765	17,460	65,742	173,870	175,164	175,714	156,250	643,852	1,409,818
Total	13,917	104,141	167,406	244,492	211,472	224,978	241,993	711,452	1,919,852

5.7 Outputs and results

Overall, it is estimated that the Plan will lead to the creation or safeguarding of over 25,000 gross jobs by 2025 and accelerate the delivery of 9,400 new homes as shown in Table 5.3.

Table 5.3: Outputs and impacts						
	Jobs created/ safeguarded - by 2025	Jobs created/ safeguarded - over longer term	Enterprises supported	New enterprises supported	No. in employment and skills support	Housing units
Sustainable sites and premises	10,279	14,691	65	45	-	2,813
International profile and recognition	1,200	1,200	-	-	-	-
Infrastructure	10,576	17,392	150	-	-	6,571
Social and economic inclusion	-	-	-	-	3,600	-
Skills for employment and growth	-	-	-	-	39,058	-
Centres of Excellence	900	1,000	2,000	-	-	-
Business offer	2,930	2,930	2,492	1,686	-	-
Innovation	483	483	772	-	-	-
Total	26,367	37,696	5,479	1,731	42,658	9,384

In determining the net additional impact of the SEP, the key issue to be addressed is the additionality of the proposals – the extent to which activity takes place at all, on a larger scale, earlier or within a specific designated area or target group as a result of the intervention. In order to assess the additionality of the proposals, the following factors need to be considered:

- *leakage* – the proportion of outputs that benefit those outside of the target area;
- *displacement* – the proportion of the proposed development’s outputs accounted for by reduced outputs elsewhere in the target area. Displacement may occur in both the factor and product markets;
- *multiplier effects* – further economic activity associated with additional local income and local supplier purchases multiplier effects have been considered as part of the assessment; and
- *deadweight* – outputs which would have occurred without the proposed development.

The approach to assessing the net additional impact of the SEP, taking into account the above adjustments, is shown diagrammatically in Figure 5.2. The assessment of additionality has been undertaken at the WLEP area level, having been informed by best practice guidance¹².

¹² HCA (2008) Additionality Guide & BIS (2009) Research to improve the assessment of additionality

Figure 5.2: Net additional impact



Table 5.4 summarises the estimated net additional permanent employment effect after allowing for leakage, displacement, multiplier effects and deadweight. It is estimated that implementation of the SEP interventions would lead to the creation of some 13,300 net additional jobs by 2025¹³. The net additional cumulative (ten year) discounted GVA impact of the Plan would be approximately £4,323 million by 2025.

Table 5.4: Net additional impact (by 2025)		
	No. of jobs created	Net additional cumulative GVA (discounted, 2013 prices)
Net benefits	13,305	£4,323m

5.8 Value for money

Table 5.5 sets out the public sector economic costs, outputs and outcomes of the SEP. The HCA’s Best Practice Note on calculating cost per job identifies a gross cost per net additional job range of £14,200 to £49,900 for regeneration and property development projects, with a mid-point in this range of £32,050. In comparison, the National Audit Office’s review of the Regional Growth Fund’s first two bidding rounds determined that the average expected cost per net

¹³ Note: this compares to an overall net change between 2013 and 2025 of 26,100.

additional job was £33,000. Once allowance is made for the significant basket of benefits that will be delivered by the SEP (such as new homes and improved accessibility) the Plan is considered to provide very good value for money.

Table 5.5: Efficiency		
		Worcestershire SEP
Costs (2013/14 values, discounted)		
A	Total discounted public sector economic costs (£000)	450,508
Benefits - outputs and outcomes		
B	Net additional local jobs by 2025	13,305
C	Net additional local jobs over longer term	19,022
Cost effectiveness		
D=A/B	Total public sector cost per net additional local job by 2025 (£)	£33,859
E=A/C	Total public sector cost per net additional local job over longer term (£)	£23,684

A calculation of the Net Present Value (NPV) of the SEP at the WLEP level has been carried out by valuing the net additional employment created using the approach set out in DCLG's Valuing the Benefits of Regeneration report. In addition, the project's Benefit Cost Ratio (BCR) has also been calculated. For example, the central valuation benchmark for industrial and commercial property projects identified within the DCLG guide is 10:1, whereas it is estimated that the SEP could achieve a BCR of 9.6:1 by 2025 and a BCR of 12.7:1 over the longer term, before any attribution of cost to housing and other benefits. Since many of the interventions proposed by WLEP will be designed to increase productivity as well as to create jobs, the GVA impact is expected to be much greater and the BCR higher.

5.9 Scalability

Specific consideration has been given to the impact of reducing or increasing the level of LGF funding. If more resources were available, WLEP believe it has the capacity and capability to bring forward further projects and initiatives to meet the business needs of the county and deliver additional jobs and economic growth in a way that represents value for money. If the amount of LGF available were to be 75% of the level sought, then the SEP would deliver fewer jobs, GVA and new homes. It is estimated that the BCR by 2025 would fall to 7.2:1 (compared to 9.6:1) and, over the longer term, the BCR would reduce to 9.6:1 (compared to 12.7:1).

5.10 Risk assessment

This section presents an assessment of the key risks associated with the delivery of the Worcestershire SEP. The risks that may affect the successful delivery of the strategic priorities and projects have been identified and the overall severity of each risk, based upon evidence-based judgements of probability and likely impact, has been assessed. In addition, mitigating measures that will or could be implemented are set out.

The risk assessment has been used to highlight the critical risks to the programme and inform where risk management measures need to be targeted in order to reduce the overall level of risk to WLEP and its partners.

5.10.1 Risk assessment

The key risks to the delivery of the SEP are set out below within a risk register. The risks have been grouped under the following types: strategic; operational; financial/Government support and implementation. As shown in Table 5.6, the assessment of the severity associated with each risk, has been carried out based upon a judgement of impact and probability.

Against each risk, a rating (and score) has been given to the probability of the risk arising – ranging from very high (a maximum score of 5) to very low (a score of 1). The impact of each risk has also been assessed, using the same rating (and scoring) range as has been used for probability (i.e. a range of 1-5). The overall risk score is calculated by multiplying the probability score by the impact score (giving a maximum score of 25, representing an extreme risk). The scores are then banded low, medium or high to provide an indication of the overall rating of each risk.

The risks to the delivery of the SEP will be continually monitored and updated. The risks during the delivery phase will inevitably be related to project management and implementation. It is anticipated that the probability of these risks will reduce as the delivery arrangements are put in place.

Table 5.6: Risk register and assessment				
Risk type	Risk description	Impact	Probability	Overall score
Strategic				
Governance	Failure to develop and implement effective governance arrangements for the SEP and ESI Funds	4	2	Medium - 8
Programme Integration (GBS LEP)	Failure to manage overlap with Greater Birmingham LEP	4	2	Medium – 8
Conflicts of interest	Conflicts of interest arising with strategic and project level decisions	3	2	Low – 6
Reputation	A risk to the reputation of the partners associated with the non-delivery of the SEP and ESI Funds Strategy	3	2	Low - 6
Operational				
Staff resources	Insufficient staff resources to successfully deliver the SEP and the ESI Funds Strategy.	3	3	Medium – 9
Partner engagement	Failure to engage effectively with partners, resulting in reduced support for the programme.	4	1	Low – 4
Stakeholder	Insufficient engagement, resulting in	3	2	Low – 8

Table 5.6: Risk register and assessment				
Risk type	Risk description	Impact	Probability	Overall score
engagement	lack of stakeholder support for the programme proposals.			
Enabling new processes	The risk that new arrangements, processes and procedures are not effective in delivering the SEP and ESI programmes.	3	3	Medium – 9
Financial/Government support				
Project match funding	The project funding is delayed or insufficient to implement the priority projects and/or the Government asks are not accepted.	5	3	High - 15
Operating costs	Revenue funding made available is insufficient to cover operating costs.	4	3	Medium – 12
Implementation				
Delivery capacity and capability	Insufficient capacity and/or capability to successfully deliver the ESI and SEP programmes and meet the new remit designated for LEPs by the Government.	4	2	Medium – 8
Establishment and programme momentum	The risk that there are delays to implementing the ESI and SEP programmes, resulting in a loss of momentum.	3	3	Medium – 9
Delay in national programme approval	The risk that there are extended negotiations between the UK Government and the European Commission which delays further the start of the programme	4	4	High - 16
Effective and efficient project appraisal	The risk that the processes aren't in place to consider project applications, delaying the implementation of the ESI and SEP programmes	3	2	Low – 6
Programme and project management	Programme and project management arrangements not sufficiently established to deliver early priority projects.	4	2	Medium – 8

5.10.2 Risk management

The WLEP will actively monitor and manage each risk associated with the delivery of the ESI Funds Strategy, giving particular attention to those risks identified as high. An outline risk management strategy has been prepared, as shown in Table 5.7.

Table 5.7: Risk management	
Risk type	Risk management
Strategic	
Governance	WLEP has commissioned a governance review, which is underway and is committed to ensuring appropriate arrangements are in place to oversee delivery of the SEP and ESI Funds.
Programme Integration (GBS LEP)	Discussions are ongoing with Greater Birmingham & Solihull LEP with regard to agreeing the co-governance arrangements for North Worcestershire and a protocol has been agreed.
Conflicts of interest	WLEP will be responsible for managing any conflicts of interest that may arise with strategic and project level decisions, within the context of the guidance that Government's 2014-2020 Design & Implementation work streams are currently drafting. Investment decisions will be published on the WLEP website and 'conflict of interest procedures' will be implemented.
Reputation	WLEP and its partners are collaborating closely to ensure that the SEP is deliverable and that appropriate arrangements are in place to ensure its successful implementation.
Operational	
Staff resources	A highly skilled and effective team is being put in place, with clear roles and responsibilities established at the outset. External specialists will also be used as and when necessary to ensure that the appropriate skills set is available.
Partner engagement	The WLEP will seek to develop and maintain effective engagement with partners so as to ensure that the momentum behind the regeneration of the LEP area is maintained.
Stakeholder engagement	The WLEP will ensure that there is continued 'buy in' from the private, public and civil society sectors.
Enabling new processes	The WLEP will learn from good practice from previous administrative arrangements by DCLG, the Regional Development Agencies (RDAs) and others.
Financial/Government support	
Project funding/Government ask	The LEP will work closely with its partners to maximise the availability of public and private sector match funding resources. The recent call for illustrative projects provides comfort that match funding will be available.
Operating costs	Financial management procedures will be adopted incorporating a robust management review and monitoring of budgeted, estimated and actual operating costs. Moreover, operational budgeted costs are to be subject to review to ensure that resource requirements remain appropriate.
Implementation	
Delivery capacity and capability	Successful delivery of the ESI and SEP will be achieved through effective partnership working with Government, local authorities, business, education, voluntary and community sectors across the LEP area; in addition to the 'opt-in' match funders and future grants recipients. Lessons learnt and good

	practice from delivery of the 2007-13 ERDF and ESF and other programmes will be taken forward to 2014-2020 and the SEP programme.
Establishment and programme momentum	It will be important that the SEP and ESI Funds Strategy are launched and gain positive momentum at the earliest opportunity.
Delay in national programme approval	WLEP will work with Government to support any negotiations if required.
Effective and efficient project appraisal	The WLEP will put in place mechanisms to ensure that project applications through, for example, 'calls for projects' can be speedily considered.
Programme and project management	Clear roles will be established and individuals recruited with appropriate skills. In addition, monitoring and reporting systems will be put in place to ensure that projects are managed effectively and that any problems are identified quickly, so that corrective action can be taken.

5.11 Monitoring and evaluation

As part of delivering the SEP, it will be important to establish a performance management framework to monitor the progression of individual projects and to provide evaluation evidence regarding the overall success of the wider programme areas and the lessons learnt. An indicative system for monitoring and evaluating performance is therefore outlined below. This will be further developed in parallel with establishing the delivery arrangements for the SEP.

5.11.1 Monitoring framework

Monitoring is the process of checking actual progress and comparing this with the plans for a project when it was first conceived or promoted. It can provide an early warning that things are not going to plan and an opportunity to take timely corrective action. Similarly, it can highlight where performance is significantly better than expected. As such, time and effort needs to be given to developing and implementing an effective monitoring system.

The proposed approach to monitoring the delivery of the SEP is one that builds upon current best practice and guidance, whilst also taking account of the specific requirements of the LEP and its partner. It will include a bottom-up (or micro) analysis of each of the individual projects. This will involve the identification of the inputs, outputs and outcomes associated with each project, based upon detailed project-level information and analyses.

A top-down analysis will also be undertaken, which will consider changes in strategic outcome indicators (such as employment, business performance and GVA), where feasible, using historic information to identify long-term trends. The top-down approach will provide an overall understanding of how the LEP area is performing, providing a basis for assessing the continuing appropriateness of the Plan and the possible need for modifications.

(i) Individual project monitoring

It is proposed that a clear and simple performance management system is established to collect monitoring information for each individual project. This will mean assembling and updating information on each project identified each action area, including target/forecast data.

Where a SEP project involves a number of discrete project components, monitoring information should also be gathered for each of these individual components as well as for the project as a whole.

The system itself would include the following information for each project:

- project name;
- description and key activities (including progress to date);
- aims and objectives;
- target geographical area and/or beneficiaries;
- key milestones / timetable (forecast and actual performance);
- costs, income and funding:
 - gross expenditure by source (forecast and actual);
 - receipts (forecast and actual); and
 - net expenditure by source (forecast and actual).
- project outputs and outcomes (forecast and actual):
- key risk factors and mitigation; and
- further comments.

In terms of project outputs and outcomes, it will be important that a set of definitions are used that are consistent with the requirements of funding partners. Reporting must serve the needs of all partners and, as such, individual project monitoring has to contain information relevant to each. WLEP will need to identify output information appropriate to each individual project, specifically in terms of targets set as funding conditions, and include this within monitoring reports.

The outputs and outcomes against which projects will be monitored are shown in Box 5.1.

Box 5.1: Project outputs and outcomes

- private sector investment (£/% levered);
- GVA created (£ per annum);
- Employment and skills outputs:
 - employment floorspace (sq m);
 - jobs created (no.);

- jobs safeguarded (no.);
- training participants (no.);
- unemployment participants (no.);
- inactive participants (no.);
- employed participants (no.);
- participants aged 15-24 (no.);
- Enterprise outputs:
 - enterprises supported (no.);
 - new enterprises supported (no.);
 - enterprises co-operating with research institutions (no.);
 - enterprises supported to introduce new to the market products (no.);
 - enterprises supported to introduce new to the firm products (no.);
 - additional enterprises accessing ICT products and services including broadband (no.);
- housing outputs:
 - affordable housing units created (no.);
 - market value housing units created (no.);
 - total housing units created (no.);
- environmental outputs:
 - estimated annual decrease of Greenhouse Gases (GHG) (tonnes of CO₂ equivalent);
 - companies supported with business resource efficiency (no.); and
 - infrastructure site development including Green Infrastructure (Ha);
- integration of sustainable development principles from concept design to delivery.

Outputs and outcomes may be claimed by several partners to a project. An agreement should be made at the point of approval regarding the apportionment of the generated outputs and outcomes between partners, which may be based on the value of investment as a proportion of the whole or some other agreed basis reflecting the relative impact of the investment made or outcomes targeted.

In addition to the project outputs and outcomes, a set of process indicators will also be monitored. For example, relating to decision times and levels of partner engagement. This will provide an important input to the evaluation process.

(ii) Strategic indicator monitoring

One of the key objectives of WLEP is to encourage a sustained structural adjustment in the relative and absolute economic performance of Worcestershire. As such, in addition to collecting the outputs and outcomes of individual projects, part of the framework will involve monitoring changes in key strategic indicators. This will be used to ensure that the vision, objectives and programmes remain relevant and appropriate.

A range of potential strategic outcome indicators have been reviewed, reflecting the strategic case and vision identified in Section 2. Use will be made of monitoring arrangements already in place (such as ONS' published LEP profiles and the LEP Network Annual Review) and of national data sources in order to minimise the resource requirements associated with implementing and updating the monitoring system. Table 5.8 sets out the proposed indicators.

Table 5.8: Strategic outcome indicators			
Indicator		Source	Performance measure(s)
Business			
1.	Output	ONS, NUTS Level 3 GVA	(i) Total GVA, (ii) GVA per capita,
2.	Productivity	ONS, NUTS Level 3 GVA; ONS, Business Register and Employment Survey (BRES)	(i) GVA per employee
3.	Business performance	ONS, Business Demography; ONS, mid-year population estimates	(i) Business stock, (ii) business density, (iii) birth rate, (iv) death rate, (v) survival rate
4.	Entrepreneurship	ONS, Business Demography; ONS, UK Business: Activity, Size and Location; ONS, Annual Population Survey	(i) Number of SMEs, (ii) churn rate, (iii) self-employment rate
5.	Internationalisation & inward investment	Inter-Departmental Business Register; ONS, UK Input-Output Supply and Use tables; ONS, BRES	(i) Foreign owner enterprises, (ii) employment in export intensive industries
6.	Employment	ONS, BRES; ONS, Annual Population Survey	(i) Employment growth, (ii) occupational structure, (iii) Employment growth in priority sectors
7.	Innovation	ONS, BRES; OECD, Patents by Regions; ONS, mid-year population estimates	(i) Employment in high and medium tech manufacturing, (ii) employment in the knowledge economy, (iii) patents per 100,000 residents

People			
8.	Population	ONS, mid-year population estimates; ONS, Urban Rural Definition	(i) Change in population, (ii) Working age population, (iii) share of population classed as rural
9.	Earnings	ONS, annual survey of hours and earnings	(i) Average annual earnings – resident based, (ii) average annual earnings – workplace based
10.	Labour market	ONS, Annual Population Survey; ONS, mid-year population estimates	(i) Employment rate, (ii) jobs per resident,
11.	Qualification attainment	ONS, Annual Population Survey	(i) Residents with NVQ4+; (ii) Residents with NVQ1 or no qualifications
12.	Unemployment	ONS, claimant count; DWP, key out of work benefits	(i) JSA claimant rate, (ii) Worklessness rate
Place			
13.	Quality of life	ONS, Subjective Well-being Experimental datasets; DCLG, Indices of Deprivation; Pay Check, CACI	(i) Life satisfaction, (ii) Share of population living in most deprived areas, (iii) Households on low incomes
14.	Infrastructure	OFCOM, broadband speed and take-up data; WCC transport data	(i) Percentage of broadband connections receiving 2 Mbits/s ² , (ii) superfast broadband availability, (iii) total broadband take-up, (iv) take-up of superfast broadband, (v) reduced journey times; (vi) reduced congestion
15.	Housing	DCLG, live tables	(i) Net additions to the dwelling stock, (ii) Average house price, (iii) Affordability ratio
16.	Land and property	ONS, commercial and industrial floorspace and rateable value; DCLG	(i) Change in total business rateable value, (ii) planning decisions (major development) within 13 weeks
17.	Environment	DECC, carbon emission for local authority and regional levels	(i) Local CO ₂ emission per 1,000 population

The monitoring information in relation to the performance of individual projects will be collated in the form of quarterly summary reports. An annual report will also be produced that sets out the overall performance of the LEP area against the key strategic outcome indicators.

5.11.2 Evaluation framework

Evaluation is the critical examination of the extent to which the objectives of intervening have been achieved, additional impacts or changes that are attributable to individual projects or the wider programme have resulted, the extent to which changes were secured in an efficient and

cost effective way, and to provide lessons for the future. Monitoring data will be one of the key inputs into any evaluation. However, there will also need to be a wider assessment of the effectiveness and efficiency of intervention within the LEP area.

It is proposed that an independent evaluation of the SEP is carried out after five years. A brief for the study would need to be developed and the assignment competitively tendered. However, it is envisaged that the full evaluation would include a broadly qualitative assessment of how the LEP area had changed and a quantitative analysis of the economic, social and environmental impact of key interventions. In addition, WLEP would develop and implement a detailed evaluation programme as part of the ESI Funds Strategy.

Appendix A - Timeline and Engagement Programme

Timeline	Actions
<p>Mid-April 2013 to March 2014</p>	<p>Regular briefings; individual bilateral meetings; sourcing expertise, knowledge and evidence through established relationship channels; and continuous collaborative workshops and Annual Conferences reaching out to new networks and interests across the business community, public and thirds sectors have been conducted throughout the SEP and ESI Funds process during 2013 and 2014. The following interests have been involved:</p> <p>Government Leads:</p> <ul style="list-style-type: none"> BIS WM and London DCLG WM and London, (West Midlands European Service (WMES) Defra WM and London DfT WM and London JobcentrePlus, DWP WM and London Cabinet Office WM and London <p>National Programmes and Opt-Ins</p> <ul style="list-style-type: none"> SFA BIG Lottery GrowthAccelerator UKTI MAS DWP TSB <p>Other LEPs:</p> <ul style="list-style-type: none"> WM LEP Chairs and Executive Directors Greater Birmingham & Solihull LEP (Shared Protocol) Surrounding LEPs; National LEP Network and specific LEP alliances <p>WLEP:</p> <p>WLEP Board</p> <p>WLEP Business Board 21 local business community representatives including member organisations Institute of Directors (IoD), Chamber of Commerce (CoC), the Federation of Small Businesses (FSB) and third sector</p>

	<p>Worcestershire Leaders' Panel Chief Executives and Leaders of all local authorities - Worcestershire County Council, Wyre Forest District Council, Redditch Borough Council, Bromsgrove District Council, Worcester City Council, Malvern Hills District Council, Wychavon District Council</p> <p>WLEP Task and Finish Group overseeing SEP & ESI Funds process (WLEP Board and key stakeholders – Worcestershire Local Nature Partnership (WLNP), Country Land and Business Association (CLA), Worcestershire Voices/Third Sector, registered social landlords (RSLs), Business Community, public sector)</p> <p>WLEP Sub Groups Growth Sub Group (Access to Finance and SME Competitiveness) Place, Development & Infrastructure Sub Group Employment and Skills Board National Profile and Promotion Sub Group</p> <p>WLEP Sector Groups Advanced Manufacturing and Engineering Cyber Security and Defence Agri-tech, Horticulture and Forestry Tourism</p> <p>WLEP Specialist Groups WLEP Business and Regulations Sub Group WLEP Armed Forces Sub Group</p> <p>WLEP Strategic Relationship Groups WLEP and Worcestershire Local Transport Board WLEP and WLNP WLEP and Interim LAG/LEADER Programme & EAFRD WLEP and Social Economic Inclusion Consortium (Third Sector led) WLEP and Worcestershire Social Entrepreneurs Network, Social Enterprise West Midlands and Social Enterprise UK WLEP and Social Housing Network WLEP and Smart Specialisation Network</p>
<p>April 2014 to August 2014</p>	<p>SEP & ESI Funds Development of: Detailed Programmes and Delivery Plans; 2015/16 Project Delivery, Call for Programmes/Projects; and Performance Management</p> <p>Formal Agreement with Greater Birmingham & Solihull LEP secured for overlapping area (North Worcestershire - Wyre Forest, Bromsgrove, Redditch)</p> <p>Negotiations with Government for SEP Asks and Growth Deal/Single Local Fund</p>

Appendix B - Consultation summary

Since its inception, the WLEP has established stakeholder engagement at the heart of its activities in terms of producing and delivering its first business plan "The Outlook is Bright in Worcestershire" (November 2012). All continuing consultations have further consolidated and shaped the successor Strategic Economic Plan and EU Structural and Investment Fund Strategy. The WLEP has continued to broaden and deepen its reach with wide ranging perspectives and diverse interests through Sub Groups, sector groups, cross cutting groups, WLEP partners, external sector and other relationships. In parallel, the WLEP has looked externally to forge new alliances with LEP geographies across the National LEP Network as well as government interests, locally and nationally. Since October 2013, the WLEP has focused on converting collaborative consensus around strategic objectives, priorities and themes into firm major proposals and strategic programmes which will frame forthcoming delivery plans, commissioning, calls for projects and performance management.

WLEP SEP & ESI Funds Task and Finish Group oversees the Strategic Economic Plan and EU ESI Funds Strategy process on behalf of the LEP Board; comprising membership from Worcestershire Local Nature Partnership, Worcestershire Voices (third sector strategic body), University of Worcester, Leaders' Panel and all local authorities, WLEP Board and Business Board, registered social landlords (RSLs)/housing theme, rural theme, social economic inclusion theme, social enterprise theme, County Land and Business Association

WLEP Place Development & Infrastructure Sub Group

The Sub Group drives the implementation of the WLEP and Local Planning Authorities' Planning Charter and incorporates the housing theme; Membership from all authorities, statutory consultees (Environment Agency, Highways Authority, Highways Agency, English Heritage, Natural England, Local Transport Board, Worcestershire Regulatory Services) and the business community. Its purpose is to develop strategic commitments in the SEP and ESI Funds Strategy through a) a spatial plan which promotes inward investment around key developments, infrastructure schemes, housing and employment/economic opportunities; b) develops a Game Changer Programme of flagship sites ready for expanding indigenous businesses or new external investors; and c) Development Management initiatives which establish a business friendly planning culture. Private sector house-builders and social housing perspectives (represented on the WLEP Business Board) are exploring housing delivery solutions. The environmental sustainability cross-cutting theme led by Worcestershire LNP works substantively into the Sub Group agenda and capital, physical schemes.

WLEP Business Growth Sub Group

The Sub Group was originally established to deal with access to finance and launched a new business-backed access to finance portal which is continually refreshed. The portal is the delivery model for a range of signposted contacts, variety of funding and specialist expertise which is currently a major barrier to local business growth. A series of events and an awareness raising programme is underway with Find It In Worcestershire, Chamber of Commerce and other partners to support businesses in becoming "investor ready". The Group has led the Worcestershire commitment and roll-out of the West Midlands LEPs' Funder Funds. The Group is broadening its scope to encompass the whole package of business support, including finance, in a co-ordinated and cohesive offer.

WLEP Employment and Skills Board

The Employment and Skills Board (ESB) comprises businesses, education and skills providers as well as key funding and commissioning agencies alongside representatives from the Skills Funding Agency, national Apprenticeship Services and Jobcentre Plus. An ESB strategy frames the corresponding action plan with a focus on a) Skills and Workforce Planning - increasing apprenticeships, improving talent management and increasing private sector investment in skills; b) Strengthening Schools and Businesses relationship; and c) Increasing employability - addressing youth unemployment, developing graduate level opportunities and building better mechanisms to identify job opportunities and support local recruitment and helping small business recruit. A major and unique initiative launched in March 2014 is "Connecting Schools with Business" which is building a clearer picture of business-led skills required and harnessing opportunities created under academy status to offer real work career advice, young enterprise, governor and work placement opportunities.

WLEP National Profile and Promotion Sub Group

The Sub Group has been formed to steer the WLEP communications strategy namely: using website, social media channels and traditional media such as feature news and magazine articles, press releases, news feeds through BBC Midlands Today and local radio; creating an inward investment brochure and investment film marketing Worcestershire to the rest of UK, Europe and globally; and producing the WLEP Annual Report 2013, WLEP Annual Conference in October 2013 and forthcoming WLEP SEP Summary 2014 Brochure to aid wider engagement and involvement in realising the WLEP ambitions.

Advanced Manufacturing and Engineering Sector

The sectoral Sub Group has published the Worcestershire Manufacturing Study and the findings are shaping the next stage of the WLEP manufacturing strategy. WLEP, Liverpool LEP and five West Midlands LEPs are working together with the Sector Skills Council for Science, Engineering and Manufacturing Technologies (SEMTE) to develop a cohesive approach which supports, equips and expands local workforces with advanced manufacturing, engineering and production skills at all levels in the automotive, aerospace and wider engineering and production sectors.

WLEP Cyber Security and Defence Sector

The Sub Group has produced a Cyber Security Study for this essential, dynamic, globally exporting and growing business sector in Worcestershire. With successfully established and new businesses growing in Malvern Hills Science Park, a county-wide Cyber Security Strategy will nurture and harness wider sectoral growth as well as develop potential alliances with The Marches LEP, Gloucestershire First LEP and West of England LEP. The pioneering National Cyber Skills Academy was launched in February 2014 and is running regular training events for the sector.

Agri-Tech, Horticulture and Forestry Sector

The Sector Sub Group is forming to promote Worcestershire's significant agri-tech, horticulture and forestry production interests which contribute significantly to the UK and global economy. There is much greater potential for enhanced locally provenanced and sustainable food production which can be further enhanced by new green energy initiatives, intensified crop production techniques and new growing and environmental technologies. Through area-based and interconnected business working which consolidate local horticulture supply chains, inherent environmental assets can be maximised and support local businesses to grow further. There is a strong connection to the work of the WLEP Business and Regulators Sub Group focus to support start-up and expanding sectoral SMEs

while reducing regulatory burdens and promote the "Made in Worcestershire" brand across the "farm/field to fork" supply chain. There is also significant synergy with the Worcestershire Local Nature Partnership and its widespread environment network to integrate environmental sustainability principles and new technologies across the SEP ambitions through future strategic programmes and themes, areas and individual schemes.

Tourism Sector Group

Tourism is a longstanding inherent feature of Worcestershire life and important to the local economy. The established Sub Group has worked with Destination Worcestershire to increase the profile of the county as a place to live, work, play and invest in. The Group is focussing on improving tourism infrastructure, particularly in terms of high quality hotel and conference provision to meet business needs.

WLEP Business and Regulators Sub Group

The WLEP Sub Group brings local and national regulators together with businesses and was instrumental in launching and implementing the WLEP Regulators and Business Charter with National Regulators' support such as Environment Agency, Her Majesty's Revenue and Customs (HMRC), Health and Safety Executive (HSE), and HW Fire and Rescue. BIS/Better Regulation Delivery Office recognised this local work by declaring WLEP a Better Business for All Champion in 2013. Actions focused on a business start-up regulatory pack (actual, web-based, face-to-face networks alongside social media channels) which signpost SMEs to an easier, simplified approach to regulations. This will be followed up to support the next stage in the business lifecycle where businesses are expanding and growing to export. A single simple regulatory framework is being explored and assessed as part of the Group's priority focus on the WLEP's priority agri-tech sector (See Ask of Government). A package of prototype products, services and support is being tested out with representative SME businesses across the sector supply chain as well as supportive member/trade organisations such as Chamber of Commerce, Heart of England Fine Foods, the National Farmers Union (NFU) and the Federation of Small Businesses (FSB) networks. This approach aims to enhance and further develop the "Made in Worcestershire" ambition. Tailored consultations with large businesses will develop a Single Point of Contact/Account Management approach based on a consistent and co-ordinated relationship management with all local-national regulators (Primary Authority).

WLEP and Worcestershire Local Transport Board

New and improved transport infrastructure is vital to the existing local economy and supporting business growth as well as providing additional incentive to significant inward investment. The WLEP and Local Transport Board are working jointly to promote the county's potential at the heart of the UK's strategic road, rail, air, cycling and pedestrian networks and have already been successful in securing and lobbying for significant funding for major schemes such as Worcestershire Parkway, Bromsgrove Railway Station, and the M5 Junctions 4 and 6. The hierarchy of schemes, from strategic infrastructure provision to district/geographical packages to local specific development/infrastructure provision is referenced throughout the SEP.

WLEP Armed Forces Sub Group

In the context of the Worcestershire Armed Forces Covenant Group (of which WLEP is a key signatory), the WLEP is driving and implementing a common action plan in support of matching existing armed forces personnel into employment and fulfilling business needs as well as promoting the mutual business-employee-Armed Forces advantage of appointing and supporting Reservists. Matching with MoD/143 Brigade resources and DWP schemes to deliver joint initiatives, a Transition Fair (December 2013) was held to match exiting service

leavers with strategic management, logistics, engineering and potential entrepreneurship opportunities in Worcestershire; a joint WLEP/Armed Forces Leadership and Management Development Scheme provided opportunities for Worcestershire Young Business Leaders (November 2013); pilot a joint Armed Forces/Jobcentreplus "Work Club" initiative and support for service leavers to become social entrepreneurs and entrepreneurs is being planned.

WLEP Social Economic Inclusion Consortium

In developing an integrated SEP approach to social economic inclusion, a Consortium has evolved, comprising a range of RSLs, SMEs, Social Entrepreneurs, University of Worcester, businesses and third sector interests and providers which currently deliver multiple social, health, work and probationary support, skills training and routes towards work for a wide range of disadvantaged people. The Consortium has scoped out a consensus model based on issues around health, employment disadvantages of client group clusters, area deprivation, impact of European migration on existing infrastructure, challenges of local commissioning and the most effective way to respond to diverse social needs and supporting disadvantaged people into employment. The Worcestershire-led model aims to establish a more effective and joined up route from worklessness into work by connecting help, mentoring, development and coaching to any individual at whichever point they access any service. In principle, this enables any individual to make a personal selection of help and opportunity that can be tailored into an individual package. The intention is that the Worcestershire model devised around front-line and multiple complex needs will be more effective in joining up local to national services and commissioning while focussing on key priorities. It will provide the primary vehicle for co-ordinating national programmes through Jobcentre Plus, DWP, SFA and local commissioning and providers via local authorities and the health sector. The model links up to the work of the Social Enterprise Consortium below.

WLEP Social Enterprise Consortium

The Consortium is working with existing Worcestershire-wide networks while accessing shared learning and independent expertise from Social Enterprise West Midlands and Social Enterprise UK discussions. A strategy, based on findings from an existing 2012 mapping study of social enterprise activities and their needs in the county, will package co-ordinated support provided by various local networks. Specific projects working with the University of Worcester and others to develop new and expanding Social Enterprises will form a pipeline of schemes. This consortium will take a substantive role in the above Social Economic Inclusion Consortium and model.

WLEP and Worcestershire Local Nature Partnership

WLEP and Worcestershire Local Nature Partnership (WLNP) joint working is well established and is shaping the respective WLEP SEP/ESI Funds Strategy and WLNP Business Plan as well as reinforcing shared priorities and aligned mechanisms. The WLNP Chair, a member of the WLEP Task and Finish Group, acts as a conduit between both spheres of interest. As well as focusing on integrating environmental sustainability within the Game Changer Programme and spatial and development management work, the WLEP and WLNP are jointly using the Natural England Local Economic and Environment Development Toolkit to pro-actively realise Worcestershire's environmental assets in support of the WLEP's economic growth ambitions. A Level 1 Workshop (2013) framed a constructive challenge and scoping of Worcestershire's environmental assets and a subsequent Level 2 Assessment (2014) has created a Five Point Framework to develop priority initiatives and a pipeline of projects. There is also a strong synergy working with the WLEP Business and Regulators Sub Group for research, development and testing innovatory environmental technologies and creating new regulatory framework for emerging business solutions, such as agri-tech, Horticulture and

Forestry. Equally, there will be strong connection with the transformation of the liaison entre actions de développement rural (LEADER) Programme and European Agricultural Fund for Rural Development (EAFRD) Programmes around the economic growth and job creation agenda.

WLEP and LEADER Programme

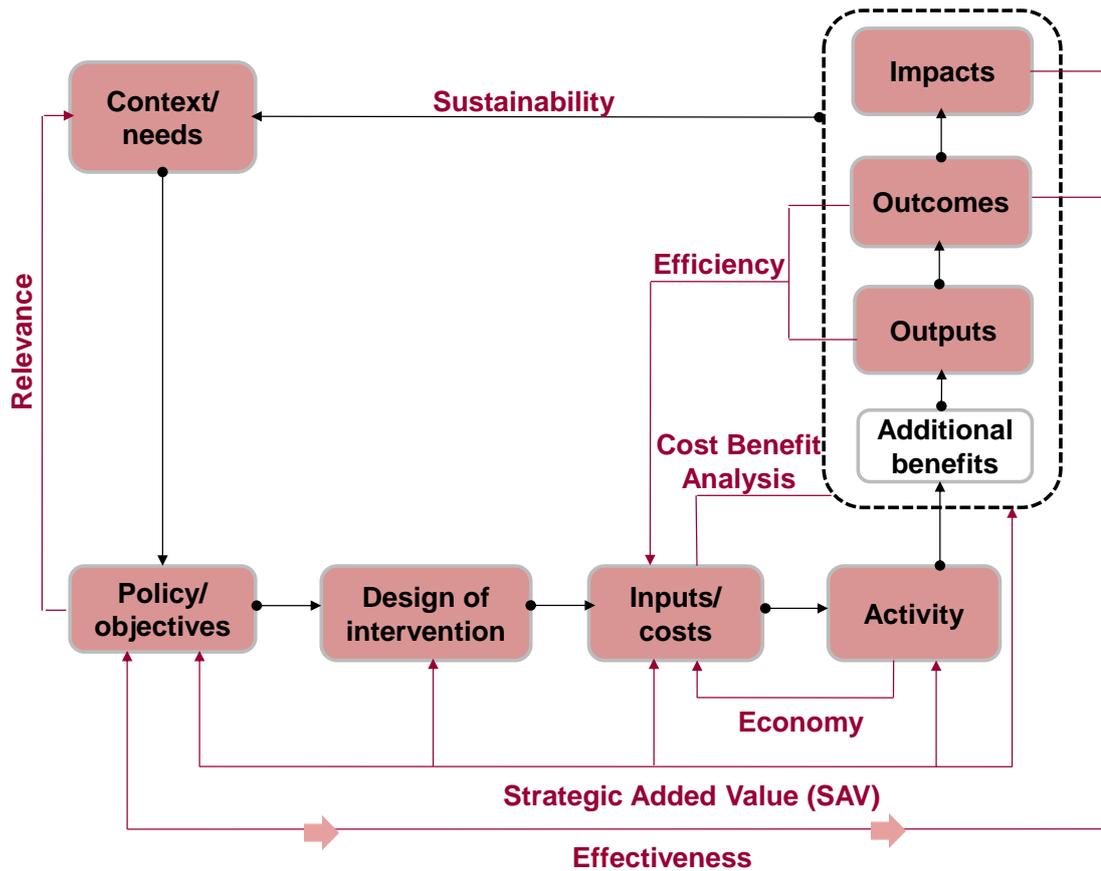
Worcestershire LEADER Programme has established a successful track record of delivery and the WLEP is currently working with the Worcestershire LAG during the LEADER transition period to ensure the future programme substantially shifts towards delivering the Government's Growth Agenda, Defra objectives and priorities as well as aligning with the WLEP's SEP ambitions and objectives. The strong WLEP-WLAG relationship emerging will ensure the future LEADER strategic direction will be fit for purpose and secure effective and sustainable solutions that reinforce local growth objectives. Stakeholder consultations during Spring 2014 will help shape a new LEADER Local Development Strategy in readiness for prompt implementation of the new LEADER Programme in January 2015. Attention is being given to business involvement in a new LAG composition, working arrangements, programme delivery mechanisms and a strong mutually beneficial channel between the WLEP and future LEADER Programme in the same way that the successful WLEP -WLNP relationship had been established. Equally important will be both the distinction as well as the connection between the elements of the EAFRD Programme within and outside the WLEP remit. This combined approach is essential to avoid duplication as well as nurture new innovative opportunities for stronger local beneficial impacts. In a wider context, the WLEP will ensure that the EAFRD allocation will consolidate and strengthen previous European Regional Development Fund (ERDF)/European Social Fund (ESF) allocations as well as parallel ESI Funds Strategy intentions to ensure co-ordinated holistic delivery and an increased effective local impact. The SEP objectives take an integrated and inclusive approach to business needs which recognise that while solutions will have a basic commonality of principles and criteria, unique characteristics and features simultaneously exist at a very local level which distinguish between a rural or urban based business initiative. For instance, SME needs will be met by the range of business support initiatives being proposed but specific rural oriented features and needs can be met through additional aligned programmes which are pertinent in rural areas whether it is EAFRD or the Rural Redundant Buildings Programme.

Appendix C - Logic chains

Overview

The basis for designing any intervention needs to be a 'logic chain' that sets out the rationale for interventions and the intended linkages between activities, outputs, outcomes and results, as shown in Figure C1.

Figure C1: Logic chain

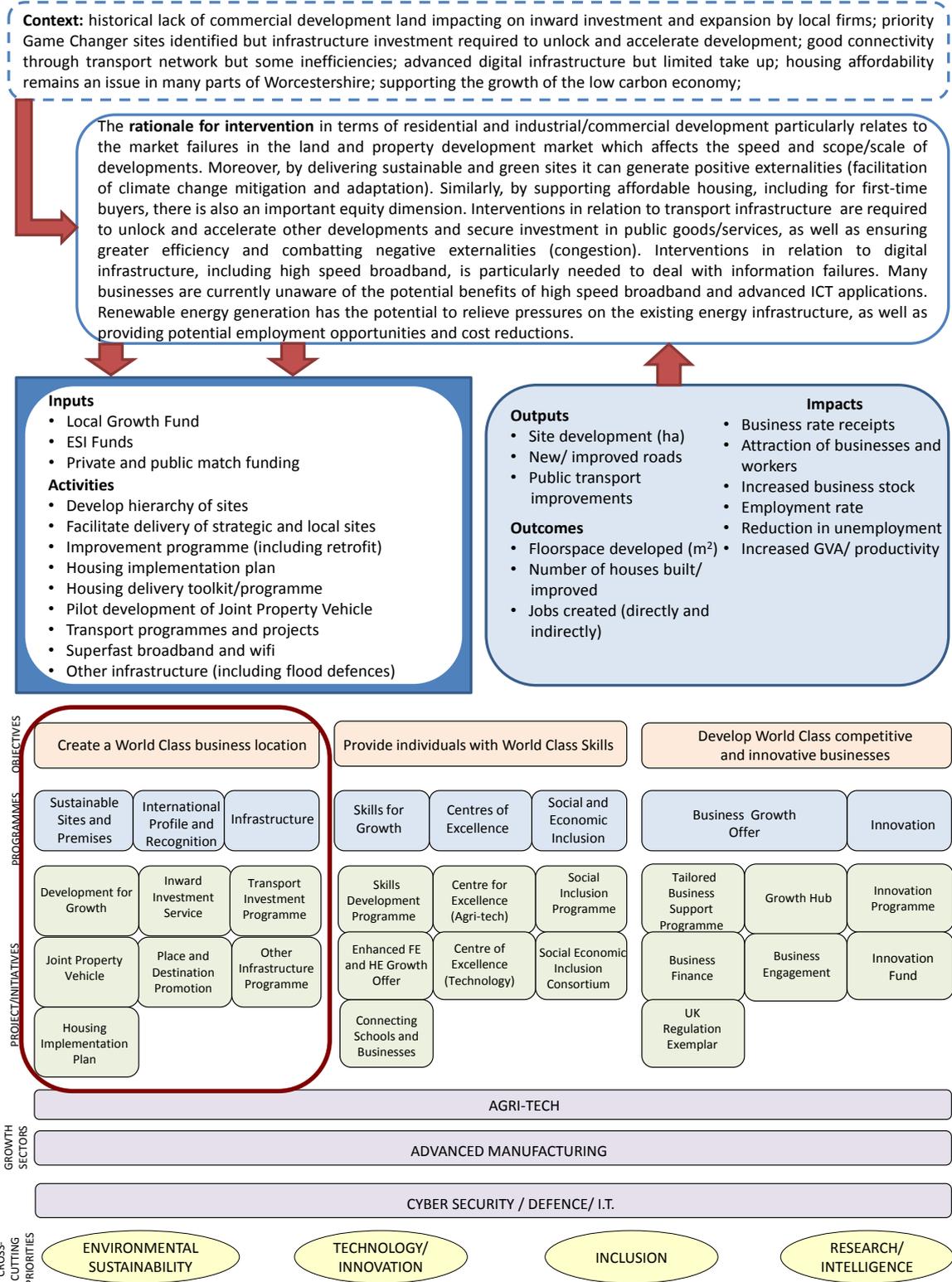


Following this structure, this Appendix sets out 'logic chains' for each of the Programme areas and projects/initiatives described in Section 3 of the Plan.

Creating a World Class Business Location

The logic chain for land and infrastructure investment is set out in Figure C2.

Figure C2: Creating a World Class Business Location – Logic Chain



(i) **Sustainable Sites and Premises**

Development for growth - Game Changer sites and Enterprise Centres	
Contextual conditions	<p>Historic lack of readily available strategic employment sites/ premises.</p> <p>Infrastructure investment required to unlock and accelerate development.</p> <p>Need for climate proofing investment.</p>
Rationale	<p>Positive externalities – for example, the additional benefits derived from multiplier effects and the social benefits of investing in the area (in particular the creation of new employment); delivering sustainable and green sites.</p> <p>Negative externalities, associated with under-investment in physical infrastructure, including adverse effect on external perceptions.</p> <p>High upfront off-site infrastructure and servicing costs for strategic sites, requiring substantial initial capital outlay.</p> <p>Imperfect information and risk associated with development in parts of Worcestershire.</p> <p>Individual LA-led schemes increase the risk of 'silos' across the county, with limited opportunity for strategic coordination of delivery and benefits realisation.</p>
Link to national and ESI Funds priorities	<p>Plan for Growth</p> <p>National Infrastructure Plan</p> <p>TO5 Climate Change Adaptation</p> <p>TO6 Environmental Protection</p>
Objectives	<p>Unlock and accelerate market-led development at priority Game Changer sites and other employment sites.</p> <p>Enhance opportunities for potential major medium and long-term employment growth.</p> <p>Facilitate provision of high quality employment accommodation for inward investments and local expansions/relocations.</p> <p>Create a revolving Infrastructure Investment Fund using retained Non-Domestic Rates (or business rates) to deliver priority infrastructure for economic growth.</p>
Key delivery partners	<p>Developers</p> <p>WLEP</p> <p>Planning authorities/local authorities</p>
Collaboration with other LEPs	<p>Some priority Game Changer sites overlap with other LEPs so will require collaboration</p>
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public match funding</p>
Activities	<p>Game Changer sites - deliver core package and wider strategic infrastructure package to unlock and accelerate development of the four initial Game Changer sites (Worcester Growth Corridor, Malvern Hills Science Park Expansion, Redditch Eastern Gateway and South Kidderminster Enterprise Park).</p> <p>To develop an ongoing programme of new Game Changer sites.</p> <p>Enterprise Centres – work with the private sector to deliver three new Enterprise Centres on Game Changer sites; and</p>

	Create a revolving Infrastructure Investment Fund
Outputs	Site development (ha) Floorspace developed (sq m) Jobs created
Results	Business rate receipts Attraction of businesses and workers Increased business stock Increase in the employment rate Reduction in unemployment Increased GVA/productivity

Development for growth – city and town centres	
Contextual conditions	<p>Worcester city – the main urban area and civic and cultural centre of the county - has the potential to develop as an ‘engine’ for growth. At present, the service sector in the city is currently underdeveloped given its location and position as the principal centre for the county.</p> <p>Kidderminster is re-establishing and strengthening its economic role following the decline in the weaving industry and is the base for a number of successful manufacturing firms.</p> <p>Redditch was one of last tranche of New Towns with an economy based on the original relocation of engineering businesses from the Black Country and Birmingham. There has been a significant decline in the shopping, amenity and civic function and appeal of the town centre.</p>
Rationale	<p>Positive externalities – for example, the additional benefits derived from multiplier effects and the social benefits of investing in the area (in particular the creation of new employment); delivering sustainable and green sites.</p> <p>Negative externalities, associated with under-investment in city and town centres, including adverse effect on external perceptions.</p> <p>High upfront infrastructure and servicing costs for sites in city centre and town centre locations, requiring substantial initial capital outlay.</p> <p>Individual LA-led schemes increase the risk of 'silos' across the county, with limited opportunity for strategic coordination of delivery and benefits realisation.</p>
Link to national and ESI Funds priorities	<p>Plan for Growth</p> <p>National Infrastructure Plan</p> <p>TO5 Climate Change Adaptation</p> <p>TO6 Environmental Protection</p>
Objectives	<p>Create and sustain high quality city and town centre environments that offer a wide range of opportunities for living, working and recreation.</p> <p>Enhance opportunities for potential major medium and long-term employment growth.</p> <p>Facilitate provision of high quality employment accommodation for inward investments and local expansions/relocations in sustainable locations.</p>
Key delivery partners	<p>Developers</p> <p>Planning authorities in the six local authorities</p>

Collaboration with other LEPs	Town centres of Redditch and Kidderminster overlap with other LEPs so will require collaboration
Inputs	Local Growth Fund ESI Funds Private and public match funding
Activities	Worcester city centre – package of infrastructure and other investments; Town Investment Programme – package of infrastructure and other investments;
Outputs	Site development (ha) Floorspace developed (sq m) Jobs created
Results	Business rate receipts Attraction of businesses and workers Increased business stock Increase in the employment rate Reduction in unemployment Increased GVA/productivity

Development for Growth – Sites and premises	
Contextual conditions	Historic lack of available employment land and premises, impacting on inward investment and expansion plans for local firms Current work to identify a hierarchy of sites: Game Changers, strategic and local. Need for climate proofing investment.
Rationale	Positive externalities – for example, the additional benefits derived from multiplier effects and the social benefits of investing in the area (in particular the creation of new employment); delivering sustainable and green sites. Negative externalities associated with derelict/under-used sites within parts of Worcestershire. Imperfect information and risk associated with development in parts of Worcestershire.
Link to national and ESI Funds priorities	Plan for Growth National Infrastructure Plan TO5 Climate Change Adaptation TO6 Environmental Protection
Objectives	Deliver sites and premises for business
Key delivery partners	Developers Planning authorities in the six local authorities
Collaboration with other LEPs	Some priority sites overlap with other LEPs so will require collaboration
Inputs	Local Growth Fund ESI Funds Private and public match funding

Activities	<p>Identification of a hierarchy of sites</p> <p>Unlocking and accelerating development of strategic sites and other employment sites</p> <p>Improvement Programme (Including retrofit)</p> <p>Growing Places Extension Programme – loan and investment facility for strategic and local employment sites</p>
Outputs	Sites and premises for indigenous businesses and inward investors
Results	<p>Improved business retention</p> <p>Increased inward investment</p> <p>Jobs created and safeguarded</p> <p>Increased GVA</p>

Joint Property Vehicle	
Contextual conditions	<p>An established Capital Asset's Pathfinder (CAP) has driven co-location and co-ordination of property services across public bodies locally and the wider region. Its achievements have been acknowledged nationally.</p> <p>The Joint Property Vehicle (JPV) will build on this structure. The formation of the JPV has been developed through 2013, and the business case is now with partners to approve the detailed design implementation through 2014</p>
Rationale	<p>Enhanced efficiency – promote the efficient use of public sector assets to reduce public sector expenditure and release sites for development in support of WLEP objectives.</p> <p>Positive externalities – for example, the additional benefits derived from multiplier effects and the social benefits of investing in the area (in particular the creation of new employment); delivering sustainable and green sites.</p> <p>Negative externalities associated with derelict/under-used sites within parts of Worcestershire.</p>
Link to national and ESI Funds priorities	<p>Plan for Growth</p> <p>National Infrastructure Plan</p> <p>TO5 Climate Change Adaptation</p> <p>TO6 Environmental Protection</p>
Objectives	<p>Establish a joined up, cohesive property management solution, optimising the use of property on a much larger scale</p> <p>Achieve material efficiencies and economies of scale across property services</p> <p>Pilot a unique model which meets the current government agenda.</p> <p>Catalyse comprehensive regeneration and growth through the CAP “One Town” approach</p> <p>Provide partners with a vehicle to enable more effective exploitation of revenue generating opportunities</p>
Key delivery partners	<p>Developers</p> <p>Planning authorities in the six local authorities</p> <p>Other public sector and quasi-public sector organisations including the Police and Fire and Rescue services</p>
Collaboration with other LEPs	Aim to extend the JPV across Worcestershire, Herefordshire, Shropshire and Warwickshire subject to negotiation with partner LEPs.

Inputs	Local Growth Fund ESI Funds Private and public match funding
Activities	Pilot the development of the JPV
Outputs	Site development (ha) Floorspace developed (sq m) Jobs created
Results	Business rate receipts Attraction of businesses and workers Increased business stock Increase in the employment rate Reduction in unemployment Increased GVA/productivity

Housing Implementation Plan	
Contextual conditions	Worcestershire's housing market currently has limited capacity to absorb future household demand as there are low levels of vacant properties. There are also affordability issues, particularly in rural areas. The population is projected to age significantly across Worcestershire, which will result in a rising demand for smaller properties for elderly single persons or couples.
Rationale	Equity – affordability is an issue in Worcestershire Risk – demographic changes in Worcestershire toward an ageing population can deter new housing Speed and scope/scale of developments Barriers to housing delivery, due to access and infrastructure issues associated with key sites.
National and ESI Funds priorities	National Infrastructure Plan
Objectives	Improve the housing stock Widen housing choice Improve the tenure balance
Key delivery partners	Developers Housing Association Planning authorities in the six local authorities
Collaboration with other LEPs	WLEP will collaborate with GBSLEP
Inputs	Local Growth Fund ESI Funds Private and public match funding
Activities	Developing a co-ordinated Housing Implementation Plan for the WLEP area. This will provide a clear approach across Worcestershire for housing delivery to support the SEP vision and objectives.

	<p>Creating the conditions for housing delivery, including working with developers to ensure that new housing can be quickly and efficiently delivered.</p> <p>Designing and implementing, in conjunction with the HCA, a toolkit of intervention to accelerate the delivery of appropriate housing.</p> <p>Housing Growth Fund – Registered Provider and infrastructure schemes.</p>
Outputs	Improved housing stock with wider choice
Results	<p>Retention and attraction of working age residents</p> <p>Retention and attraction of businesses</p>

(ii) International Profile and Recognition

Inward Investment Service	
Contextual conditions	<p>Some parts of Worcestershire, namely Worcester, Wyre Forest and Malvern Hills, have relatively low levels of foreign ownership</p> <p>Number of assets which could attract investors: skills levels; access to HE, connectivity, quality of life</p> <p>Worcestershire Local Enterprise Partnership (WLEP) has produced its Strategic Economic Plan which highlights the lack of Inward Investment into the county in recent years. For example, In terms of Foreign Direct Investment successes, Worcestershire ranks 31st out of the 39 LEP areas in 2012/2013.</p>
Rationale	Information constraints - Low levels of inward investment in Worcestershire due to a lack of knowledge among prospective investors
National and ESI Funds priorities	<p>UK Trade and Investment</p> <p>TO1 - Research, Technological Development and Innovation</p> <p>TO3 - SME competitiveness</p>
Objectives	<p>Develop a strong value proposition that promotes the sectoral strengths in Worcestershire</p> <p>Harness the skills networks and capability of key partners and stakeholders to promote Worcestershire.</p> <p>Develop a common approach and structure to promote, respond, engage and manage Inward Investment opportunities</p>
Key delivery partners	Worcestershire County Council, the District and Borough Councils, key strategic businesses, The Chamber of Commerce, University of Worcester and Worcestershire Ambassadors
Collaboration with other LEPs	WLEP will work with other LEPs where appropriate.
Inputs	<p>ESI Funds</p> <p>Private and public match funding</p>
Activities	<p>Complete research required to develop value proposition and to back up assumptions</p> <p>Approval of the Inward Investment Strategy by the WLEP</p> <p>Develop detailed 3 year plan identifying actions and timescales.</p> <p>Agree business processes and responsibilities to support delivery</p>
Outputs	Worcestershire Inward Investment Strategy and Action Plan

Results	To increase the number of UK and Foreign Investments in Worcestershire. To support the retention and expansion of existing UK and Foreign Direct Investments in Worcestershire.
---------	--

Place and Destination Promotion (Communication Plan)	
Contextual conditions	<p>Worcestershire has much to offer. Good communication networks, established businesses with skilled employees, several earmarked sites for development, excellent educational and recreational facilities, a good quality of life.</p> <p>However, many of these benefits are unknown to the outside world – the rest of Britain and overseas.</p> <p>The identification of a marketing and promotion communications plan as a major plank of WLEP's SEP is recognition that much work is still to be done to raise the profile of the county as an ideal place in which companies can invest and grow.</p>
Rationale	Information constraints - Low levels of inward investment in Worcestershire due to a lack of knowledge among prospective investors
National and ESI Funds priorities	<p>UK Trade and Investment</p> <p>TO1 - Research, Technological Development and Innovation</p> <p>TO3 - SME competitiveness</p>
Objectives	To develop PR and communications tools and campaigns that sell Worcestershire's 'proposition' as a county for inward investment and growth to specific and targeted audiences.
Key delivery partners	Worcestershire County Council and the six District Councils of Worcestershire.
Collaboration with other LEPs	WLEP will work with other LEPs where appropriate.
Inputs	<p>Other public / local authority</p> <p>Private sector</p>
Activities	<p>Develop a concerted, targeted communications campaign that will contribute to the realisation of the vision outlined in our SEP.</p> <p>Establish Worcestershire as a distinctly attractive investment destination, with excellent support for businesses wishing to move to the area.</p> <p>Use a number of marketing communications channels to communicate this message to our target audiences (see below), including media relations (both with regard to news and editorial), events (organising and attending), publications (printed and on-line), website and social media activities and direct mail.</p> <p>Build relationships with local businesses as well as with local partners and Governmental Departments and other key organisations.</p>
Outputs	<p>Deliver annual conference each year attended by a minimum of 300 delegates</p> <p>Deliver a minimum of 3, maximum of 4, seminars each year</p> <p>Deliver an annual report for each financial year</p> <p>Dispatch a minimum of one press release per week to local and regional media</p> <p>Update WLEP website on a daily basis.</p> <p>Tweet relevant news about the WLEP on a daily basis.</p>

	<p>Develop case study materials for each of the county's key growth target areas (minimum one every quarter)</p> <p>Write and distribute monthly e-zine</p>
Results	<p>Greater awareness of the county of Worcestershire's investment opportunities (from outside the county).</p> <p>Greater engagement with local businesses and stakeholders.</p> <p>Increase in the number of enquiries from potential investors.</p> <p>An important contribution to the WLEP's overall strategic objective: an additional 25,000 jobs and an increase in GVA by £2.9 billion by 2025</p>

(ii) Infrastructure

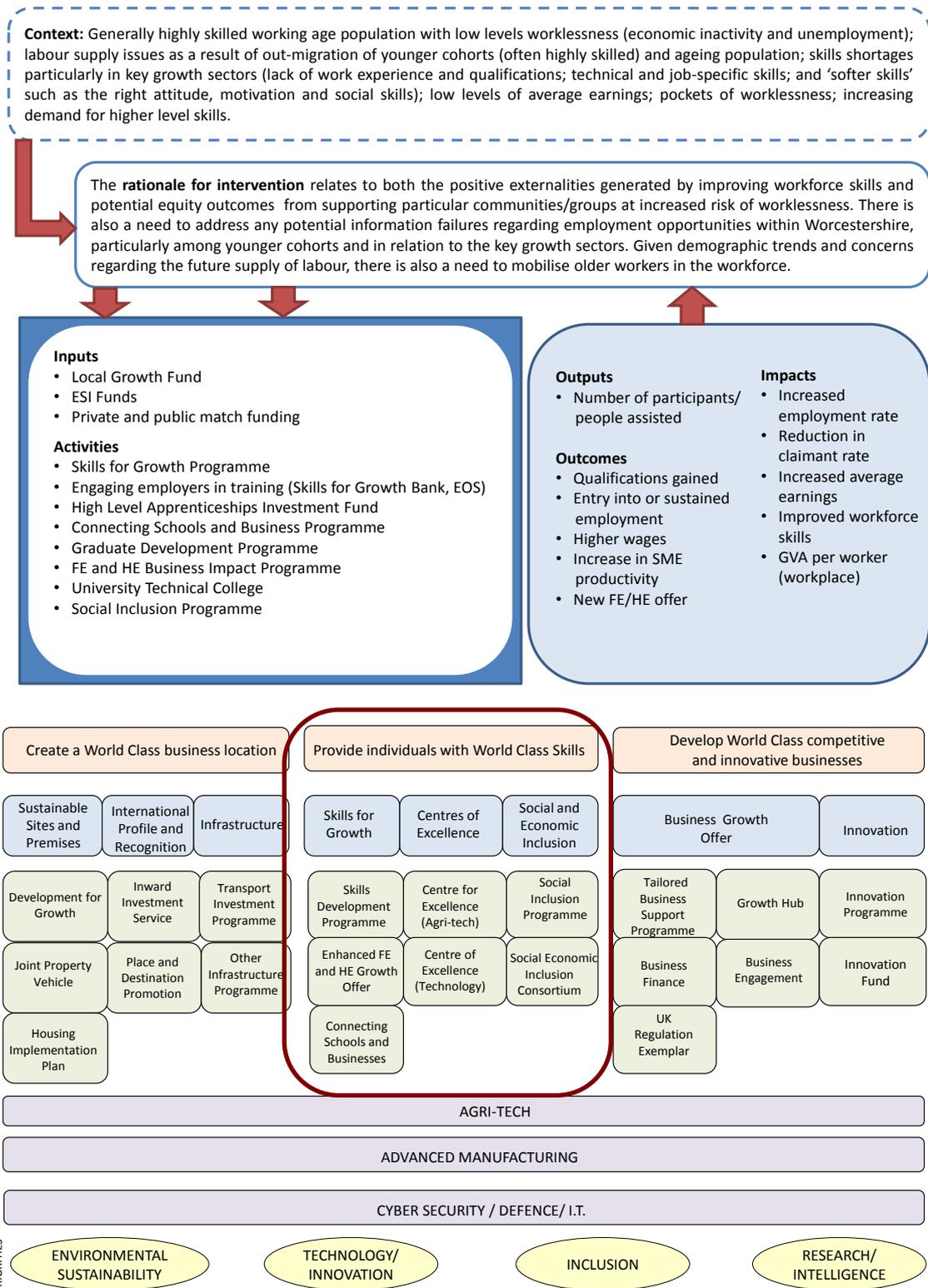
Transport Investment Programme	
Contextual conditions	<p>Worcestershire suffers from key pinch points / areas of congestion, concerns regarding east west rail linkages and specific issues in relation to strategic routes (including the M5). These are constraints on growth.</p> <p>Investment in transport infrastructure required to unlock key employment and housing sites.</p>
Rationale	<p>Negative externalities associated with congestion, pollution and barriers to growth caused by issues with the current transport network.</p> <p>Transport improvements will provide positive externalities, including improvements in the competitiveness of local businesses and improved opportunities for local employment.</p> <p>Public goods – infrastructure improvements will have wider benefits to all transport users, including local businesses.</p>
National and ESI Funds priorities	<p>National Infrastructure Plan (2013)</p> <p>Transport – an Engine for Growth (2013)</p>
Objectives	<p>Improve connectivity with other parts of the UK and the rest of the world</p> <p>Improve access to markets</p> <p>Provide access to jobs and labour</p>
Key delivery partners	Worcestershire County Council; Local Planning Authorities in six districts.
Collaboration with other LEPs	WLEP will collaborate with GBSLEP
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public match funding</p>
Activities	<p>Supporting the prioritisation and delivery of transport schemes funded through the Local Transport Majors funding, which is allocated on a formula basis or already in the Department for Transport Programme.</p> <p>Lobbying of Government and other partners for support to ensure the delivery of the transport packages and schemes that will unlock economic and housing growth.</p>
Outputs	<p>New/improved roads (km)</p> <p>Public transport improvements</p>
Results	<p>Improved road network</p> <p>Retention and attraction of businesses</p> <p>Improved access to employment opportunities</p>

Other Infrastructure Programme	
Contextual conditions	<p>Significant digital infrastructure development secured through joint investment by Worcestershire CC, BDUK and BT.</p> <p>Some areas with limited or no digital infrastructure.</p> <p>Business take-up of superfast broadband limited.</p>
Rationale	<p>High cost of creating new broadband infrastructure.</p> <p>Considerable uncertainty among broadband providers concerning the viability of providing services in rural areas compared to urban areas.</p> <p>Imperfect information resulting in a lack of awareness among providers of opportunities in Worcestershire.</p> <p>Imperfect information among potential users regarding value of superfast broadband and advanced ICT applications.</p>
National and ESI Funds priorities	<p>National Infrastructure Plan</p> <p>TO2 ICT</p>
Objectives	<p>Improve business take-up of superfast broadband and advanced ICT applications</p> <p>Extend coverage of digital infrastructure</p>
Key delivery partners	<p>Worcestershire County Council, BDUK, BT, private sector</p>
Collaboration with other LEPs	<p>WLEP will collaborate with GBSLEP</p>
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public match funding</p>
Activities	<p>Supporting businesses to make the most of the investment in superfast broadband.</p> <p>Delivery of additional digital infrastructure</p> <p>Implementation of the roll-out of superfast broadband to Worcestershire</p> <p>The development and extension of the Optimising Business Broadband project</p> <p>Delivery of wifi access and enhanced mobile services within urban areas.</p>
Outputs	<p>Increased broadband coverage and speed</p> <p>Increased availability of alternative energy/heat</p> <p>Increased and enhanced green infrastructure</p> <p>Improved flood resilience</p>
Results	<p>Up-to-date broadband infrastructure across Worcestershire</p> <p>Improved business performance with consequential impact on jobs, productivity and GVA</p> <p>Improved access to information and consumer opportunities for residents</p>

Providing individuals with World Class Skills

The logic chain for investment in skills is set out in Figure C3.

Figure C3: Providing individuals with World Class Skills – logic chain



(i) Skills for Growth

Skills Development Programme	
Contextual conditions	<p>Generally highly skilled working age population.</p> <p>Skills shortages particularly in key growth sectors (lack of work experience and qualifications; technical and job-specific skills; and 'softer skills' such as the right attitude, motivation and social skills).</p> <p>Low levels of average earnings.</p> <p>Increasing demand for higher level skills.</p> <p>Lack of qualifications is a key contributor to worklessness.</p>
Rationale	<p>Barriers to growth – lack of basic skills, higher-level and sector specific skills deficits</p> <p>Positive externalities associated with skills and training provision</p>
National and ESI Funds priorities	<p>Skills for Sustainable Growth (2013)</p> <p>Train to Gain</p> <p>TO10 Skills</p>
Objectives	<p>Realising people's potential and meeting business skills needs</p> <p>Attracting mobile investment</p>
Key delivery partners	SFA, local authorities, FEIs, private sector, DWP
Collaboration with other LEPs	WLEP will collaborate with GBSLEP
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public match funding</p>
Activities	<p>Development of a Skills for Growth programme to support training and development within SMEs, including the development of a Skills for Growth Bank</p> <p>Creation of a Higher level Apprenticeships Investment Fund</p> <p>Enhanced Skills Funding Agency 'opt-in' Programme</p>
Outputs	Number of participants/people assisted
Results	<p>Participants in education/training upon leaving</p> <p>Participants in employment upon leaving</p> <p>Participants gaining a qualification upon leaving</p> <p>Participants engaged in positive activities that address barriers to work</p>

Enhanced FE and HE Growth Offer	
Contextual conditions	<p>Lack of young people with particular skills required by businesses in Worcestershire.</p> <p>Increasing demand for higher level skills.</p>
Rationale	<p>Barriers to growth – lack of cohesion between skills provision in FE and HE and needs of employers</p> <p>Poor quality accommodation and equipment in some educational institutional</p> <p>Positive externalities associated with skills and training provision</p>

National and ESI Funds priorities	Skills for Sustainable Growth (2010) Train to Gain TO10 Skills
Objectives	Realising people's potential and meeting business skills needs Attracting mobile investment
Key delivery partners	SFA, local authorities, FE and HE providers, private sector, DWP
Collaboration with other LEPs	WLEP will collaborate with GBSLEP
Inputs	Local Growth Fund ESI Funds Private and public match funding
Activities	Work with FE sector to develop an employer-led approach Upgrade the FE estate to ensure provision is fit for purpose Work with University of Worcester to explore the potential to establish a University Technical College within Worcestershire
Outputs	Number of participants/people assisted with skills development
Results	Participants in education/training and employment Productivity and competitiveness benefits for local businesses

Connecting Schools and Businesses	
Contextual conditions	Lack of young people with particular skills required by businesses in Worcestershire.
Rationale	Lack of cohesion between schools career services and labour market needs Need to ensure that educational provision meets the needs of local employers
National and ESI Funds priorities	Skills for Sustainable Growth (2010) TO10 Skills
Objectives	Realising people's potential and meeting business skills needs Attracting mobile investment
Key delivery partners	SFA, local authorities, schools, private sector, DWP
Collaboration with other LEPs	WLEP will collaborate with GBSLEP
Inputs	Local Growth Fund ESI Funds Private and public match funding
Activities	Provide one-to-one careers advice to plan and map career options Establish and sustain relationships with a wide range of employers to support targeted work placements
Outputs	Number of participants/people assisted
Results	Participants in education/training upon leaving Participants in employment upon leaving Participants gaining a qualification upon leaving

	Participants engaged in positive activities that address barriers to work Retention of young people within Worcestershire
--	--

(ii) Centres of Excellence

Centre of Excellence (Agri-tech)	
Contextual conditions	The agricultural sector is an important part of the Worcestershire landscape and economy. There are three areas that offer significant agri-tech opportunities: Vale of Evesham - a focus for commercial horticulture; Wyre Forest and surrounding area - small holdings and smaller scale food production; and Teme Valley and the South - commercial fruit production.
Rationale	Positive externalities associated with employers' investment in training for employees. Information problems, including uncertainty about the return on investment in skills, both for the business and the individual, and a lack of awareness of the opportunities available. Positive externalities associated with investment in new technologies and innovation, including inability of firms to retain full benefits of investment. Risk, uncertainty and information failures inherent in investment in new products and markets. Information failures in terms of linking innovation in production to the market.
Link to national and ESI Funds priorities	Innovation and Research Strategy for Growth TO1 Innovation TO3 SME Competitiveness TO10 Skills
Objectives	Supports SEP objectives: Create a world class business location for the agri-tech sector Provide individuals with world class skills for working in the agri-tech sector Develop world class competitive and innovative businesses in the agri-tech sector
Key delivery partners	Pershore College Other public and private sector organisations specialising in the agri-tech sector Local authorities, Worcester University, FEIs, private sector
Collaboration with other LEPs	None anticipated at this stage
Inputs	SFA ESI Funds Local Growth Funds Private sector
Activities	Develop a facility to allow growers and other regional and national stakeholders to propose both on and off farm research and consultancy projects that will provide them and the wide sector with economic

	benefit.
Outputs	Delivery of new research facility
Results	<p>Participants in education/training upon leaving</p> <p>Participants in employment upon leaving</p> <p>Participants gaining a qualification upon leaving</p> <p>Businesses created</p> <p>Business growth</p> <p>Jobs created/safeguarded</p> <p>Increase in GVA / productivity</p>

Centres of Excellence (Technology)	
Contextual conditions	<p>Skills shortages particularly in key growth sectors (lack of work experience and qualifications; technical and job-specific skills; and 'softer skills' such as the right attitude, motivation and social skills).</p> <p>Number of sector strengths, including advanced manufacturing, agri-tech and cyber security/defence, but requirement to ensure that the innovation and technological demands of these industries are met.</p> <p>R&D and innovation identified as a key barrier of growth among businesses.</p> <p>STEM sectors account for c20% of Worcestershire's economy and are the lynchpin of the value added, high skilled jobs within the county</p> <p>County's key private sector employers are drawn from the sector including Worcester Bosch, Yamazaki Mazak, QinetiQ and Malvern Instruments</p> <p>Employers have cited long term demographic challenge with highly skilled workforce concentrated in 55-65 age range with insufficient numbers being brought into the labour market with commensurate skills</p> <p>c700 apprenticeships in STEM subjects but primarily at L2 and not in L3/ L4 areas where skills shortages are most pronounced</p> <p>Concern that schools not producing young people with appropriate skills in the STEM areas which meets the needs of employers</p> <p>Widening gap between industry relevant knowledge base employers are requiring and the experience and knowledge base of teachers within the classroom environment</p> <p>Lack of high quality incubator facilities in the county which nurtures high tech start-ups especially emerging from cyber security market</p> <p>Lack of capacity in new labs and research facilities to support / attract high tech firms</p>
Rationale	<p>Positive externalities associated with employers' investment in training for employees.</p> <p>Information problems, including uncertainty about the return on investment in skills, both for the business and the individual, and a lack of awareness of the opportunities available.</p> <p>Positive externalities associated with investment in new technologies and innovation, including inability of firms to retain full benefits of investment.</p> <p>Risk, uncertainty and information failures inherent in investment in new products and markets.</p> <p>Information failures in terms of linking innovation in production to the market.</p>
Link to national and ESI	Innovation and Research Strategy for Growth

Funds priorities	TO1 Innovation TO3 SME Competitiveness TO10 Skills
Objectives	<p>Provide an integrated skills, business investment and research facility which can drive high value technology focused growth in the county, which is valued and led by employers and provides the industry expertise that sustains high quality teaching and learning in STEM subjects and sectors.</p> <p>Stimulate the creation and growth of high value technology businesses across Worcestershire</p> <p>Develop a world class skills base and build a talent pool to drive the economic opportunities</p> <p>Facilitate and encourage cross-cutting industry knowledge, innovation and capability to generate new product development and commercial opportunities</p>
Key delivery partners	Private sector incl. strategic employers, HEIs, FEs, Worcestershire County Council
Collaboration with other LEPs	Potential links to adjoining LEPs are being investigated.
Inputs	Local Growth Fund ESI Funds Private and public match funding
Activities	<p>Establishment of new employer designed, developed and led centre of excellence in technology</p> <p>Circa 20-30,000sqft facility located on Worcester Technology Park to encompass:</p> <ul style="list-style-type: none"> • state of the art fully kitted out engineering training workshop • classroom based teaching facilities and design studios • 12 incubator offices / studios for high tech start ups • research labs including dirty lab / testing facilities • business support, meeting rooms and offices • fully wi-fi office environment, ultrafast broadband and 4G <p>14-24 integrated skills solution and training programme incorporating academic, vocational and work-based provision</p> <p>Teacher development in STEM subjects linked to employer developed and supported curriculum</p> <p>Hub and spokes model to be developed with important outposts at Redditch linked to automotive sub-sector and Evesham for mechanical sub-sector. Hub at Worcester will provide high level knowledge and expertise and tactical planning for curriculum planning, business investment and sector development.</p>
Outputs	<p>10% increase in 16-24 year olds attaining qualifications in STEM related subjects</p> <p>20% increase in 16-24 year olds attaining at least a L3 STEM apprenticeships</p> <p>15% increase in new teachers within STEM subject areas</p> <p>50 new businesses created and surviving at least 5 years in STEM sectors</p> <p>Min 2000 businesses across STEM sectors supported to grow</p> <p>Min 10% increase in exports across STEM sectors</p>

	Min 1000 new jobs created / safeguarded
Results	<p>Worcestershire is recognised nationally as the leading location for cyber security businesses to start and grow</p> <p>University of Worcester established as market leader in STEM teacher development</p> <p>Centre of Excellence recognised as exemplar model for employer led engineering and technology training and skills development</p> <p>Participants in education/training upon leaving</p> <p>Participants in employment upon leaving</p> <p>Participants gaining a qualification upon leaving</p> <p>Businesses created</p> <p>Business growth</p> <p>Jobs created/safeguarded</p> <p>Increase in GVA / productivity</p>

(iii) Social and Economic Inclusion

Social and Economic Inclusion Programme	
Contextual conditions	<p>Generally low levels worklessness (economic inactivity and unemployment).</p> <p>Although pockets of worklessness and increase in long-term unemployment.</p> <p>Labour supply issues as a result of out-migration of younger cohorts (often highly skilled) and ageing population.</p> <p>Low levels of average earnings.</p>
Rationale	<p>Positive externalities – bringing people into employment</p> <p>Equity – supporting disadvantaged groups into employment</p>
National and ESI Funds priorities	<p>Plan for Growth</p> <p>TO8 Employment</p>
Objectives	<p>Access to employment for economically and socially excluded individuals and groups, including local employment initiatives and support for labour mobility</p> <p>Sustainable integration of young people, in particular those not in employment, education or training into the labour market</p> <p>Realising people's potential and ensuring that employment opportunities are available to all</p>
Key delivery partners	<p>Social Economic Inclusion Consortium as key delivery partner for the third sector</p> <p>Skills Funding Agency (SFA), local authorities, FEIs, private sector, DWP</p>
Collaboration with other LEPs	<p>WLEP will collaborate with GBSLEP</p>
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public match funding</p>
Activities	<p>Social economic Inclusion Consortium</p> <p>Support employability of unemployed and economically inactive</p>

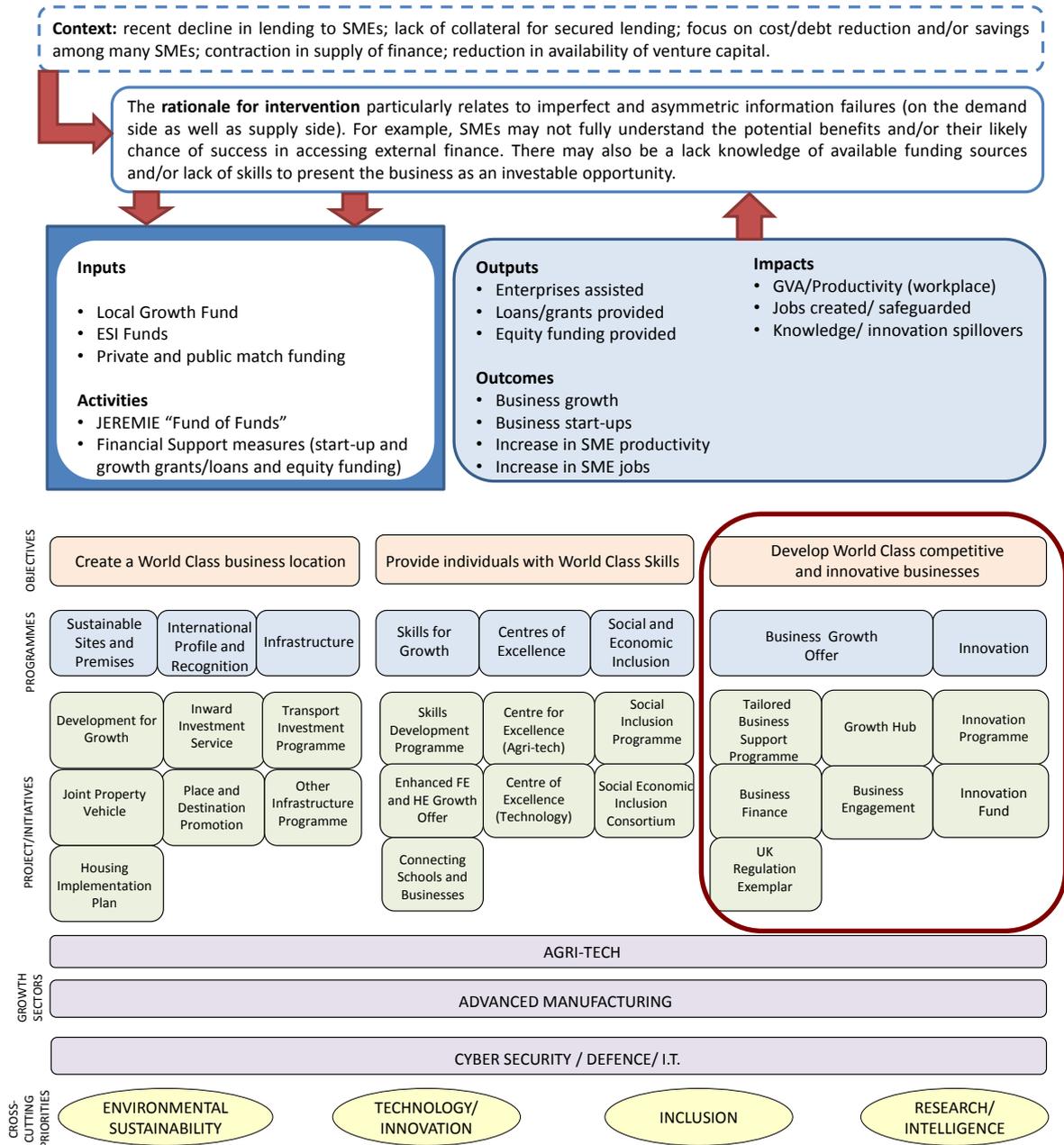


	Enhanced DWP 'opt-in' Programme Implementation of a Social Inclusion Programme – including Employment Hubs, work factoring and linking opportunity and need.
Outputs	Number of participants/people assisted
Results	Participants in employment upon leaving Participants engaging in positive activities that address barriers to work Inactive participants newly engaged in job searching upon leaving

Developing World Class Competitive and Innovative Businesses

The logic chain for business investment in Figure C4.

Figure C4: Developing World Class Competitive and Innovative Business – Logic Chain



(iv) Business Growth Offer

Tailored Business Support Programme	
Contextual conditions	Strong potential for growth in advanced manufacturing, agri-tech production (in terms of GVA and employment), cyber security/defence (as a particular specialism within a dynamic and internationally important sector) and the visitor and destination economy (in terms of employment). A number of globally recognised employers in identified growth sectors.
Rationale	Imperfect/asymmetric information in terms of support on offer and where to go for support. Imperfect information regarding potential employment opportunities for existing and future labour force. Risk and uncertainty associated with investing in new products and markets, as well as high entry costs.
National and ESI Funds priorities	UK Industrial Strategy TSB UKTI TO3 SME Competitiveness
Objectives	Develop and support the implementation of detailed sector programmes. Prioritise assistance for growing firms within these sectors.
Key delivery partners	Strategic employers in growth sectors Local authorities National opt-in providers University of Worcester FE colleges
Collaboration with other LEPs	Potential for collaboration with other LEPs is being investigated. WLEP will collaborate with GBSLEP
Inputs	Local Growth Fund ESI Funds Private and public sector match funding
Activities	Providing tailored and targeted support to businesses operating within identified growth sectors in order to support growth
Outputs	Enterprises assisted
Results	Business growth Business start-ups Increase in GVA/productivity Jobs created/safeguarded

Growth Hub	
Contextual conditions	Relatively high number of SMEs and self-employment rate Volume of new business creation low, in part restricted by access to finance Productivity of local businesses below national average
Rationale	Imperfect/asymmetric information relating to SMEs' awareness of the availability of support

	<p>Barriers to entry in terms of access to finance and support</p> <p>Positive externalities associated with investment in growth of SMEs</p>
National and ESI Funds priorities	<p>UK Industrial Strategy</p> <p>TO3 SME Competitiveness</p>
Objectives	<p>Build the growth capacity of SMEs</p> <p>Foster a more entrepreneurial culture by reducing barriers to entrepreneurship and supporting entrepreneurs</p> <p>Creating an internationally competitive and innovative business base</p> <p>Supporting the development of competitive sectors/clusters</p> <p>Attracting mobile investment</p>
Key delivery partners	<p>Local authorities, Manufactory Advisory Service, UKTI, GrowthAccelerator, private sector providers, Higher Education Institutions (HEIs) and Further Education Institutions (FEIs)</p>
Collaboration with other LEPs	<p>Sector specific collaborations being explored in relation to advanced manufacturing (West Midlands and Liverpool City Region LEPs) and cyber security/defence (Gloucestershire LEP, West of England LEP and Marches LEP)</p> <p>'Opt-in' service providers also identifying potential opportunities e.g. agri-tech in Lincolnshire</p> <p>WLEP will collaborate with GBSLEP</p>
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public sector match funding</p>
Activities	<p>Further developing the Enterprise Hub in order to deliver comprehensive support to business. This will build on the existing Worcestershire Business Central and will coordinate assistance, provide a single business 'portal' and integrate support (both physical and on-line) from local and national service providers. It will be the focal point for tailored local business support provision, including start-up support, business skills and advice, public procurement advice, workforce training advice, sites and premises and low carbon/resource efficiency support.</p> <p>Supporting enhanced national business support programmes from national service providers as part of the Opt-ins within the ESI Funds Strategy. This support would be delivered through the Enterprise Hub.</p> <p>Developing an inward investment service combining place marketing with lead generation, investment delivery and aftercare support. Interventions in relation to inward investment will particularly be targeted at creating up and downstream linkages with the key growth sectors identified in Worcestershire.</p> <p>Developing and implementing a Green Business Offer, which would include continuing and broadened support for resource efficiency and skills development, as well as providing support to businesses involved in or wishing to diversify into providing low carbon and environmental goods and services.</p> <p>Developing and implementing an Enterprise development programme, which would increase youth business creation, develop an enterprise culture in schools, colleges and the University and target the development of business incubator facilities.</p>
Outputs	<p>Enterprises assisted</p>

Results	<p>Increase in SME productivity</p> <p>Increase in SME jobs</p> <p>Increase in business start-ups</p> <p>Smart specialisation</p>
---------	---

Business engagement	
Contextual conditions	<p>Business engagement has been integral to all WLEP activities since its inception through:</p> <ul style="list-style-type: none"> major WLEP Conferences (February 2012, November 2012, October 2013); channelled engagement through WLEP Business Board and individual representatives (membership organisations - FSB, IoD, CoC, MidWest CiC; sectoral interests, tourism, planning, professional services, third sector etc); business sector/theme stakeholder workshops held during 2012 to shape WLEP Business Plan (November 2012); WLEP Sub Groups and their wider networks - Planning Development & Infrastructure; Access to Finance; National Profile and Promotion Employment and Skills; WLEP & WRS Business and Regulators; Social Economic Inclusion Task Group; Social Enterprise Task Group, Local Nature Partnership; use of partner's business engagement mechanisms – 'finditworcestershireshire', Business central, district Economic development channels/initiatives; business Consultations during 2013 and 2014 to inform the preparation of the SEP and EUSIF.
Rationale	<p>Imperfect/asymmetric information relating to SMEs' awareness of the availability of support</p> <p>Barriers to entry in terms of access to finance and support</p> <p>Positive externalities associated with investment in growth of SMEs</p>
National and ESI Funds priorities	<p>UK Industrial Strategy</p> <p>TO3 SME Competitiveness</p>
Objectives	<p>To deepen and broaden business engagement, particularly SMEs and SEs</p> <p>To support and consolidate start-ups and business expansion through</p>
Key delivery partners	<p>WLEP will lead in liaison with leads from key business sectors, local stakeholders/business, national bodies, Trade Associations, Government Departments (for connection with national initiatives)</p>
Collaboration with other LEPs	<p>Opportunities will be sought to share best practice with other LEPs</p> <p>WLEP will collaborate with GBSLEP</p>
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public sector match funding</p>
Activities	<p>Expanding and developing the existing Strategic business engagement service to ensure dedicated support and aftercare services for the 70 strategic businesses which employ more than 50% of all private sector employment in Worcestershire.</p>

	<p>Develop delivery models and secure firm commitments of effort/resources to deliver themed programmes/projects while aligning government programmes, SEP and EUSIF resources</p> <p>Hold priority sector based workshops - Agri-Tech/Horticulture, Cyber Security/Defence. and manufacturing</p> <p>Establish engagement alliances/connectivity with other LEPs i.e. 5 WM LEPs and Advanced Manufacturing</p> <p>Co-ordination of local-national programme engagement - UKTI, MAS, GA, BIG, DWP, EAFRD/LEADER, Social Enterprise Task Group and networks, Social Economic Inclusion Group/Networks</p>
Outputs	Enterprises assisted
Results	<p>Growth of largest businesses</p> <p>Improved supply chain linkages</p> <p>Employment and GVA</p>

Business finance	
Contextual conditions	<p>Low levels of lending to SMEs</p> <p>Lack of collateral to secure lending</p> <p>Low level of venture capital</p>
Rationale	Imperfect / asymmetric information – lack of knowledge of funding sources; SMEs do not understand benefits of accessing finance or chances of success
National and ESI Funds priorities	<p>Plan for Growth</p> <p>TO3 SME Competitiveness</p>
Objectives	<p>Help improve competitiveness and growth in Worcestershire; and</p> <p>Facilitate the creation of new enterprises.</p>
Key delivery partners	Worcestershire County Council, private sector
Collaboration with other LEPs	WLEP will establish a financial instrument operating across the West Midlands' LEPs - JEREMIE-type "Fund of Funds" structure
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public sector match funding</p>
Activities	<p>Financial engineering instruments:</p> <ul style="list-style-type: none"> • JEREMIE – "Fund of Funds" • financial support measures – including advice, grants, loans and equity
Outputs	<p>Enterprises assisted</p> <p>Loans/grants provided</p> <p>Equity funding provided</p>
Results	<p>Increased finance to businesses</p> <p>Improved business performance with consequential impact on jobs and GVA</p>

UK Regulation Exemplar	
Contextual conditions	<p>Unnecessary, or badly designed, regulation places a burden on companies and can have a detrimental effect on growth, innovation and job creation.</p> <p>WLEP and WRS have been working with partners to develop new approaches to reducing regulatory burdens on businesses with an initial focus across the Worcestershire “farm/field to fork” supply chain in the priority agri-tech growth sector.</p> <p>Collaborative work is ongoing looking at opportunities to create a single regulatory framework which combines self-compliance by SME businesses with reduced regulatory interventions.</p>
Rationale	<p>Negative externalities – regulation can constrain business growth and potential by distorting the effects of the market</p> <p>Barriers to entry – regulatory burdens acting as a barrier to entrepreneurial activity and exporting</p> <p>Positive externality – stimulate enhanced levels of competitiveness and productivity within the target sector</p> <p>Demonstration effects – act as an exemplar to demonstrate the benefits of effective regulation at the national level</p>
National and ESI Funds priorities	<p>UK Deregulation Agenda – Draft Deregulation Bill</p> <p>WLEP Business and Regulators Sub Group</p>
Objectives	<p>Increase efficiency within the Worcestershire agri-tech sector</p> <p>Support the enhanced competitiveness of the business base</p> <p>Maximise the growth potential of businesses within the agri-tech sector</p> <p>Act as an exemplar to demonstrate the effectiveness of the programme for other sectors and other parts of the UK</p>
Key delivery partners	<p>Worcestershire Regulatory Services (lead partner)</p> <p>National and local public sector partners - BIS/BRDO, CLG, Defra-Environment Agency, Natural England, Forestry Commission, DWP, SFA, UK Border Agency and Gangmasters Licensing Authority) UKTI, GA</p> <p>Businesses in the agri-tech sector</p> <p>Member and trade networks - HW Chamber of Commerce, FSB, IoD, Heart of England Fine Foods, WLNP, NFU, CLA</p>
Collaboration with other LEPs	<p>Alliances will be sought with other LEPs with a shared focus</p>
Inputs	<p>Resources/in-kind contributions and expertise via local regulatory and business partners, SME competitiveness and Innovation programmes, lead Government/National Regulators, ESI Funds</p>
Activities	<ul style="list-style-type: none"> • Follow the food supply chain challenging regulatory barriers • Develop a single regulatory framework for a new or diversifying business (lead regulator, single point of contact and a shared understanding of risk amongst regulators based upon local agreements and closer regulatory partnerships) which reflects the Regulators’ Compliance Code principles • Establish one simple inspection regime for the farming community • Forge a stronger link with the Elliot Review on food fraud and working closely with the Food Standards Agency’s project on exporting
Outputs	<p>Enterprises assisted</p>

Results	<p>Increase in SME productivity</p> <p>Increase in SME jobs</p> <p>Increase in business start-ups</p> <p>Increase in businesses exporting</p>
---------	---

(v) Innovation

Innovation Programme	
Contextual conditions	<p>Number of sector strengths, including manufacturing, agri-tech and cyber security/defence</p> <p>R&D and innovation identified as a key barrier of growth among businesses</p> <p>Relatively low proportion of people represented in knowledge intensive services</p>
Rationale	<p>Imperfect/asymmetric information in terms of support on offer and where to go for support</p> <p>Information failures also in terms of market uncertainty</p> <p>Barriers to entry, particularly in relation to access to finance and capacity to build relationships</p> <p>Positive externalities associated with investment in new technologies and innovation</p>
National and ESI Funds priorities	<p>Building collaborative research between enterprises, research institutions and public institutions</p> <p>Supporting businesses including social enterprises to commercialise Research & Development</p> <p>Physical infrastructure – incubation space and other equipment</p> <p>Innovation and Research Strategy for Growth</p> <p>TO1 Innovation</p>
Objectives	<p>Creating an internationally competitive and innovative business base</p> <p>Supporting the development of competitive sectors/clusters</p> <p>Attracting mobile investment</p> <p>Creating premier business locations and infrastructure</p> <p>Innovation/R&D</p>
Key delivery partners	HEIs, FEIs, private sector
Collaboration with other LEPs	<p>Two tier approach to Smart Specialisation being developed across the five West Midlands' LEPs</p> <p>WLEP will collaborate with GBSLEP</p>
Inputs	<p>Local Growth Fund</p> <p>ESI Funds</p> <p>Private and public sector match funding</p>
Activities	<p>Support to innovation and R&D infrastructure – centres of excellence</p> <p>Innovation initiatives</p> <p>Smart specialisation targeting (in particular, in terms of manufacturing, agri-tech and cyber security/defence)</p>
Outputs	Enterprises assisted
Results	<p>Increase in SME productivity</p> <p>Increase in SME jobs</p> <p>Increase in business start-ups</p> <p>Smart specialisation</p>

Innovation Fund	
Contextual conditions	<p>Developing a space and the opportunity, both real and virtual for innovation to flourish is a key part of the vision of Worcestershire Strategic Economic Plan. Unlocking innovation across Worcestershire is critical to unleashing further potential in:</p> <ul style="list-style-type: none"> • Innovative finance to grow Small, Medium Enterprises across all sectors • Development of new technologies in support of Worcestershire's identified growth sectors; agri-tech and Advanced Manufacturing/Engineering and Cyber Security/ICT • Product innovation in emerging or yet to be identified sectors • Innovation across sectors to bring new opportunities to market • Innovation in skills development to ensure an appropriate, agile supply chain to Worcestershire's economy <p>To date Worcestershire has relied on regional programmes which have had a limited impact as they are marketed through a regional body and have not had the traction or the attention of local businesses. Worcestershire has had no agreed definition of what is meant by innovation in the past and how we will drive it forward in all that we do as a county. This means that subsequent initiatives to support innovation need to be developed into propositions that add value to Worcestershire's GVA. Only 14% of manufacturers have links with universities or academic institutions. The recent ERDF Proof of Concept fund of £1m will be an initial test of the innovation appetite of Worcestershire.</p>
Rationale	<p>Imperfect/asymmetric information in terms of support on offer and where to go for support</p> <p>Information failures also in terms of market uncertainty</p> <p>Barriers to entry, particularly in relation to access to finance and capacity to build relationships</p> <p>Positive externalities associated with investment in new technologies and innovation</p>
National and ESI Funds priorities	<p>Building collaborative research between enterprises, research institutions and public institutions</p> <p>Supporting businesses including social enterprises to commercialise Research & Development</p> <p>Physical infrastructure – incubation space and other equipment</p> <p>Innovation and Research Strategy for Growth</p> <p>TO1 Innovation</p>
Objectives	<p>To create a simple, easy to set up and non-bureaucratic infrastructure to support innovation, in all its guises so businesses are able to test and develop in an 'eco-system' of support.</p> <p>To ensure this infrastructure is set up on a basis that beyond some initial kick start funding, any future funding requirements are delivered as a result of recycling an element of growth reaped as a result of innovation.</p>
Key delivery partners	University of Worcester
Collaboration with other LEPs	WLEP will collaborate with GBSLEP



Inputs	Local Growth Fund ESI Funds Private and public sector match funding
Activities	Establishment of virtual network; who, what, how operated, geographic scope, how to overcome issues of confidentiality, sharing pre-patent etc. Establishment of innovation hub within two Centres of Excellence (Agri-Tech and Advanced Manufacturing/Engineering) led by appropriate body or, possibly, the University of Worcester but bringing in all identified parties to contribute to facilitating innovation.
Outputs	Enterprises assisted
Results	Network of businesses with real innovative product/service going to market – net value outstripping initial investment. Increase in SME productivity Increase in SME jobs Increase in business start-ups

Appendix D - The rationale for intervention

Socio-economic conditions

(i) Business

Economic performance - The overall value of the Worcestershire economy in 2011 was estimated at approaching £9.2 billion, which represents nearly a tenth of the West Midlands economy. The Worcestershire economy was hard hit during the early stages of the economic crisis and saw its GVA decline by 8% in real terms between 2007 and 2009. Encouragingly though, from 2009 the Worcestershire economy has shown a relatively strong recovery, with an annual growth rate of 0.7%, representing the 7th highest annual average growth rate among the LEP economies¹⁴. Long term growth rates (1997-2011) have also been one of the highest outside the Greater South East.

Notwithstanding the recent recovery in GVA growth, the Worcestershire economy continues to be characterised by below average productivity – GVA per worker is estimated at £40,036, representing 86.8% of the Great Britain average (ranked 29th out of all LEPs)¹⁵, whilst GVA per person is estimated at £16,165 - 94.6% of the West Midlands average and 77.6% of the Great Britain average (ranked 28th)¹⁶.

The relative contribution to GVA varies significantly by industry. Notably, the production; distribution, transport, accommodation and food; and public administration, education and health sectors account for some 60% of total GVA in Worcestershire. In terms of GVA growth, the other services and household activities and construction, are the two industries that have grown the most (8.5% and 7.0% respectively), albeit from a relatively low base. Information and communications and business services activities are other areas that have shown strong growth performance since 1997 (5.8% and 6.1% respectively). The only sector that has decreased in value is the agriculture, fishing and forestry sector (-1.8%).

Enterprise base - In 2012 there were some 22,155 VAT and/or PAYE based enterprises¹⁷ (or 23,515 active enterprises in 2011¹⁸) in Worcestershire. There were 2,325 new enterprises in 2011, an increase of 6.9% on the previous year but still significantly below the number of births preceding the economic crisis (2,785 in 2006). The increase in the number of births in Worcestershire between 2010 and 2011 was below the West Midlands increase of 9.8% and the United Kingdom increase of 11.2%.

In 2011, there were 2,170 business deaths in Worcestershire, a decrease of 13.5% compared to the previous year. Worcestershire performed better than the West Midlands as a whole, which only saw a decrease of 10.5%, and the United Kingdom, which only saw a decrease of 7.9%. Worcestershire is also characterised by relatively high business survival rates. Among businesses that started in 2009, 76.4% were still active in 2011 compared to 73.6% in the West Midlands and 73.8% across the United Kingdom¹⁹.

Worcestershire has a high number of Small and Medium sized Enterprises (SMEs) relative to its population base (6.2 SMEs per 1,000 working age population)²⁰ and a high self-employment rate (10.6%)²¹, although the “enterprise churn rate” is relatively low²² which

¹⁴ LEGI analysis based on Regional Gross Value Added, ONS, 2007-2011

¹⁵ LEGI analysis based on Regional Gross Value Added, ONS, 2011; BRES, NOMIS, ONS, 2011

¹⁶ LEGI analysis based on Regional Gross Value Added, ONS, 2011; Mid-Year Population Estimates, NOMIS, ONS, 2011

¹⁷ UK Business: Activity, Size and Location, ONS, 2012

¹⁸ Business Demography, ONS, 2011

¹⁹ Ibid.

²⁰ LEGI analysis based on UK Business: Activity, Size and Location, ONS, 2012; Mid-Year Population Estimates, NOMIS, ONS, 2012

²¹ LEGI analysis based on Annual Population Survey, ONS, 2011-2012

²² LEGI analysis based on Business Demography, ONS, 2011

may be indicative of limited competition and a high proportion of lifestyle businesses. Moreover, Worcestershire's enterprise base is characterised by a relatively large proportion (21.4%) of enterprises with a turnover of less than £49,000²³.

Inward investment - Worcestershire has had limited success in terms of attracting inward investment in the past, with the LEP area securing only 5 out of 63 inward investment projects in the West Midlands, resulting in 442 jobs²⁴. As such growth and job creation has primarily come from the indigenous business base, which is principally made up of SMEs but also includes a number of large and well-known employers, such as Worcester Bosch, QinetiQ, Yamazaki Mazak, Morgan Motors, GKN and Brintons.

Access to finance – enterprises in Worcestershire face a number of barriers to growth, including access to finance. Indeed, in a recent survey of manufacturing businesses 35% stated that access to finance was constraining their ability to grow²⁵.

Employment base - Whilst output has recovered strongly since 2009, the performance in terms of employment has been less impressive. In fact, employment fell by 2.3% between 2009 and 2011, which is one of the sharpest falls in employment among the LEP economies during this period²⁶.

Sectoral structure - In terms of specific sectors, Worcestershire has particular strengths in relation to manufacturing (including high-technology industries), agri-tech, tourism and cyber security/defence. Indeed, with over 5% of employment in medium-high and high-technology manufacturing Worcestershire ranks third among the LEP economies²⁷. Overall, the manufacturing sector accounts for over 14% of employment. Reflecting the concentration of economic activity in the production industries - Worcestershire has been defined as a "Producing Place" by the LEP Chairs Network. In addition, a small but nationally important cluster of cyber security/defence businesses are located in Malvern, while the proportion of people employed in tourism-related industries in the WLEP area (9.2%) is higher than both the regional (7.8%) and national (9.0%) averages.²⁸

Figures D1 and D2 compare the relative size of sectors within Worcestershire (as shown in the brackets) to their size nationally (as signified by the location quotient), as well as comparing the projected growth rates at the Worcestershire and national levels, based on forecasts produced by Cambridge Econometrics (2013). The analysis of future expected performance, both in terms of GVA and employment, supports the identification of manufacturing, horticulture/agriculture and food as key sectors. It also suggests that Worcestershire has some strengths in relation to construction and the property market. Whilst these are important sectors, they are based largely on derived demand and have not been included as target sectors.

²³ UK Business: Activity, Size and Location, ONS, 2012

²⁴ West Midlands European Service, May 2013, West Midlands' ERDF Socio-Economic Framework: West Midlands' Overview (Version 5)

²⁵ Worcestershire LEP, 2013, Economic Profile and Baseline Statistics Research Report on the Manufacturing Sector in the Worcestershire LEP area

²⁶ LEGI analysis based on BRES, NOMIS, 2009-2011

²⁷ Ibid.

²⁸ Based on BRES, NOMIS.

Figure D1: Worcestershire sector level analysis – GVA

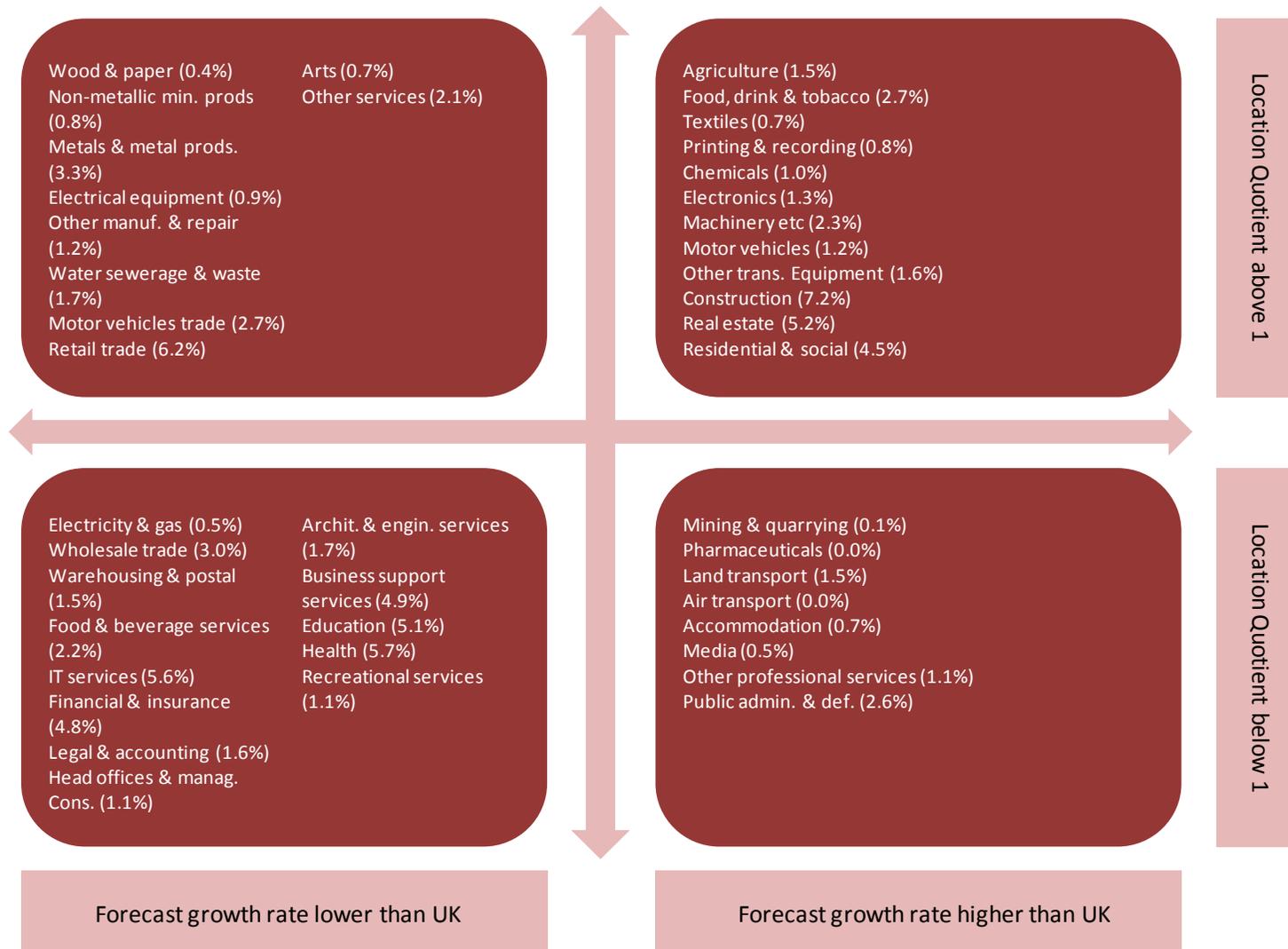
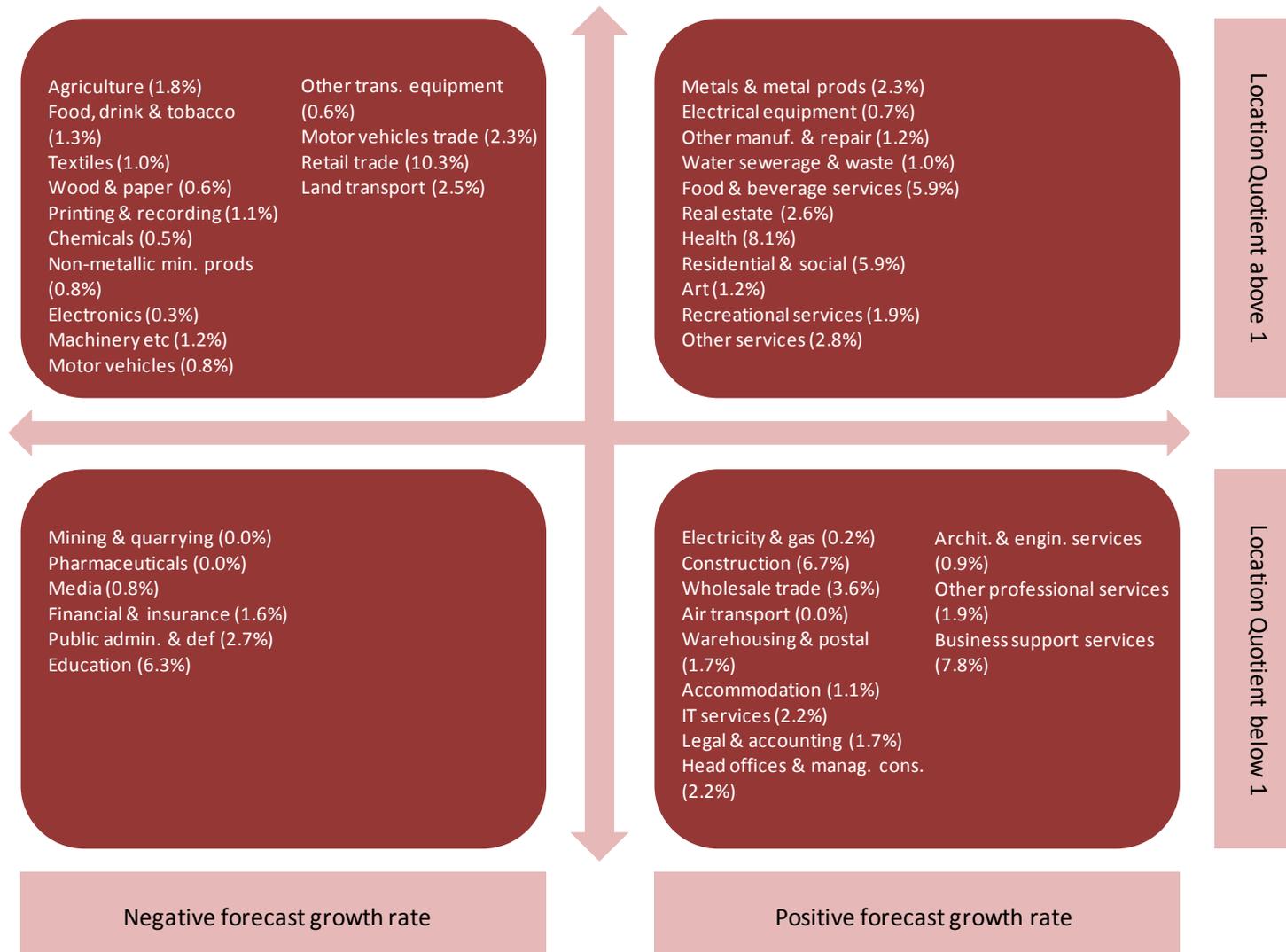


Figure D2: Worcestershire sector level analysis – employment



Notwithstanding these sector strengths, Worcestershire is represented by a more limited knowledge economy in terms of services. The limited scope and scale of the knowledge based service economy is reflected in the below average productivity and average annual earnings. The WLEP area has a relatively high rate of patents per 100,000 working age residents over the period 2005 - 2010 (61 compared with an England average of 48 and a West Midlands average of 46).

With global integration continuing to be a key driver for growth, it is encouraging that employment in highly “contestable” (i.e. export and import intensive) industries account for a relatively high proportion of employment in Worcestershire (19.1%)²⁹. However, it is understood that this potential is not being realised – with actual exports being relatively low.

Low carbon economy - Worcestershire exhibits a number of strengths in the Low Carbon Environmental Goods and Services (LCEGS) sector³⁰:

- good support for LCEGS sector companies through Metnet and Worcestershire Business Central, which includes a resource efficiency business support programme for local SMEs;
- new centres of excellence are planned for engineering, construction and food production – all of which have a positive impact on the LCEGS sector’s ability to support the development of a low carbon economy;
- leading UK manufacturer of energy efficient boilers and renewable energy options including solar and ground/air source heat pumps;
- a strong and established horticulture sector, with examples of exemplar low carbon projects;
- strong automotive supply chain (with links to Jaguar Land Rover) which may support the development of low carbon vehicles; and
- waste to energy facilities are increasing in capacity and power generation.

Overall, the LCEGS sector in WLEP is valued at over £1 billion in terms of sales and supports an estimated 7,600 jobs and over 400 businesses³¹.

Occupational structure - Perhaps surprisingly, given the below average productivity rate and average annual earnings, the work-place based occupational structure in Worcestershire is relatively strong, with 48.8% of workers employed in highly skilled (SOC 1-3) occupations (compared with 39.7% in the West Midlands and 43.6% in Great Britain). Equally, the proportion of workers employed in low skilled (SOC 6-9) occupations is reasonable low at 36.0% (compared with 37.8% in the West Midlands and 34.7% in Great Britain)³².

(ii) People

Population base - Worcestershire has a population of some 569,000. Its population has grown by 10.6% since 1991 which is above the Great Britain average. The productive capacity of the Worcestershire economy is, however, somewhat restricted by a relatively high proportion of the population aged 65 and over (19.4% compared 17.0% in West Midlands and 16.6% in Great Britain). Consequently, the working age population is below the

²⁹ LEGI analysis based on UK Input-Output tables and BRES, ONS, 2011

³⁰ Innovas, 2013, Supporting the Low Carbon Economy under the 2014-20 EU funding programme in the Marches, Worcestershire and Stoke & Staffordshire LEPs

³¹ BIS, 2013, Low Carbon Environmental Goods and Services (LCEGS): Report for 2011/12
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224068/bis-13-p143-low-carbon-and-environmental-goods-and-services-report-2011-12.pdf

³² LEGI analysis based Annual Population Survey, ONS, 2012

regional and national averages. This is further exacerbated by a trend of out-migration among younger cohorts and in-migration among older cohorts (particularly in rural areas). Indeed, the working age population grew by only 1.3% between 2006 and 2011, representing a third of the Great Britain growth (3.9%)³³. Whilst a large proportion of Worcestershire's land area is rural, over 70% of the population lives in urban areas.

Average earnings - At £24,543 average annual earnings (workplace-based) in Worcestershire is below both the regional and national averages (99.7% of West Midlands and 92.4% of Great Britain)³⁴. Interestingly though, average annual earnings among Worcestershire residents is 9% higher than those of its workforce³⁵, suggesting that its residents benefit from well-paid jobs outside of Worcestershire. Indeed, the net outflow of workers is estimated at 37,200 in Worcestershire, with outward commuting being most significant in Bromsgrove and Wychavon (55% and 35% of residents working outside the WLEP area) and among highly skilled/paid occupations³⁶.

Labour market performance - The Worcestershire labour market is characterised by relatively high economic activity and employment rates³⁷. Consequently, unemployment rates are also significantly below regional and national averages. Nevertheless, young people and the long-term unemployed represent an increasing share of the unemployed³⁸ and thus face particular issues in terms of entering and/or reintegrating into the labour market. Whilst remaining below the regional and national averages, the claimants per vacancy ratio of 2.3³⁹ suggests that the key to getting people into employment is to create more jobs, as well as ensure that the underutilised workforce meets the skills requirements of the employers (including both technical/job-specific skills and "softer skills" such as the right attitude, motivation and social skills). This would also serve to mitigate a trend whereby some businesses prefer to poach employees from other companies rather than employ the workless, this is particularly evident in relation to engineers.

Qualifications - In terms of qualifications, 32.5% of Worcestershire's working age population are qualified to NVQ level 4 or above, above the regional rate of 27.8% but below the Great Britain rate of 34.4%. 22.0% of the working age population are qualified to NVQ level 1 or below, similar to the national rate of 21.9% and below the regional rate of 26.5%⁴⁰.

The University of Worcester is a considerable asset to the WLEP area; providing skilled labour to the economy and being the fastest growing university in the country for the past three years (based upon the percentage increase in applications to undergraduate programmes). Whilst a majority of students are enrolled on courses relating to education and health (e.g. teacher and nursing training), a growing proportion of students are enrolled on courses within the Business School and the recently established Institute for Science and the Environment. The University has an emerging provision of enterprise space and is also focusing on graduate entrepreneurship. The University is also home to a number of National Research Centres including:

³³ LEGI analysis based on Mid-Year Population Estimates, NOMIS, ONS, 2006-2011

³⁴ ASHE, NOMIS, ONS, 2012

³⁵ LEGI analysis based on ASHE, NOMIS, ONS, 2012

³⁶ Annual Populations Survey, ONS, 2013

³⁷ Ibid.

³⁸ DWP Benefits, NOMIS, 2013

³⁹ Jobcentre Plus vacancies, NOMIS, ONS, November 2012; Claimant count, NOMIS, ONS, November 2012

⁴⁰ LEGI analysis based on Annual Population Survey, ONS, 2012

- Association of Dimension Studies (ADS)
- Centre for People @ Work;
- Centre for Rural Research;
- National Pollen and Aerobiology Research Unit; and
- Centre for Ethical Leadership and Sustainability.

In terms of securing a highly skilled workforce for the future, it is also encouraging that an above national average share of pupils is attaining five or more GCSEs Grades A-C⁴¹. Nevertheless, nearly 1,000 or 5.4% of 16-18 year olds are categorised as NEETs (not in education, employment or training)⁴².

Social inclusion and poverty - Income deprivation is often considered to be the most important component of disadvantage. Indeed, people living on low incomes are restricted in terms of their housing choices, education opportunities and skills, and employment prospects. Over 28,000 people (4.9% of the population) in Worcestershire live in a household with a median income less than £17,016 per annum, which is less than 60% of the median household income for England (the official Government definition of poverty)⁴³.

Across Worcestershire, the greatest proportion of the population on a low income live in Wyre Forest; approaching 8,000 people representing 8% of the population. This is the equivalent of 9.5% of households in the area. Apart from Wyre Forest, Worcester and Malvern Hills also have a greater proportion of the population and a greater proportion of households on low incomes when compared to the county average. At the LSOA level, it is clear that income deprivation is spatially concentrated in a number of locations across Worcestershire, with particular pockets of deprivation in the urban areas of Redditch, Worcester, Kidderminster and Malvern⁴⁴.

According to the Index of Multiple deprivation, in which income deprivation is one component, approaching a fifth (16%) of Worcestershire's Lower Layer Strategic Output Areas (LSOAs) are in the most deprived 30% of SOAs in England⁴⁵.

(iii) Place

Transport – Worcester is well connected to most parts of the UK, particularly through the Strategic Road Network (SRN). However, access to /from the SRN is constrained in parts of the country due to constraints on the local highway network, particularly around urban areas with Worcester and Bromsgrove having particularly acute problems. Worcestershire is served by a range of regional and Inter-City rail services. However, there is no direct access to the Birmingham-Bristol Main Line, which passes through the country. Other facilities and services are constrained and there is considerable scope to enhance Worcestershire's rail infrastructure.

Broadband – In 2013, the coverage of superfast broadband in Worcestershire was 72.3% and average sync speeds were estimated at 14.5 Mbps (UK average of 14.7 Mbps). Associated with the improved coverage in broadband infrastructure, take-up of superfast broadband has increased in recent years and is estimated at 16.9% in Worcestershire⁴⁶.

⁴¹ Department for Education Performance Table, 2011

⁴² Department for Education, 2013

⁴³ Pay Check, CACI, 2013

⁴⁴ Ibid.

⁴⁵ Index of Multiple Deprivation, DCLG, 2010

⁴⁶ Ofcom, 2013, UK Broadband Speed <http://maps.ofcom.org.uk/broadband/>

Notably, BDUK, Worcestershire County Council and BT recently confirmed investment of £20.75 million in Worcestershire's broadband infrastructure. This new investment will build upon the £8.4 million already invested by the County Council and aims to provide 90% of business and residential premises with access to superfast broadband by 2015. However, the deployment of broadband infrastructure is only part of the picture as there is a significant knowledge gap among SMEs in terms of how the opportunities offered by superfast broadband can transform their businesses. If not addressed, many businesses are unlikely to understand or realise the benefits of higher-level applications, and will therefore not invest in superfast broadband.

Housing - In terms of housing, and reflecting the demographic trends, including population growth, the number of dwellings in Worcestershire has increased significantly in the last decade. Indeed, in 2011 there were 246,190 dwellings, representing an increase of 7.7% compared to 2001. Whilst house prices have fallen following the economic crisis, affordability remains a significant issue in Worcestershire.

Environment and climate change - Worcestershire benefits from an attractive natural and historic environment and this is reflected in the above average life satisfaction rating for Worcestershire⁴⁷. However, in the longer term this high quality natural environment may be threatened by increasing carbon emissions and sub-optimal energy efficiency in domestic and non-domestic buildings. Notably, local CO₂ emissions (kilo tonnes per 1,000 population) is estimated at 7.2 (2011), which is higher than both the West Midlands average (6.7) and the England average (6.7)⁴⁸. Encouragingly though, emissions in Worcestershire have fallen from 8.7 tonnes in 2005, representing a 17% reduction.

Linked to climate change, a major issue for Worcestershire's businesses and residents is flooding. Over the last few years, floods have occurred as a result of rivers such as the Severn, Avon and Teme bursting their banks and through flash flooding as a result of intense rainfall. In Worcestershire, approximately 10% of the land area is at risk of flooding. Notably, Worcestershire has the second largest percentage land area at risk of flooding in the West Midlands region⁴⁹.

A further resource issue in Worcestershire relates to the water supply for businesses in the horticulture sector, which is worth £70 million to the Worcestershire economy, representing 20% of the West Midlands horticulture output. Notably, increasing regulation, droughts, and the longer-term risks of climate change threaten the sustainability of this industry and the rural livelihoods it supports⁵⁰.

Employment sites - Worcestershire currently lacks strategic employment sites, which has led to lost foreign direct and local investment, although the Game Changers programme is being developed to address this weakness. More generally, the shortage of suitable sites and premises is identified as a constraint on growth; limiting the options available to businesses that wish to move, expand or upgrade their premises.

⁴⁷ LEGI analysis based on Subjective Well-being Experimental dataset, ONS, 2011/12

⁴⁸ DECC, 2013

⁴⁹ Worcestershire Partnership, 2012, Properties at risk of flooding

<http://www.worcestershirepartnership.org.uk/cms/pdf/Properties%20at%20Risk%20of%20Flooding.pdf>

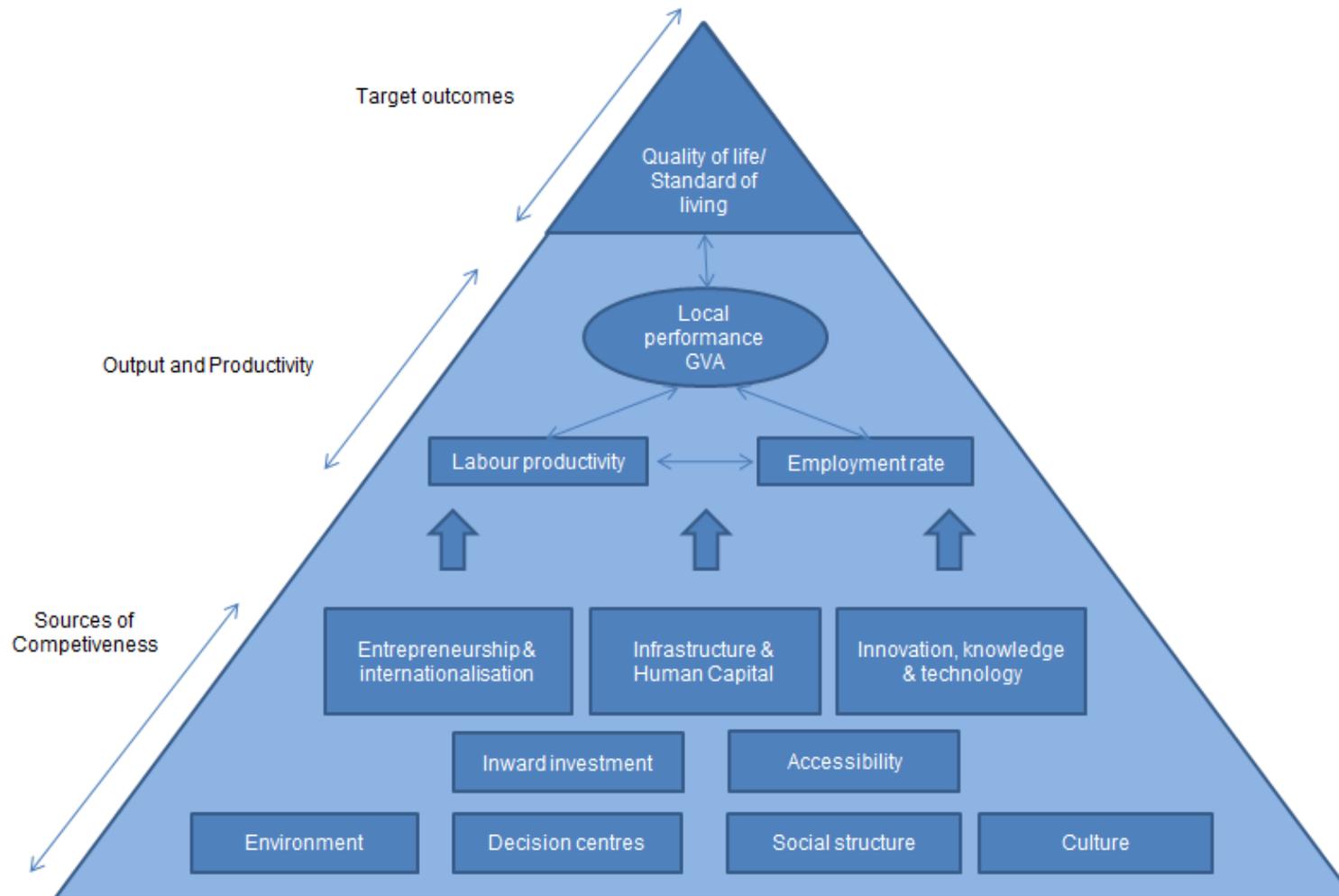
⁵⁰ Getting to the Heart of Horticulture: Opportunities and challenges for the horticulture and potato sectors in the West Midlands

Local Economic Growth Index (LEGI) analysis

The Local Economic Growth Index (LEGI) analysis is based upon a comprehensive theoretical framework that describes the range, and inter-connectedness, of economic drivers that determine competitiveness and growth at the local and regional level. In particular, this framework provides a starting point for examining and reviewing the current profile and performance of the WLEP economy.

The LEGI framework is summarised in Figure D3 overleaf, which sets out the pyramid model of local and regional competitiveness.

Figure D3: The Pyramid Model of Local and Regional Competitiveness



Source: Adapted from Begg (1999), Camagni (1999), EC (1999), Jensen-Butler (1996), Lengyel (2003)

Notably, LEGI provides an evidence-based assessment of the local economy and helps to understand the fundamental characteristics of the economy, allowing the identification of key areas of strength that can be acted upon and challenges that have to be mitigated. Importantly, the LEGI tool allows some indicative separation between the sources or determinants of competitiveness and productivity and the socio-economic outcomes of such sources or determinants. This enables the analysis to attempt some distinction between cause and effect so that the profile can be used as a diagnostic tool as well as a descriptive tool. As such, the analysis is structured to comprise indicators that measure:

- the sources or determinants of competitiveness and growth (e.g. infrastructure, human capital, innovation, entrepreneurship, etc.)⁵¹;
- the output and productivity (the results of competitive pressures); and
- the quality of life and standard of living (the top of the pyramid).

Clearly, it will not provide answers to all policy questions but it represents a key component of successfully developing priorities and actions that have an ‘unequivocal’ evidence base. Another key benefit of the tool is that it presents and synthesises a wealth of disparate data sources into a readily accessible format. Furthermore, it allows LEP areas (and local authority districts) to be benchmarked and assessed against comparator areas (LEP areas, regions and the national average).

Whilst the content of the LEGI tool is inevitably driven by the availability of local/ LEP level data, it seeks to reflect national and EU policy objectives, LEP growth plans and sources of competitiveness and growth as far as possible.

Below we set out further detail on the thematic areas, and underlying indicators, that have been incorporated in the LEGI analysis:

Table D1: LEGI thematic areas, indicators and sources

Thematic area	Indicators	Sources
Quality of life & standard of living (top of the pyramid)	Average annual earning (£), residence-based	ASHE, NOMIS, ONS, 2012
	Life satisfaction, average rating	Subjective Well-being Experimental dataset, ONS, 2011/12
	Local CO ₂ emissions per 1,000 population	DECC, 2012
	Share of population living in most deprived areas (%)	Index of Multiple Deprivation, 2010
	Child poverty (%)	HMRC, 2010
Output and productivity (revealed competitiveness)	Claimant unemployment rate (%)	DWP Benefits, NOMIS, December 2012
	GVA per person (£)	Regional Gross Value Added, ONS, 2011; Mid-Year Population Estimates, NOMIS, ONS, 2011
	Labour productivity, GVA per worker (£)	Regional Gross Value Added, ONS, 2011; BRES, NOMIS, ONS, 2011

⁵¹ Due to a lack of comparable and robust data some sources of competitiveness have not been quantified and measured in the LEGI analysis (i.e. those at the bottom of the pyramid).

Thematic area	Indicators	Sources
	Employment rate (%), two-year average	Annual Population Survey, ONS, 2011-2012
	Change in GVA (%)	Regional Gross Value Added, ONS, 2006-2011
	Employment growth (%)	BRES, NOMIS, 2009-2011
	Change in working age population (%)	Mid-Year Population Estimates, NOMIS, ONS, 2006-2011
Infrastructure & human capital	Highest qualification attainment by share of working age population (16-64): NVQ4+	Annual Population Survey, ONS, 2012
	Highest qualification attainment by share of working age population (16-64): NVQ1 or no qualifications (%)	Annual Population Survey, ONS, 2012
	Superfast broadband take up: share of premises (%)	OFCOM, 2012
	Change in total business rateable value (%)	Commercial and Industrial Floorspace and Rateable Value, ONS, 2005-2010
	Planning decisions (major development) within 13 weeks: share of total (%)	DCLG, 2012/13
Entrepreneurship & internationalisation	Number of SMEs (VAT and PAYE based) per 1,000 working age population	Business Demography, ONS, 2012; UK Business: Activity, Size and Location, ONS, 2012
	Enterprise churn rate (sum of births and deaths): share of enterprise stock (%)	Business Demography, ONS, 2012
	Self-employment rate (%), two-year average	Annual Population Survey, ONS, 2011-2012
	Employment in highly 'contestable' (export/import intensive) industries: share of total (%)	UK Input-Output tables and BRES, ONS, 2011
	Foreign-owned enterprises: share of total (%)	IDBR, 2010
Innovation, knowledge & technology	Number of patent applications per 100,000 working age population	OECD Regional Database, 2005-2010; Mid-Year Population Estimates, 2010
	Highly skilled (SOC 1-3): share of total (%), two-year average (workplace-based)	Annual Population Survey, ONS, 2011-2012
	Low skilled (SOC 6-9): share of total (%), two-year average (workplace-based)	Annual Population Survey, ONS, 2012
	High technology employment: share of total (%)	BRES, NOMIS, ONS, 2011
	Knowledge-intensive services: share of total (%)	BRES, NOMIS, ONS, 2011

The key results of the LEGI analysis are presented below, for each of the thematic areas in turn. The interpretation of the LEGI results is used to identify and assess different attributes of Worcestershire's economic profile and performance. Together with regional (West Midlands) and national (GB) benchmarks, the analysis also includes coverage of the following comparator LEP areas - Gloucestershire, Oxfordshire, Northamptonshire, the Marches and Coventry & Warwickshire - with these representing a combination of local, peer and aspirational comparator areas.

Quality of life and standard of living

The most successful communities are those which offer residents a high standard of living and quality of life. Ultimately, it is a high standard of living that local leaders strive to provide both their existing and potential residents, that local community groups work towards and businesses seek to offer for their employees. In an era when there is intense competition for the most knowledgeable and the most skilled it is vital that efforts to bring about economic development and growth ensure a high quality of life and standard of living at the same time.

We have measured the quality of life and standard of living in the Worcestershire LEP area using key indicators relating to average annual earnings, life satisfaction, local CO2 emissions, extent of deprivation and child poverty and the claimant unemployment rate. Individual values on these indicators have been combined to create a composite index score⁵² for quality of life and standard of living (Table D2).

In summary, the LEGI analysis shows that:

- the quality of life and standard of living is generally relatively high in the Worcestershire LEP area, which largely reflects a relatively low child poverty rate and a below national average claimant unemployment rate;
- there are, however, some notable differences across the LEP area, particularly in terms average annual earnings and local CO2 emissions which means that the LEP overall is below the national average on these measures;
- it is also clear that there are wide variations of deprivation across the LEP area. Indeed, whilst the extent of deprivation in Bromsgrove, Malvern Hills and Wychavon is relatively low, nearly a quarter of the population in Redditch live in the most deprived areas of England; and
- Worcestershire's performance across the quality of life and standard of living is generally better than the Marches and Coventry and Warwickshire, whilst Oxfordshire and Gloucestershire tend to outperform the county.

Output and productivity

A high quality of life and standard of living stem not only from an active economy with high employment, but increasingly from high value added activities and a productive workforce. The 'revealed competitiveness' of the Worcestershire LEP area, in terms of output and productivity, is measured using indicators on Gross Value Added (GVA) per person, GVA per worker, the employment rate and changes in GVA, employment and the working age population over the last few years (Table D3).

⁵² Composite scores for each thematic area represent un-weighted averages of underlying indicator scores. In all cases indicator scores are indexed against the national average (GB=100).

In summary, the LEGI analysis shows that:

- whilst the Worcestershire LEP area exhibits a high employment rate, the output and productivity performance is relatively low. This is likely to reflect a relatively low productivity rate/ share of high value added activities within the area;
- indeed, GVA per person, a common measure of economic output, is estimated at £16,165. This represents 77.6% of the national average and is also below the average for the West Midlands region. Similarly, GVA per worker, a common measure of productivity, is estimated at £40,036, representing 86.8% of the national average. The difference in the relative performance of GVA per person and GVA per worker is indicative of a net out-commuting working population;
- worryingly, the trajectory of the Worcestershire LEP's economy has been below the national average in terms of GVA, employment and working age population growth in recent years. The Worcestershire LEP ranks particularly low in terms of GVA and employment growth; and
- in terms of output and productivity, Worcestershire is outperformed by all the other comparator areas, the only exception being the Marches.

Infrastructure and human capital

In evaluating Worcestershire LEP area's stock of human capital and infrastructure we have focused particularly on the skills profile of the resident workforce, fixed broadband speeds, the total value of the commercial and industry floor space and the efficiency of the planning authority in terms of major developments. Notably, higher skills levels among the resident population are generally considered an essential prerequisite to raising productivity, facilitating the shift towards higher value-added, higher wage economic specialisation (Table D4).

In summary:

- the Worcestershire LEP generally performs reasonably well in terms of the skills levels of the resident age population (the exceptions being Redditch and Wyre Forest). Around a third of the resident working age population is educated to degree level or above (NVQ4+);
- it would, however, appear that there are some inefficiencies in terms of major developments, with less than half the planning decisions being made within 13 weeks (a target for most planning authorities). Furthermore, the below average change in the total rateable value for commercial and industrial property is indicative of limited growth in the commercial and industrial property market;
- whilst the broadband infrastructure has been improved in recent years, take-up of superfast broadband is still estimated to be relatively low in the LEP area;
- on the infrastructure and human capital measures, Worcestershire's composite performance is slightly better than that of the Marches and Northamptonshire. The best performing LEP, among the selected comparator areas, is Oxfordshire which is ranked 10th among all LEPs.

Entrepreneurship and internationalisation

Under this thematic area, we consider the relative strength and competitiveness of local 'entrepreneurial culture' together with measures of internationalisation ('contestability', or export and import intensity, and foreign-ownership). Whilst inward investment represent the most direct and immediate form of employment generation, increasingly, the impetus

for future local economic and employment growth is likely to rest with the quality of indigenous small and medium sized enterprises (SMEs), particularly those that exploit export and import substitution opportunities (Table D5).

In summary:

- with a business density of more than 6 SMEs per 1,000 working age population and a self-employment rate of nearly 11%, the Worcestershire LEP area is characterised by a relatively strong ‘entrepreneurial spirit’. To some extent this reflects the rural character of parts of the Worcestershire LEP area;
- somewhat surprisingly given its performance on the other entrepreneurial measures, the Worcestershire LEP area appears to have a relatively low enterprise churn rate, which is indicative of limited competition (and/ or ‘creative destruction’);
- in terms of the internationalisation measures, it is clear that the Worcestershire LEP area has an above average share of employment in sectors that have a higher than average propensity to export and/ or import. The proportion of foreign-owned enterprises is marginally below the national average⁵³, although they account for a substantially lower share of employment and turnover than the national average. Notably, foreign owned businesses account for a particularly high share of employment and turnover in Redditch and Worcester; and
- Worcestershire’s performance in terms of the entrepreneurship and internationalisation measures is generally comparable or better than the selected comparator areas. Indeed, only Gloucestershire and the Marches are ranked higher than Worcestershire on the composite measure.

Innovation, knowledge and technology

Innovation, knowledge and technology are key drivers of productivity and economic growth. Indeed, recent estimates by NESTA suggests that knowledge capital, TFP (e.g. learning from knowledge spillovers) and general human capital improvement (e.g. formal qualifications, age and experience changes) accounted for nearly half (45%) of UK labour productivity growth between 2000 and 2009⁵⁴.

In evaluating innovation, knowledge and technology we have focused on the occupational structure, employment in technology and knowledge-intensive sectors and patent applications (Table D6).

In summary:

- the Worcestershire LEP area has a comparatively strong high technology manufacturing base, particularly so in Redditch, which is reflected in its score and rank on this measure. However, it still only accounts for 5% of employment in the WLEP area and thus is likely to have only a limited impact of the overall economic growth and standard of living in the area;
- with the exception of Worcester, the WLEP area has a relatively low share of employment in knowledge-intensive services, accounting for 42% of employment compared to 48% nationally;
- perhaps reflecting the strong performance in terms of high technology manufacturing, the Worcestershire LEP also has an above regional average performance in terms of

⁵³ For the majority of the enterprises in the IDBR database the country of ownership is unknown and thus the volume (and rate) of foreign owned enterprises should be considered as the minimum estimates rather than absolute figures.

⁵⁴ NESTA, 2012, UK Innovation Index: Productivity and Growth in UK Industries

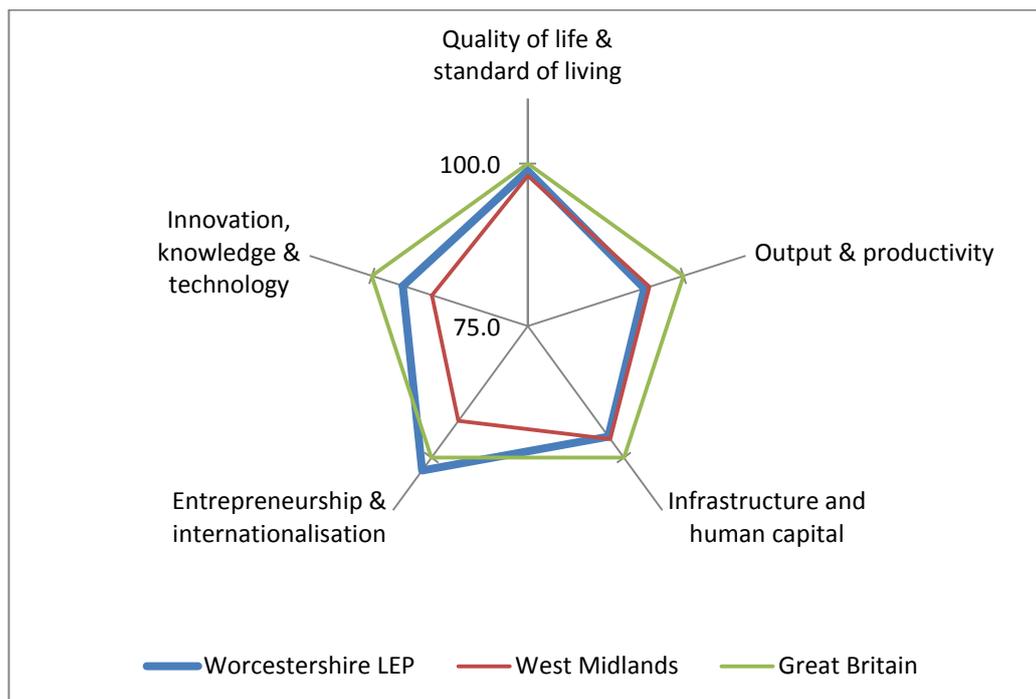
patent applications, although the area still performs below the national average. The national average on this measure is, however, heavily skewed by the performance of the South East of England, London and the East of England;

- in terms of the occupational structure of the LEP area, it would appear that the WLEP economy is slightly polarised, with comparatively high levels of both highly skilled workers and low skilled workers; and
- whilst Worcestershire’s rank in terms of the composite measure is significantly higher than the Marches and Northamptonshire, it is some way behind Gloucestershire and Oxfordshire, which incidentally is ranked as the best performing LEP in England.

Overall profile and performance

The preceding analysis has benchmarked and evaluated the Worcestershire LEP area’s relative performance against a range of key competitiveness factors. By way of summarising the profile and performance of the Worcestershire LEP area, the figure below presents how it scores on each of the thematic areas presented above. Figure D4 uses a radar graphic to compare Worcestershire LEP’s economy overall, relative to the West Midlands region and GB as a whole, whilst Figure D5 compares the individual performance of the constituent local authority districts.

Figure D4: LEGI summary – WLEP



Source: LEGI analysis

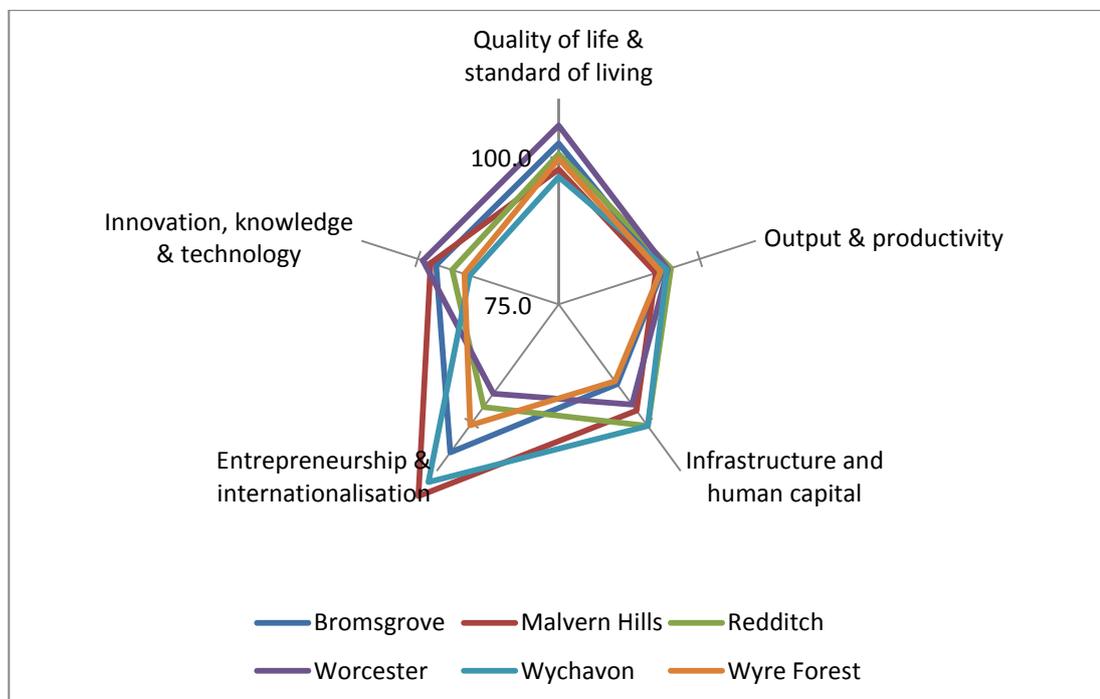
There are several key messages that emerge from the preceding analysis:

- in terms of the sources or determinants of competitiveness and productivity, the Worcestershire LEP’s strongest comparative performance is in relation to entrepreneurship and internationalisation, with this largely reflecting a particularly high SME density rate, self-employment rate and representation of highly ‘contestable’ industries;
- whilst the profile and performance in terms of innovation, knowledge and technology is generally below the national average, there are some encouraging aspects in relation to

this thematic area, including a strong high technology manufacturing base and a high proportion of workers in highly skilled jobs;

- infrastructure and human capital represents an area in which the Worcester LEP exhibits the weakest comparative performance, in terms of its overall rank. To a considerable extent, this reflects its performance in relation to the infrastructure measures, particularly the speed of planning decisions in relation to major developments. However, the WLEP has been working closely with the Local Planning Authorities and a charter has been agreed to ensure that the planning system is business-friendly. Indeed, in terms of the qualifications of the resident working age population the Worcestershire LEP performs reasonably well;
- notwithstanding the strong performance across some of the sources or determinants of competitiveness and productivity (most notably in terms of SME density, self-employment and high tech manufacturing), it is the case that the LEP area still performs comparatively weakly in terms of the key measure of output and productivity (GVA per person/worker), whilst still maintaining a high employment rate. Worryingly, the trajectory of GVA, employment and working age population growth has been relatively weak in recent years; and
- the comparatively weak performance in terms of output and productivity is also reflected in the performance of some of the standard of living measures, most notably average annual earnings. There are also pockets of deprivation across the LEP area, most notably in Redditch. Encouragingly though, the extent of child poverty and claimant unemployment rates are relatively low and life satisfaction is estimated to be slightly higher than the national average.

Figure D5: LEGI summary – Local authority districts



In summary:

- the thematic area in which all constituent local authority districts of the WLEP area perform comparatively well on is entrepreneurship and internationalisation, with this particularly reflecting the strong performance in terms of the SME density and self-employment rate, as well as the share of employment in highly 'contestable' industries;

- the profile and performance in terms of innovation, knowledge and technology is also reasonable strong in some districts (Worcester, Redditch and Malvern Hills), with this particularly reflecting the strong performance in terms of high technology manufacturing and highly skilled work more generally;
- by contrast, infrastructure and human capital appear to be the thematic area with the most consistently weak performance, although this largely reflects the profile and performance in relation to the change in total rateable value and the speed of planning decisions as opposed to the skills levels of the resident working age population; and
- the variant performance across the LEP in relation to some of the sources or determinants of competitiveness has resulted in some differences in terms of output and productivity and ultimately the quality of life and standard of living.

Table D2: Quality of life & standard of living

Area	Average annual earnings (£), 2012			Life satisfaction (average rating), 2011/12			Local CO2 emissions (kilotonnes) per 1,000 population, 2010			Share of population living in most deprived areas, 2008			Child poverty: share of all children (%), August 2010			Claimant unemployment rate (%), May 2013			Quality of life & standard of living	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Bromsgrove	£29,052	109.4	92	7.51	101.4	119	8.9	83.2	291	0.9%	108.9	69	8.1%	109.9	41	2.0%	101.6	97	102.4	145
Malvern Hills	£23,437	88.3	306	7.51	101.4	119	9.0	82.6	296	3.1%	106.7	118	10.5%	107.5	96	2.0%	101.6	97	98.0	236
Redditch	£22,103	83.2	347	7.51	101.4	119	5.6	131.8	89	23.0%	86.8	240	18.2%	99.8	252	3.2%	100.4	216	100.6	185
Worcester	£25,837	97.3	188	7.51	101.4	119	5.4	137.7	70	16.2%	93.6	205	15.9%	102.1	212	3.3%	100.3	228	105.4	92
Wychavon	£25,359	95.5	204	7.51	101.4	119	11.2	66.6	343	1.8%	108.0	93	11.0%	107.0	113	2.0%	101.6	97	96.7	251
Wyre Forest	£21,470	80.9	363	7.51	101.4	119	6.1	121.8	127	16.3%	93.5	206	16.7%	101.3	222	3.7%	99.9	251	99.8	205
Worcestershire LEP	£24,543	92.4	27	7.51	101.4	14	7.8	95.2	24	N/A	N/A	N/A	13.4%	104.6	13	2.7%	100.9	16	98.9	22
West Midlands	£24,617	92.7	8	7.27	98.2	10	7.2	103.4	5	N/A	N/A	N/A	20.7%	97.2	9	4.4%	99.2	9	98.1	6
Great Britain	£26,551	100.0	N/A	7.405	100.0	N/A	7.4	100.0	N/A	9.8%	100.0	N/A	18.0%	100.0	N/A	3.6%	100.0	N/A	100.0	N/A
Northamptonshire LEP	£26,214	98.7	16	7.51	101.4	15	8.2	91.0	28	N/A	N/A	N/A	14.3%	103.7	17	3.5%	100.1	27	99.0	21
Oxfordshire LEP	£29,425	110.8	6	7.485	101.1	18	8.3	89.8	30	N/A	N/A	N/A	10.0%	108.0	3	1.5%	102.1	1	102.4	12
Gloucestershire LEP	£26,604	100.2	15	7.54	101.8	9	7.6	97.8	21	N/A	N/A	N/A	12.5%	105.5	9	2.6%	101.0	13	101.3	15
The Marches LEP	£22,922	86.3	37	7.52	101.6	13	7.9	93.7	25	N/A	N/A	N/A	14.4%	103.6	18	2.8%	100.8	17	97.2	31
Coventry & Warwickshire LEP	£26,885	101.3	13	7.21583	97.4	38	9.3	80.2	33	N/A	N/A	N/A	16.4%	101.6	26	3.0%	100.6	20	96.2	33

Table D3: Output & productivity

Area	GVA per person (£), 2011			GVA per worker (£), 2011			Employment rate (%), January to December 2011-2012 (two-year average)			Average annual GVA growth (%), 2006-2011			Employment growth (%), 2009-2011			Change in working age population (%), 2006-2011			Output & productivity	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Bromsgrove	£16,165	77.6	267	£40,036	86.8	287	74.9%	104.5	122	1.5%	99.0	304	-4.1%	96.2	317	0.2%	96.3	292	93.4	288
Malvern Hills	£16,165	77.6	267	£40,036	86.8	287	71.1%	100.7	222	1.5%	99.0	304	-6.8%	93.5	359	-0.2%	95.9	307	92.3	321
Redditch	£16,165	77.6	267	£40,036	86.8	287	77.4%	107.0	62	1.5%	99.0	304	-3.2%	97.1	289	5.9%	102.0	92	94.9	227
Worcester	£16,165	77.6	267	£40,036	86.8	287	70.1%	99.7	246	1.5%	99.0	304	-0.1%	100.2	160	6.7%	102.8	68	94.3	246
Wychavon	£16,165	77.6	267	£40,036	86.8	287	76.9%	106.5	73	1.5%	99.0	304	-0.6%	99.8	184	-0.8%	95.3	321	94.2	253
Wyre Forest	£16,165	77.6	267	£40,036	86.8	287	74.1%	103.7	139	1.5%	99.0	304	-1.6%	98.8	233	-3.3%	92.7	368	93.1	299
Worcestershire LEP	£16,165	77.6	28	£40,036	86.8	29	74.2%	103.8	15	1.5%	99.0	34	-2.3%	98.1	34	1.3%	97.4	31	93.8	27
West Midlands	£17,486	83.9	8	£39,879	86.5	10	67.8%	97.4	9	1.8%	99.3	10	0.0%	100.3	3	3.8%	99.9	4	94.5	8
Great Britain	£20,843	100.0	N/A	£46,113	100.0	N/A	70.4%	100.0	N/A	2.4%	100.0	N/A	-0.3%	100.0	N/A	3.9%	100.0	N/A	100.0	N/A
Northamptonshire LEP	£20,542	98.6	13	£43,152	93.6	17	76.5%	106.1	4	2.4%	100.0	12	2.2%	102.5	2	3.2%	99.3	16	100.0	13
Oxfordshire LEP	£23,681	113.6	6	£46,412	100.6	11	78.0%	107.6	1	3.1%	100.7	3	1.3%	101.6	6	2.6%	98.7	24	103.8	7
Gloucestershire LEP	£20,242	97.1	14	£43,842	95.1	15	76.8%	106.4	2	1.8%	99.4	23	-0.3%	100.1	15	2.9%	99.0	21	99.5	14
The Marches LEP	£15,921	76.4	31	£38,931	84.4	36	72.6%	102.2	21	1.8%	99.4	25	-1.3%	99.0	25	4.6%	100.7	10	93.7	28
Coventry & Warwickshire LEP	£19,789	94.9	15	£41,531	90.1	20	70.3%	99.9	26	2.1%	99.7	19	1.4%	101.8	5	3.0%	99.1	20	97.6	16

Table D4: Infrastructure and human capital

Area	Highest qualification by share of working age population (16-64 years): NVQ4+ (%), Jan to Dec 2011-2012 (two year)			Highest qualification by share of working age population (16-64 years): NVQ1 or no qual (%), Jan to Dec 2011-2012 (two year)			Superfast broadband take up: share of premises (%), 2012			Change in total rateable value (%), 2005-2010			Planning decisions (major development) within 13 weeks: share of total (%), year ending March 2013			Infrastructure & human capital	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Bromsgrove	33.5%	99.9	161	20.9%	101.9	143	6.3%	99.0	197	19.8%	98.0	153	18.0%	60.3	318	91.8	308
Malvern Hills	38.9%	105.3	80	20.9%	101.9	142	6.3%	99.0	197	22.2%	100.3	108	38.0%	80.3	274	97.3	201
Redditch	24.9%	91.2	307	28.5%	94.3	326	6.3%	99.0	197	10.0%	88.1	307	88.0%	130.3	11	100.6	117
Worcester	33.4%	99.8	165	24.1%	98.7	235	6.3%	99.0	197	15.6%	93.7	218	47.0%	89.3	228	96.1	232
Wychavon	34.2%	100.6	152	20.2%	102.6	132	6.3%	99.0	197	21.2%	99.3	124	59.0%	101.3	148	100.5	120
Wyre Forest	25.0%	91.3	306	26.9%	95.9	303	6.3%	99.0	197	16.1%	94.3	210	33.0%	75.3	295	91.1	313
Worcestershire LEP	31.6%	97.9	17	23.5%	99.3	18	6.3%	99.0	24	16.9%	95.0	22	46.6%	88.8	36	96.0	35
West Midlands	27.1%	93.4	10	27.4%	95.4	11	6.6%	99.3	5	12.8%	91.0	9	61.0%	103.3	2	96.5	8
Great Britain	33.7%	100.0	N/A	22.8%	100.0	N/A	7.3%	100.0	N/A	21.9%	100.0	N/A	57.7%	100.0	N/A	100.0	N/A
Northamptonshire LEP	28.3%	94.7	27	24.4%	98.4	23	7.4%	100.1	18	3.3%	81.4	39	60.5%	102.7	13	95.4	38
Oxfordshire LEP	45.9%	112.3	2	17.2%	105.6	2	7.7%	100.4	15	11.6%	89.7	33	51.4%	93.7	32	100.3	10
Gloucestershire LEP	36.1%	102.4	9	20.5%	102.3	10	6.1%	98.8	25	18.4%	96.5	19	49.9%	92.2	34	98.4	19
The Marches LEP	28.5%	94.9	26	24.1%	98.7	21	3.7%	96.4	33	14.6%	92.7	26	46.2%	88.4	38	94.2	39
Coventry & Warwickshire LEP	30.9%	97.2	18	26.1%	96.7	33	8.2%	100.9	13	11.8%	89.9	32	62.3%	104.5	8	97.8	22

Table D5: Entrepreneurship & internationalisation

Area	Number of VAT and/or PAYE based SME enterprises per 1,000 working age population, 2012			Enterprise churn rate (sum of births and deaths): share of total (%), 2012			Self-employment rate (%), January to December 2011-2012 (two year average)			Employment in highly 'contestable' (export/import intensive) industries: share of total (%), 2011			Foreign-owned enterprises: share of total (%), 2010			Entrepreneurship & internationalisation	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Bromsgrove	7.1	136.0	81	18.6%	97.5	284	10.7%	101.3	150	15.0%	96.4	272	0.9%	99.7	167	106.2	98
Malvern Hills	8.9	170.4	24	17.9%	96.8	313	15.0%	105.6	28	23.1%	104.5	46	0.5%	99.3	275	115.3	22
Redditch	4.3	82.7	259	20.1%	99.0	188	6.1%	96.7	342	21.8%	103.2	67	2.4%	101.2	21	96.6	248
Worcester	4.0	76.8	281	21.8%	100.7	102	7.2%	97.8	297	12.4%	93.8	332	1.1%	99.9	106	93.8	298
Wychavon	8.1	154.4	46	18.4%	97.3	290	13.6%	104.2	48	24.7%	106.1	35	1.2%	100.0	90	112.4	39
Wyre Forest	5.3	101.2	195	19.1%	98.0	242	11.2%	101.8	128	20.4%	101.8	99	0.5%	99.3	287	100.4	196
Worcestershire LEP	6.2	118.9	13	19.1%	90.5	29	10.6%	112.8	14	19.1%	102.7	13	1.0%	87.4	14	102.4	11
West Midlands	4.8	91.8	6	20.5%	96.9	4	8.5%	90.4	6	18.3%	98.4	7	1.0%	87.5	3	93.0	6
Great Britain	5.2	100.0	N/A	21.1%	100.0	N/A	9.4%	100.0	N/A	18.6%	100.0	N/A	1.2%	100.0	N/A	100.0	N/A
Northamptonshire LEP	5.6	107.7	21	20.0%	98.9	23	10.0%	100.6	16	21.4%	102.8	2	1.2%	100.0	10	102.0	18
Oxfordshire LEP	6.4	122.5	9	18.0%	96.9	35	9.5%	100.1	21	17.1%	98.5	28	1.5%	100.3	5	103.7	12
Gloucestershire LEP	6.6	127.0	6	18.5%	97.4	33	11.7%	102.3	4	19.0%	100.4	14	0.9%	99.7	21	105.4	7
The Marches LEP	6.7	128.2	4	17.5%	96.4	39	11.3%	101.9	8	19.8%	101.2	9	0.6%	99.5	32	105.4	5
Coventry & Warwickshire LEP	5.3	102.5	23	21.4%	100.3	7	8.6%	99.2	29	17.6%	99.0	23	1.3%	100.1	8	100.2	23

Table D6: Innovation, knowledge and technology

Area	Number of patent applications per 100,000 working age population, 2005-2010			Highly skilled - share of total (%), workplace-based, January to December 2011-2012			Low skilled - share of total (%), workplace-based, January to December 2011-2012			Employment in high/medium-high technology industries; share of total (%), 2011			Employment in knowledge-intensive service industries; share of total (%), 2011			Innovation, knowledge & technology	
	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Value	Score	Rank	Score	Rank
Bromsgrove	61.1	106.4	114	45.5%	101.9	94	30.7%	103.9	65	3.0%	100.1	173	45.8%	97.5	174	96.7	115
Malvern Hills	61.1	106.4	114	50.4%	106.8	38	30.1%	104.5	57	5.2%	102.3	68	43.2%	94.9	227	97.8	113
Redditch	61.1	106.4	114	42.1%	98.5	151	40.5%	94.2	289	10.3%	107.4	11	37.6%	89.3	325	93.9	132
Worcester	61.1	106.4	114	53.1%	109.5	29	30.6%	104.1	61	3.0%	100.1	173	50.0%	101.7	99	99.1	104
Wychavon	61.1	106.4	114	36.0%	92.4	269	43.6%	91.0	343	5.5%	102.6	58	36.1%	87.8	346	90.8	167
Wyre Forest	61.1	106.4	114	34.1%	90.5	310	39.1%	95.6	259	4.8%	101.9	77	38.7%	90.4	314	91.7	154
Worcestershire LEP	61.1	106.4	14	43.8%	100.2	12	36.0%	98.7	15	5.2%	102.3	3	42.1%	93.8	35	95.1	18
West Midlands	45.6	98.8	6	39.7%	96.1	7	37.8%	96.9	7	4.3%	101.4	2	45.0%	96.7	9	90.4	6
Great Britain	47.7	100.0	N/A	43.6%	100.0	N/A	34.7%	100.0	N/A	2.9%	100.0	N/A	48.3%	100.0	N/A	100.0	N/A
Northamptonshire LEP	49.4	100.9	18	36.1%	92.5	33	41.4%	93.3	35	3.6%	100.7	17	43.3%	95.0	30	96.5	29
Oxfordshire LEP	269.5	144.8	2	52.0%	108.4	2	27.8%	106.8	2	3.9%	101.0	16	52.4%	104.1	3	113.0	1
Gloucestershire LEP	99.4	119.0	10	45.3%	101.7	10	32.3%	102.3	8	6.5%	103.6	1	46.0%	97.7	21	104.9	10
The Marches LEP	21.3	79.1	37	37.1%	93.5	31	39.4%	95.2	30	4.7%	101.8	7	43.1%	94.8	32	92.9	35
Coventry & Warwickshi	81.8	114.0	12	43.1%	99.5	15	35.3%	99.4	13	5.1%	102.2	5	46.3%	98.0	18	102.6	12

Strategic, national and EU policy context

The UK is currently in a period of wide-ranging policy reform and public funding austerity. The Coalition Government's key priorities of driving growth, together with reducing the national deficit are closely linked. The new model of sustainable and balanced growth is based on a larger and more dynamic private sector, with increased business investment.

The Government is committed to rebalancing the UK economy - structurally, geographically and sectorally. Its Plan for Growth aims 'to achieve strong, sustainable and balanced growth that is more evenly shared across the country and between industries' (HM Treasury, 2011).

The Strategy for Sustainable Growth (BIS, 2010) sets out long-term plans for 'a sustainable economy that is greener, more enterprising, more technologically advanced, more balanced across the regions and grounded in diverse sources of sectoral strength.' It states that sustainable growth must be driven by the private sector and requires investment in the UK's productive capacity.

In terms of the sectoral focus for growth, the Plan for Growth (2011) lists a number of sectors that could be targeted for growth (and proposals for how this could be encouraged). The priority sectors included advanced manufacturing, construction and tourism, which are important sectors in the Worcestershire economy.

The policy priorities of the EU's growth strategy (Europe 2020) are that growth should be:

- smart, through more effective investments in education, research and innovation;
- sustainable, through a move towards a low-carbon economy; and
- inclusive, with a strong emphasis on job creation and poverty reduction.

The Common Strategic Framework (CSF) has a number of objectives to which Structural and Investment Funds will contribute: RTDI (Thematic Objective 1 - TO1); ICT (TO2); SME competitiveness (TO3); Low carbon (TO4); Climate change adaptation (TO5); Environmental protection (TO6); Sustainable transport (TO7); Employment (TO8); Social inclusion (TO9); and Skills (TO10).

Market failures and barriers to growth and jobs

The Strategic Economic Plan and ESI Funds Strategy have been designed to tackle a range of market failures and barriers to the growth of Worcestershire, including:

- externalities represent one of the main areas of market failure that needs to be addressed. Externalities occur when businesses or individuals do not bear the full costs and/or benefits of their activity. For example, investment by a firm in research and technological development may benefit the sector as a whole, as well as the individual business. Where such externalities exist, the market will not deliver an efficient quantity of a good or service. Indeed, when making business decisions people tend to ignore 'external' costs or benefits. Consequently, when activities result in 'external' benefits (positive externalities – e.g. education and training) there will be an under-production of the good/service in question from the point of view of society as a whole. Similarly, when activities result in 'external'

costs (negative externalities – for example, environmental pollution) there will be an over-production;

- another type of market failure relates to information failures, which may lead to underinvestment in particular areas, including new technologies (such as superfast broadband), innovation and energy efficiency. In markets such as those for new technologies, there can be a high degree of uncertainty. This can often lead to people not being confident enough to make investment decisions. Innovation, for example, is by definition an uncertain business. Those with ideas for creating a new product or process cannot be sure that the technology works, that there will be a market demand or that others will not get to the market beforehand with a similar or better product. An SME is often vulnerable financially because its success is tied to its core business and it cannot diversify its risks. In undertaking an investment in R&D, an SME is spending a large proportion of its budget in an area in which the returns and associated timescales are uncertain. There is at present no market to enable firms to insure against this risk because of the usual market failures associated with insurance markets (adverse selection and moral hazard). This risk therefore can and does lead to SMEs ‘playing it safe’;
- in terms of barriers to growth, the lack of basic skills, higher-level and sector-specific skills deficits, infrastructure, the environment and suitable business and residential accommodation represent significant concerns;
- unemployment among young people, including university graduates, represents a significant issue for Worcestershire and the UK as a whole. The delay in entering the labour market will impact on the lifetime earnings potential and may increase the likelihood of becoming disengaged from the labour market in the longer term. The effect of a situation whereby university graduates are forced to take jobs that do not use their skills may result in university graduates finding themselves demoted, at least in the eyes of potential employers, to the status of low-skilled workers, which will mean that their education goes to waste; and
- another significant barrier to growth, and important characteristic of unemployment in recent years, is that a much greater proportion of the unemployed are out of work for 12 months or longer. Some economists would argue that this represents the greatest barrier to employment, as opposed to a shortage of skills. Indeed, research has shown that businesses are wary of hiring people that have been unemployed for more than six months. Thus, if workers who have been jobless for extended periods come to be seen as unemployable, that represents a long-term reduction in the economy’s effective workforce and hence its productive capacity.

Further details on the specific market failures that will be tackled by the SEP are set out in the logic chain in Appendix C.

Future drivers and trends

In order to develop an effective strategy it is important to understand the key drivers of future change. Whilst there remains very considerable uncertainty over the precise nature of future

developments and trends, recent forecasts for the UK economy and of Worcestershire have been reviewed and the implications of key drivers of growth assessed.

Most commentators predict a continuing period of slow growth. The scale of the slump is such that ‘normal’ patterns of economic growth cycles do not necessarily apply. However, taking a medium to longer term perspective, economic growth and population forecasts indicate:

- the latest independent average medium term growth forecast for the period 2014-2018 presented by HM Treasury suggests that the UK economy will grow in 2014 (growth of 2.7%) and then steadily grow over the next few years (by 2.5% in 2018);
- reference case (without intervention) forecasts produced by Cambridge Econometrics estimate that the Worcestershire economy will grow to £2.1 billion (2009 prices) by 2025, representing a 23.6% increase on the baseline in 2013. In terms of employment, the Worcestershire economy is forecast to create an additional 15,600 jobs by 2025 (+6.0%). In comparison, the West Midlands and the UK are forecast to grow in total by 23.8% and 25.7% in terms of GVA and by 7.7% and 6.5% respectively in terms of employment. However, due to supply-side constraints, which are not reflected in the economic forecasts, it is considered unlikely that this scale of growth would be achieved without significant public sector intervention; and

Figure E6(a): Forecast GVA growth

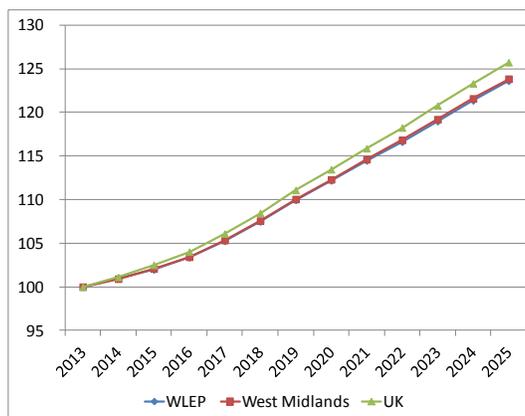
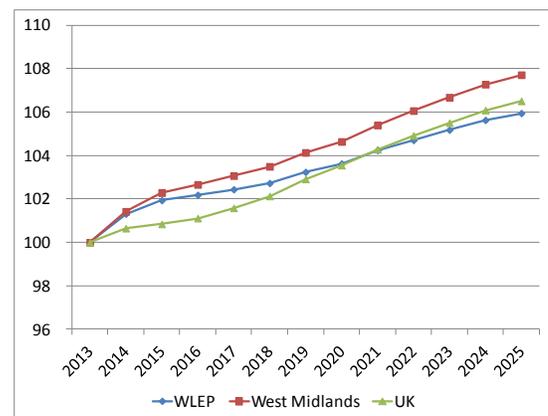


Figure E6(b): Forecast employment growth



- Worcestershire’s working age population (16-64 years) is shrinking in absolute terms as well as in proportion to the total population as a result of demographic ageing. This trend is forecast to continue in the medium term, with the working age population forecast to fall by 3.1% in absolute terms by 2021 (from some 356,000 to 345,000). By contrast, in the West Midlands as a whole, the working age population is projected to grow by nearly 65,000 by 2021, representing an increase of 1.8%. However, after allowing for changes in the retirement age, the working age population of Worcestershire is forecast to increase, albeit at a lower rate than the West Midlands. Overall, the population is forecast to increase by approaching 5% by 2021 in Worcestershire. These demographic trends will have important implications on labour supply, consumer demand and housing

- Major economic investment in Birmingham and Solihull. Developments particularly at Longbridge, Birmingham City Centre, HS2, Solihull's 'UK Central' and through Jaguar Landrover's anticipated £1.5 billion investment in Solihull.

Further to the above headline forecasts, there are also a number of structural emergent trends:

- major economic restructuring of the UK economy and other western economies are undergoing major economic restructuring. The core, structural problem of the 'old' economy was that much of the incremental employment growth, and to a lesser extent GVA growth, over the past couple of decades was accounted for by sectors such as retail and real estate, as well as the public sector. Notably, these sectors are characterised by their non-tradable nature and localised demand profile (i.e. predominantly serving domestic markets). Given the significant public sector cuts and reduced consumer spending in the UK and locally, Worcestershire cannot afford to rely on these sectors in the future. It will therefore be important to build upon the significant potential of the traded manufacturing base of Worcestershire;
- the ascent of the BRIC (Brazil, Russia, India and China) economies - the other big structural shift in the global economy is that economic growth is increasingly taking place outside the UK and other western economies. Indeed, the last decade saw the BRIC economies becoming major players in the global economy, with their share of world GDP growing from a sixth to almost a quarter (in purchasing power parity (PPP) terms). This should be viewed as a market opportunity rather than a threat. Indeed, the 'winners' in the next economy will be those who support firms to tap into emerging markets through exports and new sources of aggregate demand;
- the re-emergence of manufacturing opportunities in advanced economies - a new era of truly global manufacturing opportunities and a strong long-term future for manufacturing, in advanced and developing countries, is emerging. The new era of manufacturing will be marked by highly agile, networked enterprises that use information and analytics as skilfully as they employ talent and machinery to deliver products and services to diverse global markets. It is important that Worcestershire responds to this evolving nature of manufacturing and act on the powerful trends shaping the global competitive environment, in order to thrive and grow;
- adoption of low carbon and environmental goods and services - leaders in the next economy will invent and deploy clean economy goods and services. Rapid urbanisation worldwide has pushed up the global demand for environmentally friendly goods and services, such as energy efficient appliances and building technologies, smart grid, sustainable land use planning and infrastructure, and organic foods. Hence, UK low carbon and environmental goods and services generated £128.1 billion in sales in 2011/12 (£3.4 trillion globally). The sector is expected to show a steady increase in growth from 4.8% in 2011/12 to 5.9% by 2015/16. The West Midlands currently account for approximately 8% of the UK market in this sector (in terms of sales), primarily driven by alternative fuels, alternative fuel vehicles and wind. WLEP accounts for approximately a tenth of the West Midlands sales, which is largely in line with its share of total employment. Currently, a relative small share of sales are made up of exports - £12.2 billion or less than 10% of sales for the UK as a whole;

- intensity of outsourcing and off-shoring/repatriation - in the future, the intensity of outsourcing is likely to increase. This is likely to involve a broad range of functions – although those activities which are less likely to be involved, either because ‘commoditisation probability’ is low or else because such actions are likely to be unsustainable:
 - proximate tasks requiring face-to-face contact or the physical movement of products (e.g. retail (non-internet), wholesaling and construction);
 - high knowledge content value add tasks consumed largely at source (e.g. healthcare, professional services); and
 - public sector tasks (though some will be open to unbundling and outsourcing).

As well as the risks of off-shoring the outsourced activities, there are significant opportunities of repatriating supply chains, for example, in the automotive sector with substantial potential for local SMEs.

Appendix E - Growth scenarios

(i) Overview

Cambridge Econometrics has prepared baseline employment and GVA forecasts for the WLEP area and each of the local authority districts within it. These projections, which are broken down by 45 sectors, provide an indication of the likely economic outcomes and structure in Worcestershire if there is no major market change or no new policy intervention (i.e. the reference case). The Cambridge Econometric forecasts have been used as the basis for modelling three future growth scenarios.

(ii) Business as Usual

The Business as Usual scenario would involve the continuing implementation of existing policies and achieving growth in line with the reference case Cambridge Econometric forecasts. Given the existing supply-side constraints, it is uncertain whether the reference case (or baseline) growth forecasts could be achieved because of barriers that would remain without public sector intervention. In particular, without the successful implementation of current programmes/projects there would be concerns relating to labour and property market supply issues.

Table E1 sets out the baseline forecasts for the WLEP area in terms of both GVA and employment. Under the Business as Usual scenario, GVA within Worcestershire between 2013 and 2025 is forecast to grow in total by 23.6%, compared to growth at the regional and national level of 23.8% and 25.7% respectively. Employment within the WLEP area is forecast to increase by 6.0%, which is below the projected rate for the West Midlands of 7.7% and for the UK of 6.5%.

Table E1: Baseline forecasts – Business as Usual scenario				
GVA (2009) prices)	2013 £million	2025 £million	Change	
			No. (£million)	%
WLEP	9,026	11,156	2,130	23.6
West Midlands	94,640	117,200	22,560	23.8
UK	1,288,966	1,620,622	331,656	25.7
Employment	2013 (000s)	2025 (000s)	Change	
			No. (000s)	%
WLEP	261.3	276.9	15.6	6.0
West Midlands	2,667.0	2,872.8	205.8	7.7
UK	32,086.2	34,176.0	2,089.8	6.5

Source: Cambridge Econometrics

(iii) Smart Efficiency

A Smart Efficiency scenario has also been modelled that seeks to reflect a programme of additional interventions to enhance productivity through targeting opportunities to remove barriers and enhance GVA growth, in particular in key sectors. As part of this scenario, there would be focused intervention to address supply and demand-side issues (see Appendix D).

Under the Smart Efficiency scenario, the forecast growth in employment within the WLEP area would remain the same as projected under the reference case (Business as Usual). However, GVA within Worcestershire would grow by 25.7% between 2013 and 2025, equal to the GVA growth rate forecast for the UK (see Table E2). The average GVA per employee figure within Worcestershire would therefore be slightly higher under the Smart Efficiency scenario, at £40,990, than under the Business as Usual scenario (£40,290).

Table E2: Smart Efficiency scenario				
GVA (2009) prices)	2013 £million	2025 £million	Change	
			No. (£million)	%
WLEP	9,026	11,349	2,322	25.7
West Midlands	94,640	117,200	22,560	23.8
UK	1,288,966	1,620,622	331,656	25.7
Employment	2013 (000s)	2025 (000s)	Change	
			No. (000s)	%
WLEP	261.3	276.9	15.6	6.0
West Midlands	2,667.0	2,872.8	205.8	7.7
UK	32,086.2	34,176.0	2,089.8	6.5

(iv) Smart Efficiency and Growth

A third scenario – Smart Efficiency and Growth – has been modelled that reflects the Smart Efficiency scenario plus additional focus on inward investment, a business growth package and further interventions to address supply-side constraints. This scenario would comprise focused programmes to:

- develop a model which co-ordinates offers and interventions, locally and nationally, to improve productivity and support business start-up, growth, exporting and innovation more effectively;
- co-ordinate and attract inward investment;
- support the development of target sectors – which will continue to be a key focus for growth;
- ensure the supply of suitably skilled labour and increase employment;
- raise the profile of Worcestershire as a business location; and

- ensure the availability of readily available premises and relocation sites with high quality infrastructure and attractive business environments.

The Smart Efficiency and Growth scenario is forecast to deliver over 25,000 jobs and an increase in GVA of £2.9 billion (2009 prices) by 2025⁵⁵ – the growth rates for Worcestershire in both cases would be higher than the reference case projections for the UK and West Midlands (see Table E3). Productivity (GVA/employment) is expected to increase above the reference case West Midlands’ level. The employment rate would increase under this scenario to 78.7%.

Table E3: Smart Efficiency and Growth scenario				
GVA (2009) prices)	2013 £million	2025 £million	Change	
			No. (£million)	%
WLEP	9,206	11,914	2,888	32.0
West Midlands	94,640	117,200	22,560	23.8
UK	1,288,966	1,620,622	331,656	25.7
Employment	2013 (000s)	2025 (000s)	Change	
			No. (000s)	%
WLEP	261.3	287.4	26.1	10.0
West Midlands	2,667.0	2,872.8	205.8	7.7
UK	32,086.2	34,176.0	2,089.8	6.5

⁵⁵ This would equate to 10,000 additional jobs and £760 million in GVA above the reference case in 2025.



Appendix F – City and Town Centre Investment Programme

City and Town Centre Investment Programme

For the last decade economic growth in Worcester city and the markets towns of Worcestershire has been limited by a lack of quality new employment development opportunities. This situation can change dramatically in the short-term with the delivery of packages of intervention aimed at releasing employment land, enabling significant new housing sites and improving the transport and civic amenity of the city and town centres. Reinforcing the economic opportunity of Worcester city and the main towns is a key part of the SEP, and there is a package of activity in each covering the strategic programmes and priorities of the SEP in addition to the package of transport improvements being promoted through the Local Development Plans.

For example in Pershore the situation can change dramatically and quickly in the next few years with the potential to the north of the town for three major adjoining employment sites to deliver 15 hectares of development land and the associated new and retained jobs linked to three major new residential sites (combined capacity of 600 homes). These sites are identified in the South Worcestershire Development Plan and now have landowners who wish to bring them forward for development and a number of businesses (representing manufacturing, distribution and agri-tech sectors) expressing interest in developing and occupying space. However, in order to secure development substantial improvements are required to the local road network which already suffers from major congestion at the Pinvin crossroads (A44 junction with A4104). The Pershore Northern Link, which has been planned for over 20 years, can only be facilitated and delivered by the public sector partners, and will provide substantial additional traffic capacity to enable development and growth.

The economic potential of Pershore is illustrated by the recent purchase of local manufacturing company Allen Gears by US giant GE together with the existing presence of advanced engineering companies such as Winstanley, Blade Engineering and Accura Geneva. In addition the town and surrounding area is home to a number of key horticulture and food production companies such as Ferryfast, Evesham Vale Growers and Sandfields Farm.

Wider examples of programme development are in Kidderminster where the Re-Wyre initiative is central to the package proposals. This activity is the culmination of extensive work with local employers and the community, while in Redditch the recent sale of the shopping centre provides the opportunity to consider more comprehensive redevelopment including the reconfiguration of public sector occupation of the town centre through the Joint Property Vehicle, and consideration for how the collar of the town centre ring road can be broken. A package of activity that can enable redevelopment and renewed focus to the town centre

The tables below set out examples of specific projects for each of the key Worcestershire towns and include a brief description and the relationship to strategic Development for Growth and other programmes. These projects are at different stages of development, but are important elements of the overall packages.

Delivery of the projects will be taken forward through an integrated series of programmes identified in the SEP. The Growing Places Extension Programme will deliver loan and investment facilities to enable the early delivery of strategic and local employment sites. As a revolving fund priority will be given to impact and deliverability of individual projects with receipts over

time reinvested in further rounds of projects. In addition the Town Centre Investment programme will seek to deliver sustainable transport and amenity scheme to support the Local Development Plans and more specific proposals that emerge in the town centres over time. The Worcester City Masterplan programme will ensure that the city realises its full economic potential.

Malvern

Project	Description	Programme	Status	2015 /16 Activity
Newlands	Enable efficient delivery of strategic site of 600 housing units and 6 ha of employment land	Housing	Detailed design	Delivery of primary highway access to enable site
Three Counties	Potential employment growth linked to major local employer	Growing Places Extension	Feasibility	Planning
Malvern Technology Park	Redevelopment of land released by QinetiQ	Game changer	Delivery	Construction of Phase 4 plus
Town centre highway improvements and amenity	Work to group of traffic junctions to maximise capacity and enable growth	Game changer/ transport	Design	Delivery of highway solutions
Blackmore Park	Ensure delivery of employment site benefits within short term, and delivery new allocation of employment land over time	Growing Places Extension	Design	Development and occupation by new occupiers.
Malvern railway station	Improved layout, access and amenity of station	Transport	Completed	

Redditch

Project	Description	Programme	Status	2015/16 activity
Town Centre restructure	The release of public sector land to enable market-based redevelopment proposals	Joint property vehicle and transport	feasibility	Detailed design
Eastern Gateway	Development of a new employment area of the town	Game Changer	Detailed feasibility	Construction of primary infrastructure
A435 Development Corridor	Potential corridor for future development	Growing Places Extension	feasibility	Detailed feasibility
Rail station improvements	Improved configuration of station and services	Transport	Feasibility	Detail design

Bromsgrove

Project	Description	Programme	Status	2015/16 activity
Town Centre redevelopment	Reconfiguration of public sector facilities to enable new development	Town Centre investment	Delivery	Completed
A38 Corridor	Significant work to major junctions	Transport	feasibility	Detailed design
Railway station redevelopment	Redevelopment of station platforms and amenity to enable electrification of line	Transport	Detailed planning	Completed
Bromsgrove Technology Park	Development finance to enable next phase of development	Growing Places Extension	feasibility	Detailed design

Pershore

Project	Description	Programme	Status	2015/16 activity
Growth Zone	Construction of new highway bridge to release development and growth	Transport	Detailed feasibility	delivery
Throckmorton	Development of renewable technology park and associated development	Growing Places Extension	Early stage feasibility	Detailed design

Kidderminster

Project	Description	Programme	Status	2015/16 activity
Silverwoods Phase 1	Delivery of initial housing scheme	Growing Places Extension	delivery	completed
Hoobrook Phase 2	Construction of a new highway bridge to enable wider growth	Game changer / transport	Detailed design	construction
Stourport development corridor, and Hoobrook Industrial estate	Wider set of development opportunities associated with the Hoobrook scheme	Game changer	feasibility	Detailed design
Kidderminster Interchange	Reconfiguration of the rail station and wider public realm	Town centre investment	Detailed design	delivery
Church fields	Redevelopment of Brownfield town centre sites	Housing Investment	Feasibility	delivery

Evesham

Project	Description	Programme	Status	2015/16 activity
Vale Park	Extension of the existing employment area	Growing Places Extension	Feasibility	Delivery
A46 incremental improvements	Improvement to the highway corridor through the town and the local area	Transport	Early feasibility	Detailed design

Worcester city centre

Project	Description	Programme	Status	2015/16 activity
University Park	Creation of a centre of learning, enterprise, research and wellbeing on 20 ha commercial development site	Strategic employment land	Early phase delivery	Further phases of commercial development
Worcester South,	Creation of an urban extension to the city of 2,800 homes and related civic amenity and 16 ha of employment land	Housing investment	Current planning applications	Infrastructure development and early plot access
Worcester West	Strategic housing and mixed-use scheme of 975 homes and ancillary development of 5ha of employment land	Housing investment	Current planning application on early phase	Delivery on site
City access and movement	Reinforce the public realm structure of the city linking the historic core, the cathedral and major sporting venues via the established public spaces and streets - Cathedral Square, Corn Market and Market Square and potential to open up the river frontage	Worcester City Centre Investment Programme	Feasibility	Early phase delivery
Green Skywalk	Creation of a high level walkway through the city from a disused viaduct	Worcester City Centre Investment Programme	Feasibility	Detailed design
Royal Porcelain Works	Redevelopment of redundant works as arts and cultural hub of the city	Worcester City Centre Investment Programme	Detailed design	Delivery
Shrub Hill and Lowesmoor opportunity area	Long-term plan to see an area of the city around a refurbished railway station linked to Parkway and redeveloped as mixed-use commercial office location	Worcester City Centre Investment Programme	Feasibility	Early phase planning
Rapid Transit link	To link the city centre with Parkway station to drive accessibility and growth	Worcester City Centre Investment Programme	feasibility	Detailed design
Worcester Technology Park	Development of a new technology park of up to 60 ha of land adjacent to Jn6 of M5. Site provides premier location for new investment in the county and creates commercial 'gateway' to a growing and dynamic city.	Game Changer Programme	Planning	Construction of primary infrastructure and early phase development



Appendix G - Transport Infrastructure Programme

Transport infrastructure programme

Introduction

An efficient multi-modal transport network is essential in supporting and sustaining economic growth and success in modern economies. The quality of transport infrastructure and services, and how comprehensive the transport network is, will influence and contribute to the functioning of a successful economy. Where investment in transport infrastructure and services has been inadequate, this has been shown to adversely impact on future growth and competitiveness. This is an issue for parts of Worcestershire.

Worcestershire's road, rail, bus, cycle and walk network provides the essential connectivity between the county's urban and rural areas and also the links to the West Midlands region, the wider UK as well as the rest of the world (via international hubs such as Birmingham International Airport, Heathrow Airport and in the future, HS2).

To support the economy and the county's quality of life, the Worcestershire transport network needs to operate efficiently. It must enable people to access employment; deliver the county's products to markets; underpin its supply chains and logistics and support its domestic and international trade.

Worcestershire's transport network must be accessible to all and deliver fast and reliable journeys for people and goods. Those sections of the network which are slow and unreliable do not and will not provide the necessary access to key destinations such as employment opportunities and markets. Worcestershire is strategically well located but its transport network is constrained by a number of specific pinch points which inhibits economic performance. Removing these will accelerate local economic growth significantly.

It is recognised by WLEP and its partners that additional investment in Worcestershire's transport infrastructure and services is essential to provide business with improved access to markets and employees and encourage economic growth. This investment in transport infrastructure (across all modes) forms an important element of the strategy of supporting sustainable economic growth.

The WLEP has been working closely with Worcestershire County Council, the county's six Local Planning Authorities and the business community to develop and deliver critical packages of transport infrastructure schemes to increase network capacity and accessibility to support planned new local development and growth. This has included using current best knowledge on the type, quantum, location and phasing of development growth. For example, the partners have been working together to develop comprehensive packages for key areas in South and North Worcestershire.

The proposed revolving Infrastructure Investment Programme would be a key component in accelerating the delivery of transport projects.

Worcestershire County Council Local Transport Plan (LTP3)

The Worcestershire LTP3 was formally adopted by Council in February 2011⁵⁶. It is a comprehensive statutory document covering all major modes of transport and forms the basis of the policy and strategy context for transport investment decisions in Worcestershire.

The Plan focuses on attracting and supporting economic investment and growth by delivering transport infrastructure and services to tackle congestion and improve the quality of life. In particular the Plan identifies key pinch points which act as barriers to economic growth. LTP3 is consistent with Worcestershire's Sustainable Economic Strategy and emerging District Local Plans and responds directly to key national objectives on: economy and growth; tackling climate change; contributing to safety security and health; promoting equality of opportunity; and improving the quality of life.

LTP3 provides the policy and strategy context for transport and infrastructure across the county to 2026 and beyond and has been an essential starting point for the Strategic Economic Plan.

The LTP3 identified the need for the development and delivery of a range of major transport schemes and packages to support the delivery of the authority's policies and priorities.

Local Development Plans and Core Strategies

The status of Worcestershire's Local Development Plans is as follows:

- Wyre Forest Core Strategy: Adopted 2010/11⁵⁷;
- South Worcestershire Development Plan (SWDP): Submitted to Secretary of State May 2013 and now subject of Examination in Public with the Planning Inspectorate⁵⁸.
- Bromsgrove Local Plan and Redditch Local Plan: In Draft, submission recently made to Secretary of State⁵⁹;

The quantum of development planned for Worcestershire is significant:

- South Worcestershire (Malvern Hills District, Worcester City and Wychavon District):
 - +27,300 net dwellings (This is subject to review as part of the SWDP Examination in Public)
 - +165 Ha Commercial development
 - This will generate approximately 0.7m additional person trips per day by the end of the plan period

⁵⁶ http://www.worcestershire.gov.uk/cms/pdf/LTP3_MAIN_DOC_PUBLIC_FINAL.pdf

⁵⁷ <http://www.wyreforestdc.gov.uk/cms/Files/CS%20Adopted%20documentWeb.pdf>

⁵⁸ <http://www.swdevelopmentplan.org/>

⁵⁹ <http://www.bromsgrove.gov.uk/cms/environment-and-planning/planning/strategic-planning/adopted-local-plan.aspx/>
<http://redditch.whub.org.uk/cms/environment-and-planning/planning-services/planning-policy/development-plan/emerging-local-plan-no4.aspx>

- Bromsgrove District & Redditch Borough Local Plans:
 - Bromsgrove: +6,900 dwellings and 33Ha of employment development
 - Redditch: +2,951 dwellings and 30Ha of employment
 - Cross-boundary development: +3,400 dwellings
- Wyre Forest District Core Strategy:
 - + 3,392 dwellings
 - + 21Ha Commercial development

Scheme and Package Development and Prioritisation

General Approach

The LEP has taken a comprehensive approach to scheme/package development including:

- established baseline conditions and problems/issues in respect of transport network support of delivery of agreed policies and objectives;
- forecast future performance of transport network taking account of committed and planned development (using appropriate transport models and tools – see below);
- identified the key ‘failures’ of the transport network including pinch points and gaps in network provision, across all modes of transport;
- identified potential schemes/packages to address identified problems, including initial estimate of costs and benefits;
- undertaken initial assessment of schemes/packages using appropriate prioritisation tool (primarily DfT EAST programme);
- identified prioritised list of schemes/packages for early development and potentially (subject to funding) delivery; and
- developed schemes/packages and submit funding bids (as required).

Scheme Development and Assessment Tools

The LEP has utilised the range of transport models developed by Worcestershire County Council to support the identification, development and assessment of transport schemes and packages. These include:

(i) Worcester Transport Model (WTM) ⁶⁰

The WTM is a Department for Transport (DfT) WebTAG compliant four stage multi-modal variable demand transport model comprising a detailed travel demand model using EMME3 software, linked to a highway assignment model developed in SATURN and public transport assignment model also in EMME3. The demand model takes population and employment data

⁶⁰ <http://www.worcestershire.gov.uk/cms/transport-and-highways/transport-schemes/worcester-transport-strategy.aspx>

as an input and uses trip rates derived from local household surveys to generate the travel demand across all modes of travel. A distribution model was developed to create trip matrices. A logit model then divides the person trip matrices between the set of modes and time periods being modelled and these trip matrices are subsequently assigned to the transport networks which cover the entire Worcester city network and hinterland in order to assess the impact of the intervention or development being assessed.

The incorporation of discrete development proposals in the form of existing, committed and planned housing and employment proposals means the spatial focus and thus impact of those developments both independently and cumulatively can be assessed robustly across the entire Worcester city highway network. The WTM provides for a more robust appraisal than individual junction assessment models for showing the impacts of development on the wider Worcester network because of its comprehensive study area. The WTM has been reviewed and assessed as a robust transport model by both the DfT and Highways Agency.

The WTM has been used extensively to help develop and assess transport infrastructure proposals, identify the impact of planned developments and also to provide key elements of the evidence base for the development of the Worcester Transport Strategy (WTS) and the Worcester Transport Strategy Phase 1 Major Scheme Business Case which gained full approval from DfT in February 2013.

The WTM has also provided key elements of the evidence base for the Outline Major Scheme Bids for the next phase of the Worcester Southern Link Road (A4440) Capacity Improvements and the Worcestershire Parkway scheme. On the basis of the outline business cases, both bids were recommended for prioritisation by the Worcestershire LTB's Independent Advisors.

(ii) Wyre Forest Model (WFM)

The WFM is a four stage WebTAG compliant variable demand model. The WFM covers the main Wyre Forest area which encompasses the main towns of Kidderminster, Stourport-on-Severn and Bewdley and also extends to cover the rest of Worcestershire, surrounding counties and Birmingham. A comprehensive survey programme was undertaken during October/November 2011 which covered highway and public transport O-D surveys, household interview surveys and an extensive number of manual and automatic traffic counts. Transport models were then developed from and compared to this survey databank to ensure model robustness. The model has been successfully validated and calibrated meeting DMRB standards.

Forecast year matrices have been developed for 2016 and 2031 (representing the proposed opening and design years for the Hoobrook Link Road). Traffic growth has been established via reference to Tempro v6.2 with growth forecasts extracted for the model for the main user classes modelled. In addition LGV and HGV growth has been forecast using growth rates from the NTM.

Land use developments have been incorporated into the model to represent the committed and planned developments within the Wyre Forest area for the two forecast years.

The WFM has been used to help develop and assess transport infrastructure proposals, identify the impact of planned developments and also to provide the evidence base for the development of the Hoobrook Link Road (and wider Kidderminster Transport Package) which

gained Pinch Point Funding from the DfT in 2013/14 and the scheme has also been prioritised by the Worcestershire LTB and Birmingham and Solihull LTB.⁶¹

(iii) South Worcestershire Trip Generation and Distribution Model (SWTGDM)⁶²

This is a spreadsheet based model that combines a number of functions:

- Multi-modal trip generation model;
- Trip routeing model;
- Gravity model; and
- Presentation and analysis of results.

In summary, the model provides a means of assessing the cumulative assessment of the impact on the transport network of the development proposals set out the South Worcestershire Development Plan (SWDP). The development assumptions have been provided by the SWDP planners and are updated as required to reflect any changes to planning proposals. The model provides trip generation data for walk, cycle, passenger transport (bus and rail) and highway for both the AM and PM peak periods and a full 24 hour period.

The SWTGDM assigns vehicle trips to and from each of the development sites in South Worcestershire to a number of destinations, either located in South Worcestershire or in the towns/cities located around the circumference of the South Worcestershire area. The assignment of the trips is based upon the population size and employment numbers of each of these origins and destinations. The trip distribution of all development trips in the gravity model has been calculated in line with relevant current WebTAG guidance, including in terms of values of time. All trips are assigned a route between each of the origin and destination zones.

The SWTGDM has been used to help inform the need for new transport infrastructure and services arising from SWDP growth assumptions. As such it has supported the development of relevant transport packages including those for Droitwich Spa, Evesham, Malvern and Pershore. It has also been used in conjunction with the WTM (above) to identify the transport infrastructure and service requirements for Worcester city.

(iv) Bromsgrove & Redditch Trip Generation and Distribution Model (BRTGDM)⁶³

This is a similar model to that developed for South Worcestershire and described above, but covering Bromsgrove District and Redditch Borough. The BRTGDM has been used to help inform the need for new transport infrastructure and services arising from adopted plans for Bromsgrove District and Redditch Borough and their emerging replacement Local Plans. As such it has supported the development of relevant transport packages including those for Bromsgrove, Redditch and the A38 Corridor between Wychbold and M5 Junction 4.

⁶¹ <http://www.worcestershire.gov.uk/cms/local-transport-plan/transport-guidance.aspx>

⁶² http://www.swdevelopmentplan.org/?page_id=5480#highway

⁶³ <http://www.worcestershire.gov.uk/cms/local-transport-plan/transport-guidance.aspx>

EAST Sifting

A long-list of transport packages and schemes has been identified through this process. These cover all main modes of transport in Worcestershire, including highways, rail local public transport, cycle and walk modes. It also includes supporting measures such as Real Time Information systems where these support more efficient use of the transport network and Smarter Choices measures designed to encourage use of sustainable modes of transport, particularly for journeys in congested urban areas.

To help with the prioritisation and programming process, the transport packages and schemes have been subject to assessment using the DfT EAST spreadsheet based tool. EAST enables an initial assessment of transport packages and schemes in terms of Strategic Case, Economic Case, Management Case, Financial Case and Commercial Case.

The sifting process has also taken account as far as possible the projected build out of development, which has informed the development and phasing of the transport elements of the various IDP's. This has made use of the assumptions provided by the Local Planning Authorities'. Whilst the build-out assumptions will be subject to change in terms of the rate at which the development industry will build-out consented developments, it maintains consistency with the LPA's adopted and emerging local/development plans which have, are being or will be subject to Evidence in Public and have a statutory base.

Finally, the long-list of transport schemes has been subject to review by the Worcestershire LEP as part of the development of the Worcestershire Strategic Economic Plan. This has included taking account of the business perspective on the transport infrastructure and services needed to support economic growth.

Transport Schemes and Packages

Major schemes involve substantial investment in transport infrastructure and services and are designed to deliver commensurately large benefits to Worcestershire's economy, environment and quality of life. The financial scale of investment means that these major schemes cannot be funded solely through the Local Transport Plan process. Worcestershire will bid for funding from central government and the private sector to fund these schemes. This recognises that investment in major schemes will deliver wider benefits to private and public sectors alike.⁶⁴

The Worcestershire SEPs priority transport and infrastructure schemes are outlined below. The WLEP also reaffirms the position of the Worcestershire Local Transport Body in prioritising the following three schemes for major scheme funding for the period 2015/6 to 2018/9:

⁶⁴ Current business case development includes:

- Hoobrook Link Road - to be delivered by April 2016 (subject to funding). See: <http://www.worcestershire.gov.uk/cms/pdf/2.%20Hoobrook%20WLTB%20Bid.pdf>
- Worcestershire Parkway - to be delivered by 2017 (phase 1) and 2019 (Phase 2). See: <http://www.worcestershire.gov.uk/cms/pdf/2.%20Parkway%20WLTB%20Bid.pdf>

- HooBrook Link Road;
- Worcester Southern Link Road⁶⁵;
- Worcestershire Parkway.

Immediate Term Programme – 2015/6

- **Hoobrook Link Road, Kidderminster** – essential to enable access to the South Kidderminster Game-changer site;
- **A4440 Worcester Southern Link Road Improvements (Norton Roundabout)** – essential to partially address a key pinch point and facilitate early delivery of housing and employment site;
- **Kidderminster Rail Station Enhancement scheme** – development of key interchange hub and key access point into Wyre Forest;
- **Flood Alleviation Programme** – implementation of key flood alleviation infrastructure works at critical sites across the county;
- **Worcester Pedestrian Bridge crossing** – to support the further sustainable development of the city centre environment;
- **Public realm enhancement programme** – to expand the current programme of town centre improvement schemes to enhance the public environment and contribute to both the economic development and sustainable travel agendas;

Short Term Programme – 2016/7

- **A4440 Worcester Southern Link Road dualling between the Ketch junction and the M5** – a developer-led scheme essential to deliver the planned growth across South Worcestershire
- **Worcestershire Parkway Station** – construction of a new rail station at the intersection of Worcester to London and Birmingham to Bristol lines – essential for wider connectivity to London and other major regional economies
- **Pershore Northern Link Road** – Construction of a short section of relief road to facilitate delivery of a strategic employment and housing development site
- **Interim M5 Junction 6 solution** – Reconfiguration and additional capacity in the motorway junction to remove a key pinch point to growth – interim solution

Medium Term Programme – 2020

This focuses upon schemes that require indicative support to enable progression through the necessary statutory processes;

- **M5 Junction 6** – Reconfiguration and additional capacity in the motorway junction to remove a key pinch point to growth

⁶⁵ Worcester Southern Link Road (A4440) Capacity Improvements dualling Whittington – Ketch sections (c£31m): To be delivered by April 2019 (subject to funding). See: <http://www.worcestershire.gov.uk/cms/pdf/2.%20SLR%20WLTB%20Bid.pdf>

- **A4440 Worcester Southern Link Road** – the final section of dualling across the existing Carrington Bridge section

Urban Transport Packages

The SEP also supports a wider programme of transport packages required to support sustainable growth across the county. This is critical in an era where Worcestershire will be required to compete for funding.

The urban packages that have been identified in support of growth are summarised below:

- **Droitwich Package** - To be delivered across South Worcestershire Development Plan (SWDP) plan period (approx 55% by 2021);
- **Evesham Package** - To be delivered across SWDP plan period (approx 65% by 2021);
- **Malvern Package** - To be delivered across SWDP plan period (approx 55% by 2021);
- **Pershore Package** - To be delivered across SWDP plan period (approx 65% by 2021);
- **Worcester Transport Package, excluding WTS Phase 1 and Highway Agency (HA) schemes, but including:**
 - Further A4440 SLR dualling improvements;
 - Foregate Street and Shrub Hill station improvements;
 - Key Corridor Enhancements incl. traffic signals, RTIS, VMS, PT infrastructure etc.;
 - Walk and Cycle infrastructure;
- **Bromsgrove Package** - To be delivered across Bromsgrove Development Plan (BDP) plan period including major improvements on the A38 corridor; and
- **Redditch Package** - To be delivered across Redditch Local Plan (RLP) plan period.

The urban area package approach is designed to maximise the efficiency of the transport network by improving accessibility and connectivity to markets, employment opportunities and a range of other facilities by all modes of transport. The multi-modal package approach will:

- support the growth of the Worcestershire economy by reducing travel times and costs imposed on businesses, transport operators and other network users by current and forecast traffic congestion;
- improve access to key employment locations and interchange hubs, including railway stations and settlement centres;
- improve the performance and attractiveness to users of public transport, walk and cycle modes for journeys to / from/within the package area and beyond, thereby helping to better manage traffic conditions; and
- help to reduce harmful transport-related emissions and mitigate air quality issues in specific locations.

The delivery of urban transport packages through an integrated, multi-modal approach is key to maximising the performance of the transport network and providing accessible business, employment, training and social opportunities within Worcestershire.

Delivery of the above schemes is central to delivery of the SEP and of the current and proposed development plans. The lack of certainty over funding in the short and medium term is a significant barrier to growth.

Other Schemes

The WLEP is also seeking Central Government support in relation to the mainline railway services to London and the South East, which are a critical business connection allowing Worcestershire businesses to access key markets, and improvements to Junction 6 of the M5 and the A46 as a strategic route for economic growth.

In terms of rail services, the WLEP is seeking to improve services to/from London (to under two hours) and Oxford on the Cotswold Line and to Birmingham, Bristol and Cardiff. It is also seeking to ensure fast links to HS2 and Birmingham Airport. This will include delivering Worcestershire Parkway, which will help to improve access to London and Birmingham Airport and enabling support to HS2 connectivity. In addition, the WLEP is keen to support improvements to rail lines, stations and services for Kidderminster, Redditch and Bromsgrove.

These schemes include:

- Highways Agency:
 - M5 J6 Short term scheme: To be delivered during first phase of SWDP (by 2021)
 - M5 J6 Long Term scheme: To be delivered during second phase of SWDP (post 2021)
 - A46 Evesham Bypass Junction improvements: To be delivered across SWDP plan period
 - M42 J1 improvements: To be delivered during first phase of BDP (by 2022)
 - M5 J4 improvements: To be delivered during first phase of BDP (by 2022)
 - M5 J4a – J6 Managed Motorway Scheme: Subject to business case, to be delivered during first Phase of SWDP (by 2021)
- Network Rail/Department for Transport/Train Operating Companies:
 - Worcester area re-signalling and track remodelling
 - Cotswold Line further enhancements (including improved timetable associated with the new Greater Western Franchise) to increase speeds and reduce the journey times to London and key destinations
 - Improved services between Worcestershire and Birmingham/West Midlands/HS2 (including improved timetable associated with the new West Midlands Rail/London Midland franchise)
 - Improved station infrastructure (including Kidderminster Station Interchange, Worcestershire Parkway etc.)

Funding and delivery arrangements

Significant funding (over £50 million) is already in place or expected to deliver parts of the transport infrastructure programme. However, substantial gaps remain which are constraining growth. Cash-flow is a particular concern for a number of schemes; development funding will become available but not immediately and not in sufficient quantum to deliver the key pinch point infrastructure necessary to kick-start growth. A rolling investment fund designed to support short term development would add greatly to the ability of the WLEP to stimulate growth across Worcestershire.

The WLEP will work with, in particular, Worcestershire County Council to ensure the early delivery of critical transport infrastructure. This will include:

- developing the proposed Infrastructure Investment Fund to deliver transport and other infrastructure improvements;
- supporting the prioritisation and delivery of transport schemes funded through the Local Transport Majors funding, which is allocated on a formula basis or already in the Department for Transport Programme; and
- lobbying of Government and other partners for support to ensure the delivery of the transport packages and schemes that will unlock economic and housing growth.

Since the movement of people and goods does not stop at administrative boundaries and the critical importance of facilitating an efficient, coherent and cohesive system is fully appreciated, the WLEP has been actively engaged with the five other LEPs in the West Midlands Region.

The six West Midlands LEPs have formed a Cross-LEP Transport Group, which is producing a clear overarching framework for transport investment and provides a forum for information sharing. In this regard, WLEP would support the exercising of increased freedoms and flexibilities as part of a co-ordinated wider West Midlands cross LEP strategy and structure to:

- have a stronger direct input to the investment programme of the proposed re-structured Highways Agency, ensuring that national and local investment is better aligned in order to release the maximum economic growth potential; and
- have a stronger direct input to the investment programme of Network Rail, ensuring that national and local investment is better aligned in order to release the maximum economic growth potential.

Summary

The table overleaf summarises the rationale costs and other information in relation to each of the proposed Local Growth Fund Schemes.

Separate supporting documents are available in relation to a number of the schemes.

List of Transport and Infrastructure Schemes for Worcestershire SEP

Scheme Number (SEP Map)	Scheme Name	Scheme Description	Rationale (linked to growth)	Estimated Total Cost of Scheme	Competitive LGF Pitch	Additional Funding Sources	Appraisal Results / BCRs	Estimated Houses Created	Estimated Jobs Created	Timescale for Delivery	Lead Delivery Organisation
2015/16 Schemes											
1	Worcester Technology Park - Off-Site Works	Provision of off-site highways works to enable access to strategic employment land.	<ul style="list-style-type: none"> Strategic Employment Land Priority Game Changer site would not be enabled without these works to break access into site 	£5m	£5m	-	NPV £9,857,000 BCR 2.38	-	5,543	Commence 2015/16	WCC
2	Malvern Hills Technology Park - Off-Site Works	Provision of off-site highways works to enable access to strategic employment land. <i>Part of wider scheme which includes land acquisition referenced in SEP Master Financial Plan</i>	<ul style="list-style-type: none"> Strategic Employment Land – existing priority game change site Removal of existing pinch-point congestion to release wider growth potential 	£1.75m	£1.75m	-	Appraisal underway	350	1,431 (across completed scheme)	Commence 2015/16	WCC
3	Hoobrook Link Road	Completion of Hoobrook Link road scheme in Kidderminster, Wyre Forest to enable access to strategic employment land and housing site.	<ul style="list-style-type: none"> Strategic Employment Land Priority Game Changer site would not be enabled without these works to break access into site Works also accelerate delivery of Housing units 	£12.8m	£1.05m	£11.75m £2.5m Pre-Committed LGF £8.2m Other Public £0.8m Private Sector £0.25m LA Funding	NPV £65,847,000 BCR 4.50	311	1,680	Commence 2015/16	WCC
4	Southern Link Road A4440 (Norton Roundabout Sub-Phase)	Reconfigure the Norton Roundabout to enable access to housing and development land.	<ul style="list-style-type: none"> Essential link to the M5 (Jn7) and the wider Strategic Road Network within Worcestershire Local Transport Plan (LTP3) and South 	£7m	£6.5m	£0.5m (Private Sector)	NPV £38,600,000 BCR 2.1 (part of wider SLR scheme)	500	-	Commence 2015/16	Developer-led



Scheme Number (SEP Map)	Scheme Name	Scheme Description	Rationale (linked to growth)	Estimated Total Cost of Scheme	Competitive LGF Pitch	Additional Funding Sources	Appraisal Results / BCRs	Estimated Houses Created	Estimated Jobs Created	Timescale for Delivery	Lead Delivery Organisation
			<p>Worcestershire Development Plan priority – to deal with planned growth.</p> <ul style="list-style-type: none"> Enables access to Strategic Employment Land Accelerate delivery of housing units 								
5	Kidderminster – Comberton Hill and Rail Station	Station improvements, forecourt works and public realm improvements	<ul style="list-style-type: none"> Strategic Infrastructure Improved transport connectivity (North/South) through Worcestershire 	£5m	£2.5m	£2.5m (Other Public)	<p>NPV £16,390,000</p> <p>BCR 6.49</p>	-	-	Commence 2015/16	WCC
6	Evesham - Vale Park	<p>Provision of primary infrastructure works to enable access to strategic employment land</p> <p><i>Part of wider scheme which includes on-site works referenced in SEP Master Financial Plan</i></p>	<ul style="list-style-type: none"> Strategic Employment Land Links to first phase of incremental works to A46 (Scheme No. 13a-d) 	£3m	£3m	-	To be worked up with HA	-	1,281	Commence 2015/16	Developer-led
7	Flood Alleviation Programme	<p>Package of 7 schemes across Worcestershire to provide key infrastructure works to alleviate future flooding issues</p> <p><i>New Road scheme, Worcester city depicted as No. 7 on SEP map</i></p>	<ul style="list-style-type: none"> Flood Alleviation Reduce disruption to journey times and prevent increased use of few alternative routes - which may be unsuitable, particularly for HGVs, causing significant congestion issues 	£5m	£4m	£1m (LA Funding)	N/A	-	-	Commence 2015/16	WCC
8	Worcester Crossing – Gheluvelt Park	New pedestrian / cycle footbridge over the River Severn	<ul style="list-style-type: none"> Sustainable Transport – creates sustainable transport modes which support development to 	£2m	£1m	£1m (LA Funding)	<p>BCR 4.3</p> <p>(Part of wider Worcester Package)</p>	-	20	Commence 2015/16	WCC

Scheme Number (SEP Map)	Scheme Name	Scheme Description	Rationale (linked to growth)	Estimated Total Cost of Scheme	Competitive LGF Pitch	Additional Funding Sources	Appraisal Results / BCRs	Estimated Houses Created	Estimated Jobs Created	Timescale for Delivery	Lead Delivery Organisation
			West Worcester – housing and development growth <ul style="list-style-type: none"> River Severn creates a barrier to sustainable transport trips in the Gheluvelt Park area of Worcester 								
N/A	Town Centre Investment Programme	Programme of public realm improvement schemes across county-towns	<ul style="list-style-type: none"> Sustainable Transport Improve public and civic amenity 	£6m	£6m	-	N/A	-	1,436	2015/16 to 2017/18 (£2m p/a Competitive LGF)	WCC
2016/17 onwards Schemes											
9	Redditch Eastern Gateway Off-Site Works	Provision of off-site highways works to enable access to strategic employment land.	<ul style="list-style-type: none"> Strategic Employment Land Priority Game Changer site would not be enabled without these works to break access into site 	£3m	£1.5m	£1.5m (Other Public)	Appraisal underway	-	2,374	Commence 2016/17	Developer-led
10	Pershore Northern Relief Road and Pinvin Cross Roads	Design and construction of relief road to enable access to strategic employment and housing development land.	<ul style="list-style-type: none"> Enables access to Strategic Employment Land – across 3 sites Accelerate delivery of housing units on 3 sites Relieves traffic around Pershore to enable growth 	£4.8m	£3.8m	£1m (Private Sector)	BCR 2.1	600	1,025	Commence 2016/17	WCC
11	Southern Link Road A4440 (Phase 3 – Whittington to Norton)	Dual between the Norton and Whittington roundabouts with associated junction improvements. This phase will also include the dualling of the remaining small section of carriageway between	<ul style="list-style-type: none"> Strategic Infrastructure Essential link to the M5 (Jn7) and the wider Strategic Road Network within Worcestershire Local Transport Plan (LTP3) and South Worcestershire 	£24m	£5.5m	£18.5m (Private Sector)	NPV £38,600,000 BCR 2.1	2,300	2,000	Commence 2016/17	WCC

Scheme Number (SEP Map)	Scheme Name	Scheme Description	Rationale (linked to growth)	Estimated Total Cost of Scheme	Competitive LGF Pitch	Additional Funding Sources	Appraisal Results / BCRs	Estimated Houses Created	Estimated Jobs Created	Timescale for Delivery	Lead Delivery Organisation
		the Norton and Ketch Roundabouts.	<p>Development Plan priority – to deal with planned growth.</p> <ul style="list-style-type: none"> Enables access to Strategic Employment Land Accelerate delivery of housing units 								
12	Worcestershire Parkway	Construction of a new parkway station at the intersection of the Worcester / London and Birmingham / Bristol lines	<ul style="list-style-type: none"> Strategic Transport Deliver a step-change in direct rail access (improved frequency and journey time) to London, the South East, Heathrow Airport, the Thames Valley, Bristol and the South West and the North West and North East Local Transport Plan (LTP3) priority Enable the Worcestershire economy to better benefit from the recent significant investment in -the Cotswold Line and the current investment in Crossrail and Reading Station. 	£17.1m	£7.5m	<p>£7m (LA Funding)</p> <p>£2.6m (Other Public)</p>	<p>NPV £155,000,000 (All Phases)</p> <p>BCR 2.97 (All Phases)</p>	Supports SWDP growth	Supports SWDP growth	Commence 2016/17	WCC
13a-d	A46 - Incremental improvements around Evesham	Incremental improvements as part of the HA's route-based strategy to address pinch-points and constraints to economic growth in the WLEP area and neighbouring LEP areas (Gloucestershire)	<ul style="list-style-type: none"> Strategic Infrastructure 	£10m	TBC with Highways Agency	TBC with Highways Agency	TBC with Highways Agency	-	-	Commence 2016/17	Highways Agency



Scheme Number (SEP Map)	Scheme Name	Scheme Description	Rationale (linked to growth)	Estimated Total Cost of Scheme	Competitive LGF Pitch	Additional Funding Sources	Appraisal Results / BCRs	Estimated Houses Created	Estimated Jobs Created	Timescale for Delivery	Lead Delivery Organisation
14	M5 Junction 6 (Interim Scheme)	Reconfiguration of the motorway junction to address the pinch point constraint to growth	<ul style="list-style-type: none"> Strategic Infrastructure Strategic Employment Land Priority Game Changer site would be significantly constrained without these works to support growth 	£6m	TBC with Highways Agency	TBC with Highways Agency	TBC with Highways Agency	Supports SWDP growth	Supports SWDP growth	Commence 2016/17	Highways Agency
15a-d	Housing Delivery Programme 15a - Newlands, Malvern 15b - Norton Fm, Bromsgrove 15c - West Worcester 15d - Copcut, Droitwich	Programme of key infrastructure improvements required to facilitate early delivery of housing developments.	<ul style="list-style-type: none"> Residential Key infrastructure schemes across the county to accelerate delivery of significant volume of housing units 	£11m	£4m	£7m	N/A	2,350	-	Commence 2016/17	Developer-led
Longer Term Schemes where Funding Certainty Required (based on circa 2020 commencement)											
16	M5 Junction 6 (Long Term Scheme)	Reconfiguration of the motorway junction to address the pinch point constraint to growth	<ul style="list-style-type: none"> Strategic Infrastructure Strategic Employment Land Residential 	£50m	£45m	£5m (LA Funding)	TBC with Highways Agency	Supports SWDP growth	5,813	Commence 2019/20	Highways Agency
17	Southern Link Road – dualling the Carrington Bridge section	Dualling the Carrington Bridge section to facilitate access to housing and development land.	<ul style="list-style-type: none"> Strategic Infrastructure Strategic Employment Land Residential 	£70m	£63m	£7m (LA Funding)	TBC	Supports SWDP growth	Supports SWDP growth	Commence 2020/21	WCC
18	A38 – Bromsgrove Corridor	Corridor capacity enhancements to address current pinch-points and to accommodate planned growth	<ul style="list-style-type: none"> Strategic Infrastructure 	£24m	£12m	£12m (Private Sector)	TBC	Support Bromsgrove Local Plan	Support Bromsgrove Local Plan	Commence 2020/21	WCC

Appendix H - Environmental Sustainability and Rural Development

Sustainable development is integrated fully into the SEP and ESI Funds Strategy and respective programmes and project delivery, having been at the heart of partnership working across Worcestershire since the early 1990s. The first joint WLEP-Worcestershire Local Nature Partnership (WLNP) challenge has been to identify potential environmental assets that can be realised fully and sensitively to make positive contributions towards WLEP business growth and jobs ambitions. Working from substantial evidence and analysis garnered over the years, the Natural England Local Environment and Economic Development (LEED) Toolkit has provided a systematic and focused lens to examine various environmental assets and determine next steps and priorities. The LEED Level 1 Workshop (2013) framed a constructive challenge and scoping of Worcestershire's environmental assets and a subsequent LEED Level 2 Assessment (2014) has created a Five Point Framework to develop priority initiatives and a pipeline of projects. The following table confirms the five themed focus, maps the relationship across to the SEP ambitions and objectives and indicates the pipeline of initiatives and projects emerging in these priority areas.

LEED PRIORITY THEMES	SEP STRATEGIC OBJECTIVES	PRIORITY WLEP & WLNP ACTIONS	ILLUSTRATIVE PIPELINE PROJECTS
SUSTAINABLE DEVELOPMENT	SEP Place Objective	<p>Integrate SD Principles in Spatial Plan, Game Changer Programme and strategic sites (from concept to delivery to operations);</p> <p>Develop potential of Wyre Forest (afforestation qualities, commercial enterprise) and Vale of Evesham area assets</p> <p>Opportunities for sustainable design, green infrastructure (Published Green Infrastructure (GI) Study leading to Priority Concept Plans for major sites and infrastructure schemes)</p>	<p>Green Skywalk (Project to convert disused viaduct in Worcester into high profile green infrastructure; Sustrans – cycle/ pedestrian green corridors focus in city centre;</p> <p>Hoobrook Link Road Phase 2 Bridge protecting/enhancing river & canal green corridor;</p>
TOURISM AND INWARD INVESTMENT	SEP Place and Business Competitiveness Objectives	Developing national profile of Worcestershire's natural environment and built	WLEP National Profile and Promotion Group & WLEP Tourism Sub Group working with



		heritage assets to improve tourism sector potential and inward investment opportunities	WLNP on WLEP Inward Investment Brochure and Destination Worcestershire
AGRI-TECH, HORTICULTURE AND FORESTRY SECTOR	SEP Business Sector, Business Competitiveness and People Objectives	<p>Priority area focus on Vale of Evesham (SMEs/SEs/Large Businesses across the food sector production/distribution supply chain) and Wyre Forest (small/community forestry enterprises linking across to The Marches LEP)</p> <p>Promoting and supporting sector business expansion and its resilience while integrating SD skills, practical experience and principles</p>	<p>Sustainable Horticulture Practices in water & waste resource efficiency, alternative energy, green energy, biodiversity;</p> <p>Wyre Woodland Enterprise Zone – re-establish sustainable woodland and economic management in Wyre Forest</p> <p>Fish the Magnificent Severn – promoting/boosting angling and tourism economy</p>
SUSTAINABLE SKILLS AND TRAINING	SEP People and Business Competitiveness Objective	<p>Developing apprenticeships, skills development to meet business sector needs and SD practice generally –Priority focus on Vale of Evesham (local business scale food production, agriculture, horticulture) and Wyre Forest (community scale forestry SMEs, Young/Social Entrepreneurs</p>	<p>Pershore College (SFA Supported Expansion Scheme)& South Worcestershire College & University of Worcester– specialist business programmes combining practical experience with academic rigour to meet business needs; innovation, research & development, new technologies; UoW Centre for Ethical & Sustainability Leadership</p> <p>Worcestershire Wildlife Trust Team Building/Learning Programmes for business</p>

<p>WATER AND ENVIRONMENTAL IMPACTS</p>	<p>SEP Place and Business Competitiveness Objectives</p>	<p>Tackling climate change, water quality, infrastructure and availability impacts on Worcestershire in support of business needs</p> <p>Develop expertise/evidence from Transport Plans, Sustainable Utilities Strategy, Sustainable Drainage Approving Body and Green Infrastructure Strategy to gauge impact on economic growth and practical solutions</p> <p>Spatial priorities – Vale of Evesham, Riverside Towns, main infrastructure</p>	<p>Development of Water Quality Knowledge Transfer Hub (UoW, EA, Severn Trent, Worcestershire Wildlife Trust, NFU, CLA);</p> <p>Worcestershire Woods for Water (water quality & flood risk)</p> <p>Explore/Unlock Potential Geothermal power supply under Worcester city</p> <p>Low Carbon Investment Fund combining private/public sector resources & building on Resource Efficiency Worcestershire, ECO & Green Deal Programme (energy efficiency, renewable energy, energy generation/distribution)</p> <p>Supporting SMEs Supply Chain Growth into Low Carbon & Environment Products & Services</p>
---	--	--	--

WLEP and GBSLEP EAFRD Management Protocol

An agreement has been established between WLEP, Greater Birmingham and Solihull LEP (GBSLEP) and Stoke on Trent/Staffordshire LEP (SoTSLEP) regarding the respective European Agricultural Fund for Rural Development (EAFRD) allocations, given the overlapping areas of North Worcestershire and South Staffordshire. WLEP and SoTSLEP will lead on rural priorities in the respective overlapping areas with GBSLEP, including the focus of EAFRD funding allocated to the three LEPs. This will ensure the most effective alignment of EAFRD funds against the rural priorities in the wider Worcestershire and Staffordshire areas as well as co-ordination with the future Leader Programme, all focused on economic growth and jobs. Simultaneously, WLEP and SoTSLEP will ensure that EAFRD projects will deliver against the GBSLEP objectives and priorities.

All three LEPs will agree a joint approach to shared rural priorities and delivery for the overlapping areas (based on the evidence in existing strategies), and identify how the GBS EAFRD allocation (£1.14m) will be divided across the two overlapping areas against these priorities. This proposal will be presented to the three LEP Boards and relevant sub-groups for

approval. The arrangements will be established in the formal Protocol Agreement being developed between WLEP and GBSLEP with rural delivery being the first priority area. GBSLEP will provide representatives to sit on a WLEP Panel when EAFRD projects in North Worcestershire are considered. The three LEPs will ensure a co-ordinated approach to delivering support services to rural businesses in overlapping areas so that businesses are clear on what is available to them, by who, and how to access.

WLEP has undertaken detailed evidence-based analysis of rural issues and priorities in the ESI Funds Strategy, including North Worcestershire, while GBSLEP has not included a detailed rural analysis in its strategy. Based on the findings, the shared rural objectives and priorities for North Worcestershire are indicated below:

Competitive Business and Sector Support (as part of LEPs' Growth Hub Packages)

- Destination Management Plan (DMP) and Tourism visitor economy development; Rural Tourism, Green Tourism/Green Breaks Campaign, Existing/New festivals;
- Rural Skills Academy at Rodbaston College and Pershore College (for North Worcestershire and South Staffordshire);
- rural careers and training, plus support for rural vocational training and genuine apprenticeships start-up advice and support for young rural entrepreneurs;
- Food & Drink Sector Support/Development; Farm Diversification;
- Agri-Tech, Horticulture and Forestry Sector Support/Development;
- Agri-Tech R&D, training, development and business support; Farm/Horticulture Productivity (innovative and green technologies);
- Rural Enterprise Grants;
- support for forestry related enterprise including craft (Wyre Forest Centre of Excellence, Research & Development in North Worcestershire; South Staffordshire); and
- micro-enterprise support - start-ups, young entrepreneurs, women, high growth businesses, social enterprises, co-operative.

Rural Community-Based Economic Development (possibly LEADER focus)

- community hubs for employment and training; and
- Village Agent scheme focusing on support enterprise and entrepreneurship.

Place and Environment

- redundant building grant scheme for business and job outcomes e.g. converting farm buildings or disused shops to create modern offices with shared resources, superfast broadband etc, support for home-based workers; and
- culture and heritage - physical tourism schemes, stone building, heritage tree planting, local distinctiveness.



Appendix I - Social and Economic Inclusion and Innovation Model and Detailed Project Plan

Figure H1: Social and Economic Inclusion and Innovation Model

