Building a connected, creative, dynamic economy for all

Worcestershire's Plan for Growth 2020 – 2040

Worcestershire
Local Enterprise Partnership

Foreword.

Worcestershire has seen exciting economic developments over the past few years.

Investment in our transport infrastructure has helped unlock employment opportunities. We are at the forefront of 5G technology that will underpin Industry 4.0. And we are now home to over 31,000 businesses – 40% more than in 2010.

At the same time, we have a bedrock of valuable advantages. We have well-established industrial centres. We have historic and resilient market towns. We have some of the UK's most beautiful countryside. We are strategically located in the centre of the country, with good links to the major centres.

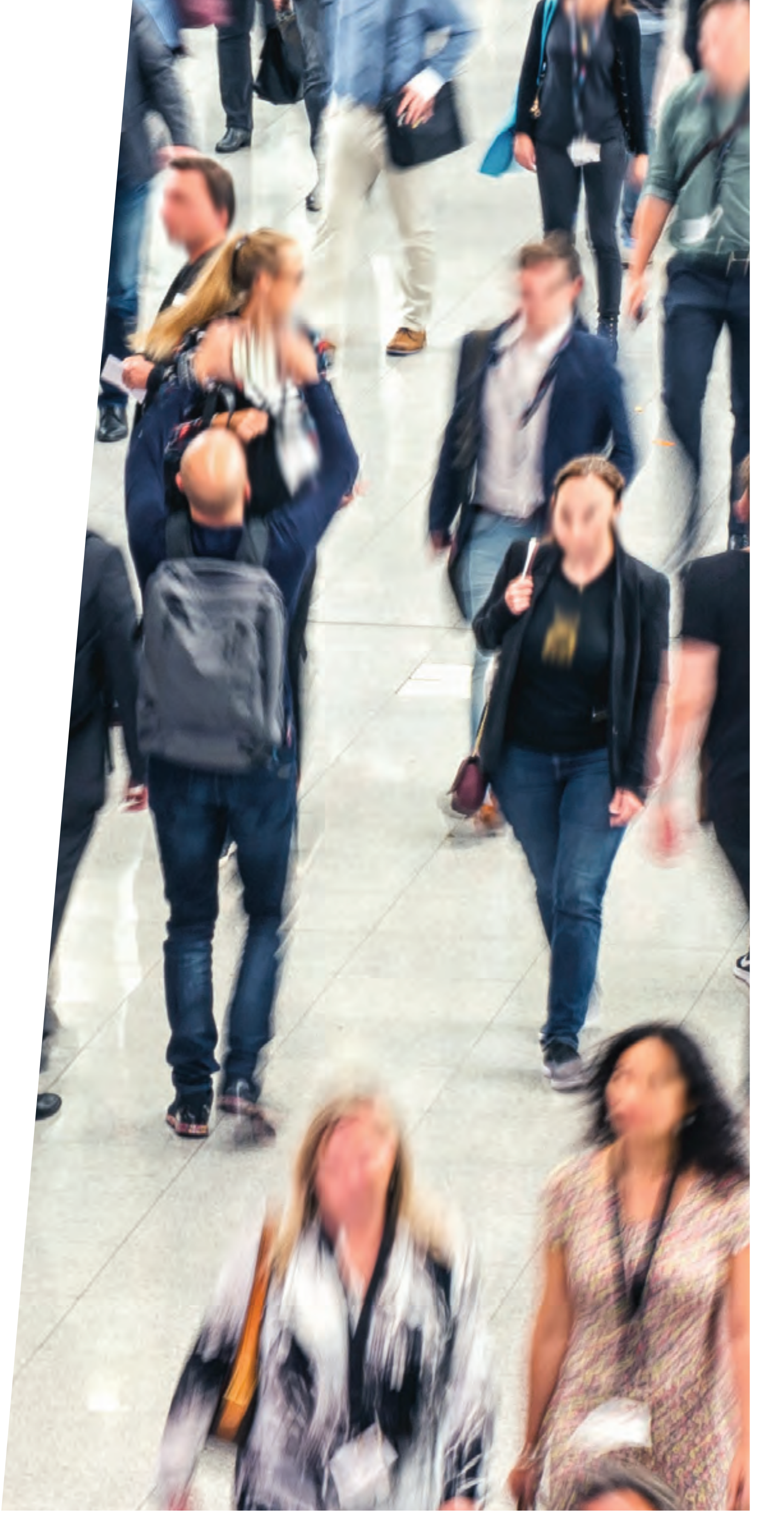
Together, they contribute to what makes our county such an appealing place to live.

These are all important factors that we will build on as we move forward with purpose. To help us, Worcestershire Local Enterprise Partnership (WLEP) has developed a strategic framework that underpins a vision that looks out to 2040. It's a vision that creates a connected, creative and dynamic economy that works for all. A connected county.

A connected county.

Whatever happens in the wake of Covid-19, we already know that the future is digital. Investment in fibre to the premises rollout and support for a gigabit-capable infrastructure rollout will revolutionise the productivity potential of all our businesses, in particular our thousands of rural ones. Together with our strategic location, it will also make us an increasingly attractive option for professionals embracing remote and hybrid working.

Alongside our digital focus, intelligent investment in our physical infrastructure will support businesses that move goods and ease road congestion. Our focus on rail as part of this investment points the way to a more sustainable future – and supports our decarbonisation agenda.



A creative county.

We face a once-in-generations opportunity to transform our skills base.

This means starting at the very earliest age.

It means showing our young people that Worcestershire is an exciting county that offers huge potential for a lifelong career.

It means support for the generation entering the workforce at the most difficult time in living memory.

It means equipping workers in sectors that will irreversibly change in light of the pandemic with the skills they need to find rewarding careers elsewhere.

It means ensuring we have the skills we need in sectors with high growth potential such as manufacturing, health and care, agri-tech, business and professional services, construction, and IT and digital.

It means supporting all our workers, of all ages across the labour market, with the right skills and flexible working opportunities to allow them to have fulfilling jobs that help them work in the way they want for as long as they want.

A dynamic county.

Innovation drives competitive advantage, which is why we are unashamedly focusing on science and technology and driving investment in research and development.

We seek to support businesses as they break new ground with entrepreneurial ideas and innovative ways of working that change models and methods of delivery in order to meet the challenges we face as a county and a country. Our aim is to create a reputation for new technology and digital capability that allows our businesses to trade with the world.

Within this, sustainable energy is a key focus. We have ambitious targets to:

- Halve carbon emissions on 2005 levels by 2030
- Double the size of the low carbon sector between 2016 and 2030
- Triple energy production from renewable generation by 2030

We know that the expertise and innovation of our business base will be instrumental in meeting these targets – and those of the UK as a whole. Companies such as Worcester Bosch, FAUN-Zoeller and Air Products are already exploring the options with hydrogen technology that will lead the way to a net-zero carbon future.

Join us in our vision.

However you are involved in Worcestershire life, you have an important part to play in this vision. By working together, we can realise our 2040 vision to create a connected, creative and dynamic economy for all. We hope you will join us on this exciting journey.

Contents

Executive Summary.

Worcestershire Local Enterprise Partnership (WLEP) has outlined an ambitious and exciting 2040 vision for the county that will create a connected, creative and dynamic economy for all.

Worcestershire Parkway.

The vision builds on the fantastic progress we have made on the key performance indicators we set to measure the success of our 2014 Strategic Economic Plan to grow the Worcestershire economy.

We said that by 2025 we wanted to create 25,000 jobs, build an additional 21,500 homes and add £2.9 billion a year to our Gross Value Added (GVA) figure[1].

To date, we have seen 38,000 jobs created, 15,990 homes built (which equates to 74% of the target in 65% of the time) and added £2 billion to our annual GVA.

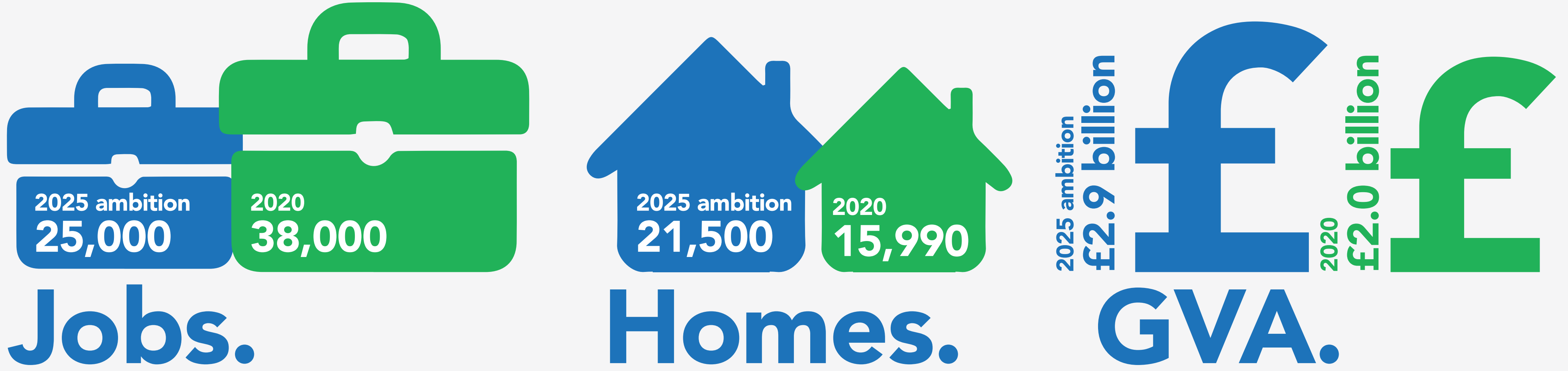
These achievements have been supported in no small part by the powerful track record established by WLEP and our partners. Together, we have successfully delivered a range of projects and interventions that have brought significant sums of public and private sector investment into the county.

For example, major road upgrades to ease congestion and enable local economic growth are unlocking housing and employment land.

Worcestershire Parkway, the first new rail station in the county for over a century, is creating opportunities for a greater range and frequency of rail services to and from other parts of the country.

Our Gamechanger employment sites programme has brought forward four strategic sites across the county and is attracting significant investment and employers, which is creating local jobs.

Key performance indicators.



[1] GVA is a measure of economic output

The new Duckworth Centre of Engineering at the Heart of Worcestershire College, is delivering automotive, engineering, plumbing and heating qualifications that address local skills needs.

We are home to one of the UK's first six 5G testbeds. As part of the project, we delivered the first live factory 5G trials in the UK, showcasing the possibilities of Industry 4.0 and are now looking to share the learnings with other local businesses to help improve productivity.

It is right to celebrate these – and other – successes.

However, the world has moved on since 2014. Factors such as Brexit, the Paris Agreement on climate change and the Government's Levelling Up agenda were creating a very different economic landscape, even before the biggest public health crisis in generations in Covid-19 led to a deep economic shock.

The events of 2020 and 2021 mean this is a timely opportunity to take stock and refresh our economic vision and strategy for the county. We need to continue to hold ourselves to account against our 2025 targets, but now is the time to plot our trajectory to 2030 and 2040.

We face a myriad of economic challenges in our quest, but it is possible to marshall them around three key themes. We need to keep these themes at the forefront of our thinking as we move forward.

Economic recovery post-Covid-19.

The world's economy has experienced a massive shock and Worcestershire's is no different. Covid-19 has changed the way we work forever. We need to consider how the economy will change and adapt. This includes the impact on our high streets with the shift to online retail and the increasing demand for robust, resilient digital technology to serve trends that were accelerating even before the pandemic. To build back better, we need to focus on supporting jobs and housing delivery as well as consider the role our city and town centres have to play in our future.

The levelling up agenda.

Recognising the importance of the Government's Levelling Up agenda, we need to support our businesses to improve their productivity, which will in turn lead to greater economic prosperity. We also need to tackle the health inequality and social mobility challenges in our communities by championing inclusion and diversity in the way we work.

Climate change.

We need to move towards a greener future and champion environmental sustainability. This means decarbonising our energy and transport systems. It also means tackling the challenges we face around water availability and flooding. In doing so, we will be taking steps to adapt our economy so we can contribute to the Government's target of net-zero carbon by 2050.

Duckworth Centre of Engineering

Our four headline objectives.

We have developed a refreshed plan for growth for the county that will become a guiding framework for the next 20 years.

It is based on extensive work we have done in collaboration with partner organisations and stakeholders across the county. We have compiled a robust evidence base, analysed Worcestershire's economic performance, considered the key economic challenges we face and undertaken intelligent consideration of future trends.

There are four headline objectives. Each of them contributes to supporting economic growth, improving productivity and ensuring greater social inclusion.

1. Improving Worcestershire's strategic connectivity and infrastructure.

We will champion investment in our physical, digital and energy infrastructure. We will build on the significant and successful investments to date and further develop our high-class physical and digital infrastructure.

In this way we can attract and support entrepreneurs and businesses in the county and create the necessary conditions to enable them to be successful.

As a historic net importer of energy, we will seek to redress the balance, embracing a green recovery in the county, growing the low carbon sector and increasing renewable energy generation through innovation and investment. Projects such as these will support our Energy Strategy, which aims to make Worcestershire the greenest county in the UK.

Key physical infrastructure projects →
Key digital infrastructure projects →
Key energy infrastructure projects →

Key physical infrastructure projects.

- North Cotswold rail line transformation
- A46 Evesham bypass junction improvement
- A38 Bromsgrove Route Enhancement Programme

Key digital infrastructure projects.

- Gigabit-capable infrastructure roll out
- Rural connectivity
- Mobile signal improvement / investment programme
- W5G testbed development
- 5G deployment

Key energy infrastructure projects.

- North Worcestershire EV charging infrastructure
- Bromsgrove District Heat Network
- Hydrogen Centre of Excellence

2. Stimulating investment in research and development and innovation to create a dynamic Worcestershire business environment.

We want to see Worcestershire transition into a powerhouse of research and development (R&D) and innovation. We know our businesses punch above their weight in terms of their investment into R&D activities.

We have already launched the county's first dedicated technology accelerator, BetaDen, which is now providing targeted support and mentoring to Worcestershire entrepreneurs and businesses alike, helping them to develop their products and services into commercial-ready propositions.

However, we also know that there is more financial support and resource available regionally and nationally that Worcestershire could better tap into.

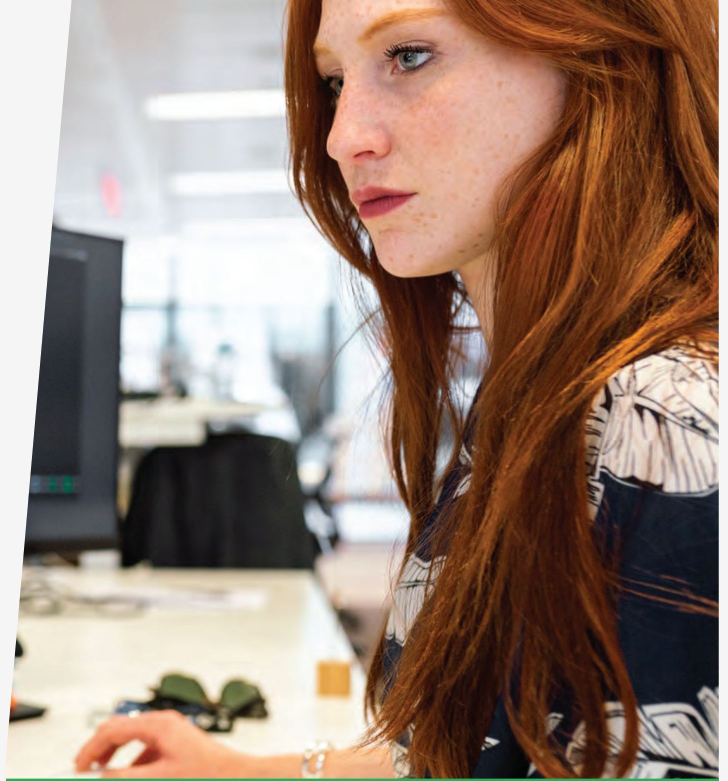
We will work in partnership with local businesses and Higher Education institutions both inside and outside our economic environs to unleash our potential.

We will build on our successes to date, embracing schemes that drive high value jobs, boost our county's wealth generation and create the conditions for entrepreneurs to survive and thrive.

Key R&D and innovation projects

- **Malvern Science and Technology Park**
- **BetaDen expansion**
- **University of Worcester Health and Care Innovation Centre**
- **Digital Manufacturing and Innovation Centre**

3. Supporting a creative future-fit Worcestershire workforce.



We will focus on equipping our young people with the skills, advice and opportunities they need to succeed in their future careers. We will actively engage with local educational establishments, employers and partners to raise awareness of Worcestershire as a fantastic place to live and work in order to attract and retain the next generation of talent our economy needs.

We will champion re-skilling and up-skilling opportunities across the labour market and provide relevant information, advice and guidance to ensure they know what skills are in demand. Support our residents to remain part of the workforce for as long as they want.

Recognising the importance of digital for careers both now and into the future, we will focus on programmes that equip our workers with the skills they need, which in turn will supply local employers with the skills they are calling out for.

Key creative and future-fit workforce projects

- **National Telecomms and Digital Skills Centre**
- **Public Sector Skills Centre of Excellence**
- **Midlife MOT Programme (Review / Reskill)**
- **Employer Skills Hub**
- **Digital Skills Programme**

4. Revitalising our city and town centres.

Our towns and city have proved themselves resilient in the face of seismic shifts. Now is the time to build on that resilience.

We will support the city and town investment plans that seek to transform these places to ensure they continue to meet the needs of the local communities they serve.

We will help to deliver the future commercial and office spaces our businesses need to create the multi-functional high streets that will ensure they are able to thrive in the future.

Key city and town centre revitalisation projects

- **Worcester Shrub Hill Quarter and rail station redevelopment**
- **Redditch Transport Interchange and Rail Quarter**
- **Development of former Market Hall site in Bromsgrove**
- **Redevelopment of former Crown House site in Kidderminster**
- **Malvern Theatres extension**
- **Flood resilience programme including Tenbury Wells, Bewdley and Powick**

Our Plan for Growth in Summary.

WLEP vision

Worcestershire

A connected creative dynamic economy for all

WLEP strategic objectives

- Improving Worcestershire's strategic connectivity and infrastructure
- Supporting a creative future-fit Worcestershire workforce
- Stimulating investment in our R&D and innovation to create a dynamic Worcestershire business environment
- Revitalising our city and town centres

Headline target figures

- Increase jobs by **11,500 by 2030**
- Increase GVA by **£1.3 billion a year by 2030**
- Increase jobs by **18,500 by 2040**
- Increase GVA by **£2.5 billion a year by 2040**

Our plan for growth

Key cornerstone sectors

- Business and professional services
- Construction
- Health and care

Key growth sectors

- Advanced manufacturing
- Cyber, IT and digital
- Horti/agricultural technology

Places (communities)

- Have a more mixed and affordable housing stock across the county to meet the demands of the local economy and attract key sector workers and a younger skilled workforce
- Enable continued revitalisation and transformation of the city and town centres across the county to include provision of more residential, enterprise and commercial space
- Capitalise on the five distinct geographical areas in their sector strengths, tailoring investments and interventions accordingly, such as cyber in Malvern and South West or advanced manufacturing in North Worcestershire

Ideas (innovations)

- Increase investment in R&D in line with national target of 2.4%
- Improve links between businesses and Higher Education institutions
- Increase the number of R&D assets across the county to enable greater collaboration with Higher Education institutions beyond Worcestershire's borders
- Increase commercialisation success rate of business R&D investments to bring more products and services to market

People (skills)

- Reduce levels of claimants and improve individual health and wellbeing whilst impacting positively on economic activity
- Aim for all educational establishments to continually meet all eight careers education benchmarks annually with a particular focus on the Worcestershire economy
- Create an education and training provision ecosystem that meets local needs and future trends of Worcestershire's economy by ensuring FE and HE are responsive
- Increase the number of graduates and skilled young people in Worcestershire spending more of their economic life in Worcestershire
- Improve economic activity rates in our older workforce by creating a culture of flexible work environments and upskilling and reskilling opportunities
- Narrow the gap between average workplace earnings in Worcestershire and national average workplace earnings

Infrastructure

- Improve rail journey times and service frequency within the county to better support intra- and inter-county movement
- Deliver the four key strategic road corridor improvements to Worcestershire by 2030 to enable economic growth and ease congestion
- Increase digital connectivity of the county in line with Government's national ambition of delivering 85% gigabit capability by 2025
- Halve the carbon emissions of the county, double the size of the low carbon economy and triple renewable energy generation in the county by 2030

Business environment (support)

- Increase the stock of high quality and sustainable business premises in the county to support inward investment and growth of indigenous businesses
- Increase the number of scale-up and growth businesses in the county
- Increase the GVA of the county as a result of firm level productivity improvements

Conclusion.

This is an ambitious plan that will require us to continue to work closely with partners and stakeholders within the county and beyond. This commitment also recognises that businesses do not operate to the same administrative and geographic boundaries that provide structure to public sector organisations and funded initiatives.

Successful implementation has enormous rewards.

It has the potential to deliver an additional 11,500 jobs and increase GVA by £1.3 billion per year by 2030. Looking out to 2040, this increases to 18,500 jobs and improved GVA of £2.5 billion per year.

It will position Worcestershire as the most digitally connected and skilled county in the country, building on our 5G status and digital rollout strategy.

It will give us the fastest-growing innovation ecosystem outside London and the South East thanks to investment in our 'security by design' strengths.

It will mean we are the county renowned for testing and implementing low carbon technology in the rural/urban setting.

It will make us the best county in the UK for young people to access careers advice, guidance and work-based opportunities all within a fantastic environment to live and work.

In other words, it will transition Worcestershire from its current status as a hidden gem to being the most connected county in the country and making a powerful contribution to the future success and productivity of UK PLC. It will create a connected, creative and dynamic economy for all.

By 2030/2040

By 2030

11,500 more jobs

£1.3 billion added to our GVA per year

By 2040

18,500 more jobs

£2.5 billion added to our GVA per year

Key cornerstone sectors
- Business and professional services
- Construction
- Health and care

Key growth sectors
- Advanced manufacturing
- Cyber, IT and digital
- Horti/agricultural technology

Achievements to Celebrate.

Homes. 15,990

Jobs. 38,000

GVA. £2.0billion

- Skills
- Business environment
- Infrastructure
- Innovation
- Place
- Apprenticeships
- Careers support
- Inward investment
- Housing/Employment
- Key sectors
- Transport/road
- Transport/rail
- Digital
- R&D/Entrepreneurship
- Flood alleviation
- Collaboration/Co-working

Worcestershire Apprenticeships

A not-for-profit network of training providers, FE colleges and voluntary/third sector organisations that delivers apprenticeships, traineeships and study programmes for adults and young people. First event held Autumn 2014.

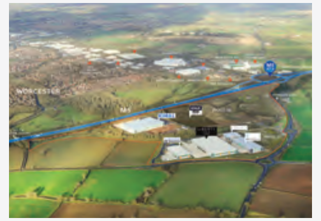
2014

Annual Skills Show

A showcase for careers pathways and employment opportunities to all young people across the county — first event held Spring 2015

It now reaches over 6,000 young people and over 120 employers per year.

2015



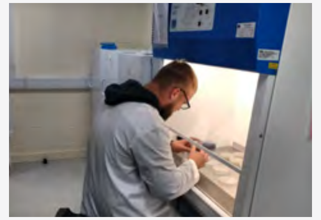
The Gamechanger programme

Gamechanger Strategic Employment Land sites programme established and attracting investment since 2016. First four sites included Redditch Gateway, Kidderminster Enterprise Park, Worcester Six Business Park and Malvern Hills Science and Technology Park.

2016

Hoobrook Link Road in Kidderminster

Opened Autumn 2016 and supported delivery of local employment and residential development in Kidderminster.



Agritech Research Centre

Opened at Pershore College (WCG) in Autumn 2017 along with the META project at Evesham College (WCG).

2017

Mobile call success rates

by district increased from between 92.8% and 98.0% in 2017 to between 94.4% and 99.4% in 2019.

BetaDen

the county's first technology accelerator successfully launched with 8 Cohort 1.0 companies in Autumn 2018.

2018

Flood alleviation

Worcester New Road flood alleviation scheme completed Summer 2018.

Upton Marina flood alleviation scheme completed Summer 2019.

The Kiln

A collaborative and co-working space in Worcester, opened Summer 2019.

2019

Worcestershire Careers Hub

The Careers Hub, which works with every school in the county and has helped ensure Worcestershire is one of the most improved areas for careers advice over the last two years.

The Hub received the 'Highly Commended' award for Careers Hub of the Year at the Careers Excellence Awards — Winter 2019.

5G Testbed

Successful award of DCMS funding to establish one of UK's first six 5G test-beds, leading to UK's first live 5G factory trials taking place in Worcestershire — Spring 2019.

Duckworth Centre of Engineering

At Heart of Worcestershire College established to offer automotive, engineering, plumbing and heating qualifications.

Phase 1 opened Autumn 2019.
Phase 2 opened Autumn 2020.

Kidderminster Rail Station Upgrades

Refurbishments and commuter facilities upgraded at one of the county's busiest rail stations — completed Summer 2020.

2020

Worcestershire Parkway

First brand-new rail station in the county for over a century — opened Spring 2020.

Worcester Southern Link Road

Upgrading to dual carriageway — completed Summer 2021.

2021

Superfast broadband coverage

Broadband coverage increased from 68.6% in July 2013 to 96.8% in March 2021.

Worcestershire’s Key Growth Opportunities.

WLEP has identified four key growth opportunities. Each will play a critical role in the county achieving its 2040 vision to create a connected, creative and dynamic economy for all.

Improving business productivity.

Our workforce is highly skilled, but our overall levels of productivity do not match comparator areas. Our GVA per filled job is lower than the national average too.

Average GVA per filled job

Worcestershire
£46,600

UK
£56,400

Sector GVA per filled job (2018)

Business administration & professional services
Worcestershire £50,900
England £73,900

Construction
Worcestershire £53,600
England £78,600

Health & care
Worcestershire £35,100
England £35,600

Advanced manufacturing
Worcestershire £58,100
England £74,700

Cyber security, IT and defence
Worcestershire £80,300
England £106,500

Horti/agricultural technology
Worcestershire £43,000
England £64,100

Superfast broadband coverage

Worcestershire
96.8%
UK
96.7%

Fibre to the premises (FTTP)

Worcestershire
12.5%
West Midlands region
17.9%
UK
20.3%

4G coverage

92.5% to 98%
dependent on operator

Our productivity is being held back, in part, by our digital infrastructure.

Provision of fibre to the premises (FTTP) is poor in Worcestershire. Only 12.5% of premises have access compared with 20.3% nationally and 17.9% across the West Midlands. Mobile reception is also poor in many places, including sections of the M50 and major A roads and B roads and rail routes.

This is a particular problem because very small businesses, often home-based in rural areas, form a significant part of Worcestershire's economy. It is likely to become even more concerning if the shift to working from home as a result of the Covid-19 pandemic becomes permanent.

Findings from the Worcestershire 5G project show that up to 2% efficiency gains may be possible through the adoption of 5G services. Such levels of productivity gain, if extrapolated to a UK level, would be equivalent to a contribution of £2.6 billion per annum.

By rolling out our digital strategy and maximising the expertise and knowledge of the Worcestershire 5G testbed, we can unlock productivity improvements and unleash our potential.

Tackling local environmental issues.

The River Severn is a beautiful natural asset and vitally important to many local businesses, especially those in the tourism, agricultural and agri-tech sectors.

However, the impact of climate change is increasing the frequency and volume of flood events, whilst also affecting water availability in other seasons.

In February 2014, 108 homes and 55 businesses in Worcester and Malvern were flooded, which caused serious disruption to residents and businesses across the county. History repeated itself in 2020, with unprecedented river levels and flood alerts across the county.

There are 121 postcodes with both a high business presence and a high flood risk. Combined, these areas generate around £641 million GVA in Worcestershire.

At the same time, water scarcity is a critical issue for many areas of the county in drier seasons.

Exploring innovative opportunities to manage peaks and troughs around water availability will be essential for the wellbeing of our people, homes and businesses.

Exploring a low carbon economy.

Our low carbon economy is growing at around 6% a year, similar to the growth of the sector in the Midlands region, but with only 12% of electricity consumption met by local renewable generation.

2030 Energy Strategy

↓ 50%	Halve carbon emissions on 2005 levels by 2030
↗ 100%	Double the size of the low carbon sector between 2016 and 2030
↗ 200%	Triple energy production from renewable generation by 2030

Building on these foundations by exploiting the expertise of our local business base in emerging technologies such as hydrogen will help us to reduce our carbon emissions, cut our energy costs and achieve the targets set out in our 2030 Energy Strategy.

Addressing our ageing demography.

One in three of our workers is aged 50+ and this number rises in some of our key sectors (such as manufacturing). Currently, over half (53%) of graduates in Worcestershire leave to study and do not return to the county to work.

Our working age population is projected to increase less rapidly than the State Pension age population, resulting in an increase in the old age dependency ratio. Population profiles to 2041 suggest 26% of the local population will be of State Pension age.

There needs to be a drive to upskill and reskill our people, with an increasing digital skills focus across all sectors to raise aspiration levels and make sure employers can fulfil their growth ambitions by attracting and retaining talent.

This means we need to continue our work in two areas.

The first is enabling young people to understand the opportunities in Worcestershire, how they can fit in the future economic picture and how this impacts their skills pathways choices.

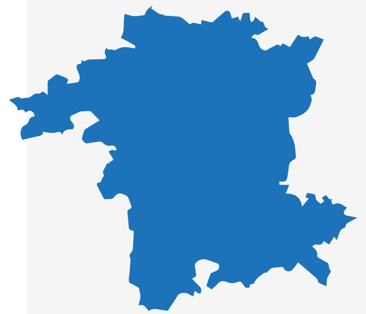
Secondly, by designing and delivering high-quality reskilling opportunities for our workforce, we can optimise the active economic life of our residents and support those wishing to work into later life.

Demographics

Working age population (16 to 64) in 2019

Worcestershire

59.9%



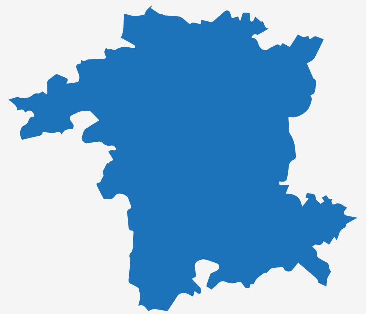
UK

62.9%

State Pension age population in 2041

Worcestershire

26%



Shaping Our Plan for Growth: the Foundations of Productivity.

To create a connected, creative and dynamic economy for all that boosts productivity and earning power in the county and contributes to UK PLC, we have developed a Plan for Growth with a focus on five foundations of productivity. Together, they support the vision for a transformed economy:

These foundations provided us with a framework to develop an evidence base and give a greater level of understanding of Worcestershire's economy. More information on this evidence base is available in the Appendices.

It also gave us the insight required to develop a series of interventions designed to mobilise the five foundations of productivity in Worcestershire and contribute towards the national ambition.

Places: ensuring prosperous communities across the county

Ideas: developing a dynamic and innovative economy

People: good jobs and greater earning power for all

Infrastructure: investment in upgrading the county's physical, digital and energy infrastructure

Business Environment: creating the conditions that make Worcestershire the best place to start and grow a business

We want to hear from you.

This is an ambitious plan that will require us to continue to work closely with partners and stakeholders within the county and beyond. It's why we want to hear your thoughts.

If you would like to comment on our Plan for Growth or play a role in its delivery, please contact Worcestershire Local Enterprise Partnership

Email
enquiries@wlep.co.uk

If you would like to be kept up-to-date on progress, follow us on social media

Twitter
@worcsLEP

LinkedIn
/company/worcestershire-local-enterprise-partnership/

YouTube
Worcestershire LEP

Instagram
@worcslep

The five foundations of productivity.

Places

Ideas

People

Infrastructure

Business Environment

Places.

Our key partners

- Environment Agency
- Bromsgrove District Council www.bromsgrove.gov.uk
- Malvern Hills District Council
- Redditch Borough Council making a difference www.redditchbc.gov.uk
- Worcester City Council
- worcestershire county council
- Wychavon District Council good services, good value
- Wyre Forest District Council
- HM Government
- Midlands Engine HM Government

Places: Worcestershire's economy at a glance.

Worcestershire has a strong and diverse economic base, with no single dominant employer or sector. The diversity of our economy is a key strength because it has protected us from the worst of the economic shocks of the past.

Our economy is diverse, but our county also divides into five clear geographical areas, each with its own distinctive economic base and sector strengths.

Businesses

31,495
VAT and/or PAYE registered businesses

↑41.6%
increase 2010 – 2020

32%
rural businesses

Five year survival rate

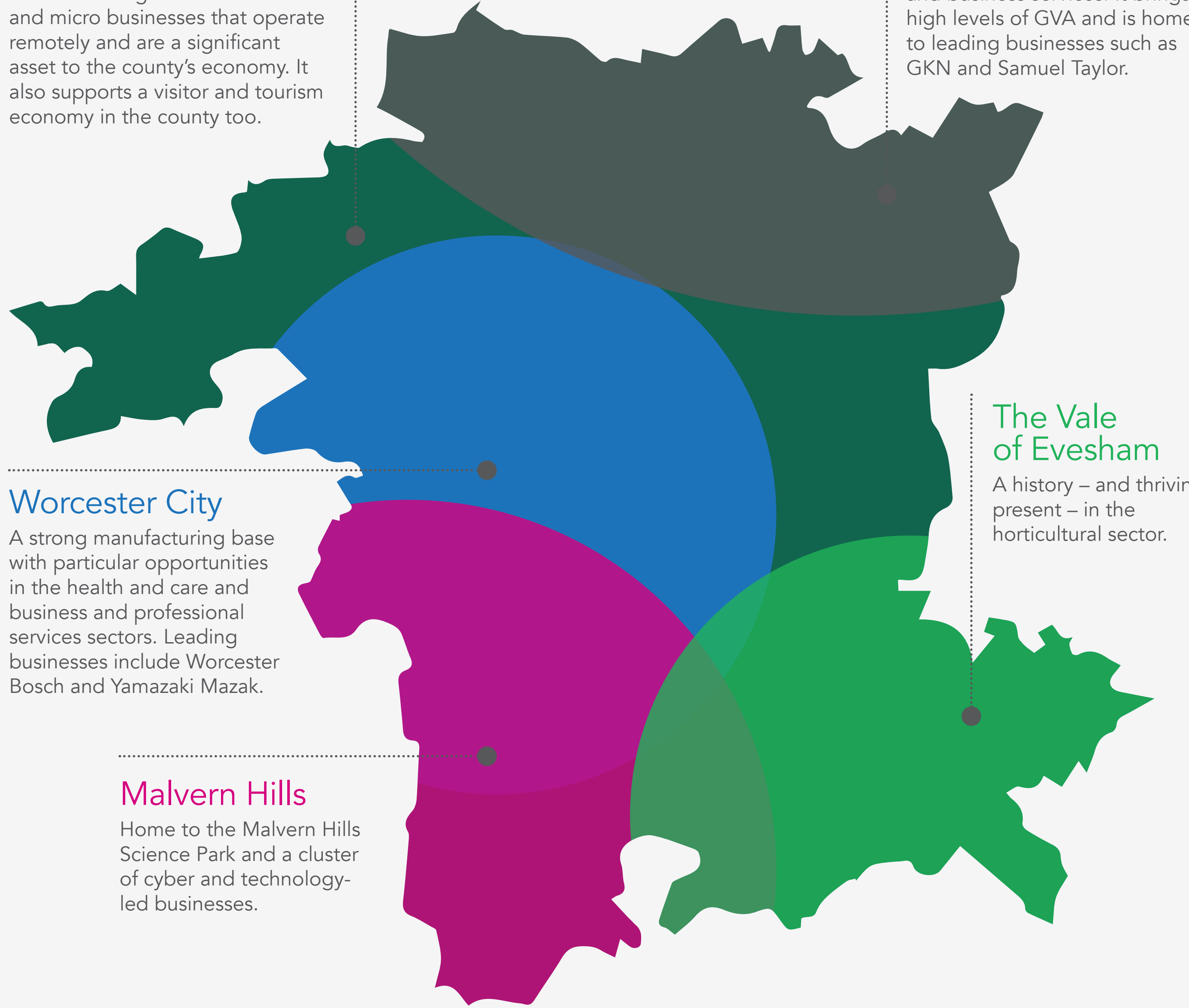
Worcestershire
46.3%

UK
42.5%

GVA in 2018

£13.5 billion

Places: The five economic areas.



The Rural Heartlands

Home to a huge number of small and micro businesses that operate remotely and are a significant asset to the county's economy. It also supports a visitor and tourism economy in the county too.

North Worcestershire

A hub for advanced manufacturing and business services. It brings high levels of GVA and is home to leading businesses such as GKN and Samuel Taylor.

Worcester City

A strong manufacturing base with particular opportunities in the health and care and business and professional services sectors. Leading businesses include Worcester Bosch and Yamazaki Mazak.

The Vale of Evesham

A history – and thriving present – in the horticultural sector.

Malvern Hills

Home to the Malvern Hills Science Park and a cluster of cyber and technology-led businesses.

The county at a glance

Approximate travel times:

London: 2 hours
Oxford: 1.5 hours
Bristol: 1 hour
Birmingham: 45 mins

Places: Background.

Worcestershire is an incredible county. We boast a Cathedral city, beautiful market towns and industrial centres. We have natural assets such as the River Severn and the Malvern Hills. We have cultural assets including Worcester Cathedral and Malvern Theatres, sporting assets such as Worcestershire County Cricket Club, and visitor attractions such as the Severn Valley Railway and West Midland Safari Park. At the same time, we are well connected and strategically located within the UK.

We also have plenty to be proud of in recent years.

Our Gamechanger employment sites programme has brought forward four strategic sites across the county. It has been successful in landing businesses requiring units of 25,000+ square feet, and attracting significant investment and employers, which has created local jobs.

The number of retail rateable properties has not fallen significantly over the last 20 years and there have been modest increases in Redditch and Wychavon.

Housing growth in Worcestershire is ahead of the national trend and ahead of local targets set out in the 2014 Strategic Economic Plan, with most development taking place around the main urban areas. There was a 77% increase in housing starts between 2012 and 2019 compared with 50% nationally. Completions increased by 67% compared with 54% for England overall.

However, the impact of climate change means that as well as well as being key natural assets, the River Severn and River Avon can have devastating impacts on the communities along their courses. There are 121 postcodes with both a high business presence and a high flood risk. Combined, these areas generate around £641 million GVA in Worcestershire.

Like every city and town in the country, ours face the challenge of the changing retail market. It's a trend that has been accelerated by Covid-19. It is important to add, though, that compared with many other areas there is a firm foundation on which to build – and there are plans in place to do this.

There is not sufficient property stock for the number of businesses needing small and medium units of 5,000 to 25,000 square feet. The proportion of business premises classified as office space in Worcestershire is extremely low compared with the regional and national average. There is also a lack of premises to cater for a pent-up demand from young businesses between three and four years old. These businesses need smaller office units of between 1,500 and 5,000 square feet and industrial units of between 2,000 and 25,000 square feet. Rapid growth means these businesses often need to move quickly, which is difficult because of the lack of supply. There is evidence that this lack of premises has caused businesses to leave the county.

Average house prices in Worcestershire are similar to the national average. Housing affordability ratios, which measure wage to house price levels across the county, range from 6.9 in Worcester City to 11.3 in Malvern Hills. The more rural districts are in the highest third in the country and the figures could worsen if people choose to relocate out of cities into the countryside in the wake of Covid-19.

We have a relatively low wage economy and our GVA per filled job lags behind the UK average (£46,600 in Worcestershire compared to £56,400 in the UK as a whole).

Although Worcestershire as a whole scores relatively well in terms of the 2019 Indices of Multiple Deprivation, there are pockets of deprivation within the county, in particular in the more urban areas.

We have 18 Lower Super Output Areas in the worst 10% nationally in Worcester, Redditch, Wyre Forest and Malvern Hills.

In many parts of the county there is a gap between comparatively high wages and skills among local residents and lower skilled and lower paid local jobs. This is most acute in Bromsgrove.

Three local authorities in the county are in the bottom 20% of all 324 lower-tier local authorities and have been identified as social mobility 'cold spots'. These are Wychavon (the 15th worst area for social mobility), Worcester (the 48th worst area) and Wyre Forest (the 52nd worst area).

County urban/rural classifications

86% rural

14% urban

Natural capital

2

Areas of Outstanding Natural Beauty (AONBs) (out of 46 in the UK)

113

Sites of Special Scientific Interest (SSSIs) total land area 5,300 hectares, 3% of the county

Place assets

Cultural/educational assets

Worcester Cathedral, Malvern Theatres, Worcester City Art Gallery and Museum, Tudor House Museum, Bewdley Museum, Elgar Birthplace Museum, The Commandery

Sporting assets

University Arena, Worcester Racecourse, Worcestershire County Cricket Club, Worcester Warriors Rugby Club, Kidderminster Harriers FC, Worcester Wolves Basketball Club

Conference/exhibition assets

Sixways Stadium, Three Counties Showground

Visitor attraction assets

Severn Valley Railway, West Midland Safari Park

Natural assets

Lickey Hills, Worcestershire Beacon, Malvern Hills

Heritage sites/stately homes

Hanbury Hall, Spetchley Park, Croome Estate, Witley Court

Housing

Number of homes

267k

Increase in housing stock 2011 – 2019

7.2%

18,000 homes

Rural districts are in the top third of areas for least affordable housing

Social deprivation

Position on the England's Indices of Deprivation

105/152

(152 is the least deprived area)

Lower Super Output Areas (LSOA)

34

in the worst 15% nationally

18

in the worst 10%

Places: The way forward.

As part of the Government's Levelling Up agenda, Kidderminster has secured £20.5 million funding from the Future High Streets Fund, which will help diversify its high street offer. Redditch has been awarded £15.6 million from the Government's Town Deals Fund, which will provide investment to undertake regeneration priorities in the town including a redeveloped railway quarter and an enterprise and education quarter.

Worcester has successfully secured £17.9 million funding from the Future High Streets Fund, along with £19.6 million from the Towns Deal Fund, which will provide significant investment to realise some of the ambitions of the Worcester City Centre Masterplan. Elements of this are already being implemented, including the redevelopment of Worcester Shrub Hill rail station as a transport hub, which will also support additional housing and employment growth.

Potential locations for additional employment sites include Worcester city centre, the Worcester growth corridor linked to the M5, the area around the new Worcestershire Parkway rail station, strategic employment sites in the north of the county with good links to the M42, Birmingham Airport and, in the future, HS2.

The intelligence we have around flooding and its impact on our businesses and communities will be used to inform future strategic investment within the county to ensure it is targeted appropriately.

There is a strong place dimension to the proposed actions on the other four foundations of productivity, particularly the focus on rail improvements and required investment in new employment sites in the north and centre of the county. These issues are explored in the following sections.

Places: Projects in the pipeline.

For details of more projects in the pipeline, see the **Emerging Project Pipeline** in **Appendices**

Places: Our vision for success.

To achieve our 2040 vision, we need a more mixed and affordable housing stock across the county that meets the demands of the local economy and is attractive to key sector workers and a younger, skilled workforce. We will continue the revitalisation and transformation of our city and town centres, including the provision of more residential, enterprise and commercial space. We will focus on the five distinct geographical areas and their sector strengths so we can tailor investments and interventions accordingly.

Ideas.

Our key partners

Ideas: Background.

Worcestershire has plenty to be proud of when it comes to innovation.

We are home to one of the UK's first six 5G testbeds. Focused on Industry 4.0 application, it has enabled us to deliver the first live factory 5G trials in the UK, working with Bosch Thermotechnology. It provides a platform for UK industry to develop and test next-generation technology that will revolutionise the way businesses operate in the future, enhancing productivity.

We have a growing innovation ecosystem and a highly skilled workforce focused around the Malvern Hills Science Park. There are particular strengths in cyber security and the high tech, cyber, digital and manufacturing industries that support it.

The infrastructure that sits around this includes research institutes, and incubation and innovation spaces. There is close proximity to several world-leading businesses and other agencies active in cyber security, advanced manufacturing and automotive technologies.

This cluster of businesses is able to exploit its competitive advantage because it is part of the Cyber Valley region, which includes the LEP geographies of Worcestershire, Gloucestershire, The Marches, and Swindon & Wiltshire.

The BetaDen technology accelerator aids business growth and start ups in the area. It offers entrepreneurs, start up and scale-up businesses a package worth over £50,000 consisting of free office space, mentoring from industry experts, access to Worcestershire's 5G testbed and a proof of concept grant worth £15,000. Since 2018, this has already enabled:

- 14 new tech innovations
- Supported creation of 79 additional new jobs
- A growing network of delegates and stakeholders interested in Worcestershire-based technology acceleration
- 1 new technology patent
- 2 new technology patents pending
- 5 new tech companies to be launched in Worcestershire.

We have an eye to the future too. A new Digital Skills Campus is planned in the county and will provide digital skills training for all ages to build a pipeline of new entrants for the growing cluster of businesses in Worcestershire, in particular on the Malvern Hills Science Park and further afield.

We will also work with Government as it plans to develop and publish a National Research and Development Strategy for the UK in 2021/22, ensuring Worcestershire is well-positioned to both inform its development and benefit from the proposals and investment opportunities this will inevitably provide.

Ideas: Background.

Worcestershire research and development spend

Investment in Research and Development

£130

million /pa*

Investment as a percentage of GVA

Worcestershire

1%

National target

2.4%

Business Expenditure on Research and Development (relative to employment)

16th/38

LEP areas

Mid-ranking nationally and with comparator LEPs

Higher Education expenditure on Research and Development (relative to employment)

36th/38

LEP areas

* based on 2015 figs

Innovation

Patents registration

32nd/38

LEPs

Access to innovate UK grant funding

28th/38

LEPs

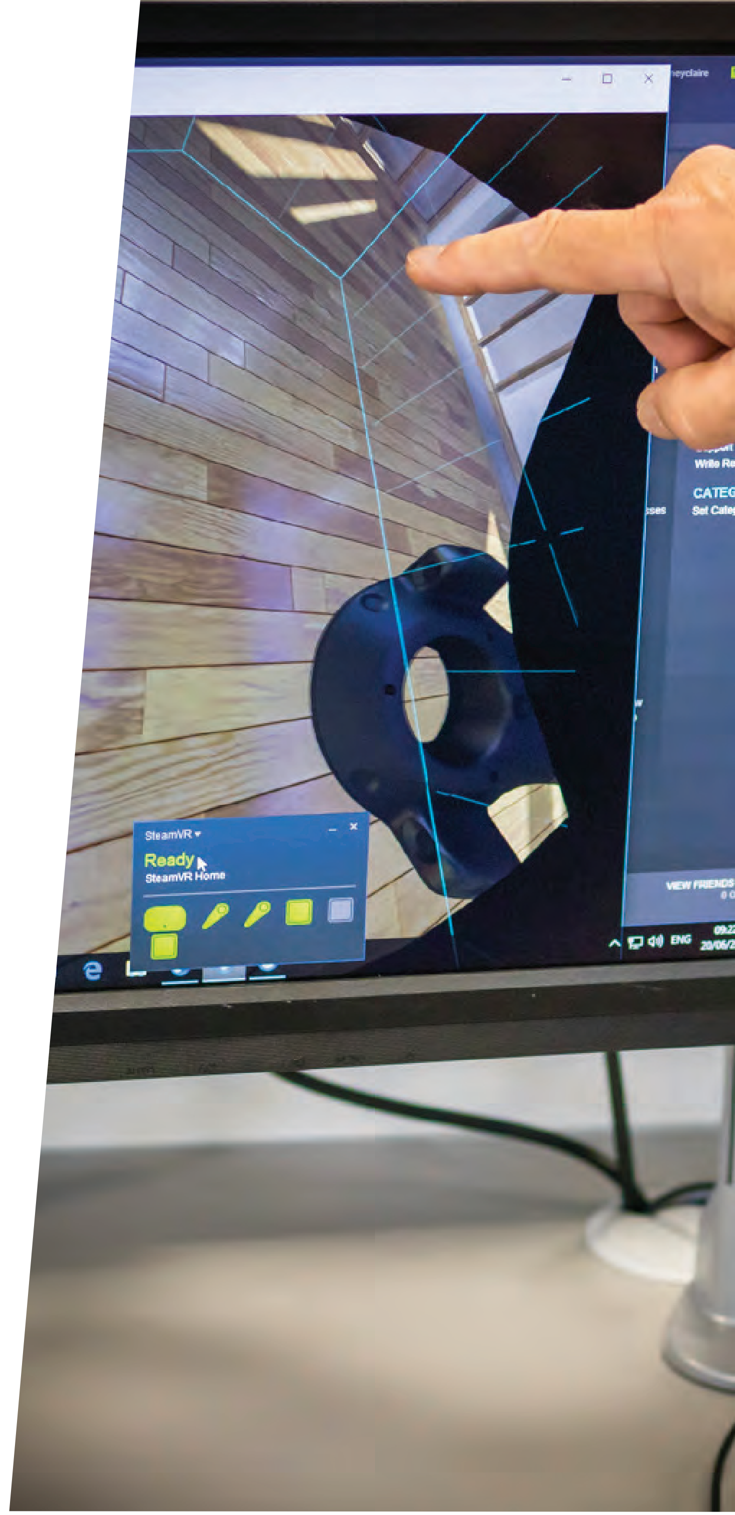
(relative to business base)

Ideas: Background.

It is important to celebrate our achievements. But there is still work to be done.

Worcestershire has comparatively low levels of research and development (R&D) expenditure. We spend approximately 1% of our GVA on R&D, which is well below the national target of 2.4%. We also lose out when it comes to the allocation of funding into the county via Innovate UK, the UK's innovation agency. The West Midlands as a whole received 14.2% of this funding relative to its 8.1% share of the business base. However, Worcestershire received 0.4% of funding relative to its 1.1% share of the business base.

WLEP is 36th out of the 38 LEP areas for Higher Education expenditure on R&D. This reflects the fact we only have one university in the county. However, we have ten universities in neighbouring areas and businesses interviewed by the Chamber of Commerce mentioned working with Aston, Bristol, Cambridge, Oxford, Birmingham, Coventry, Swansea and Warwick universities, so there is scope for businesses to collaborate with universities beyond the county boundary. We are looking to increase the levels of collaboration to unlock productivity improvements through increased innovation and R&D.



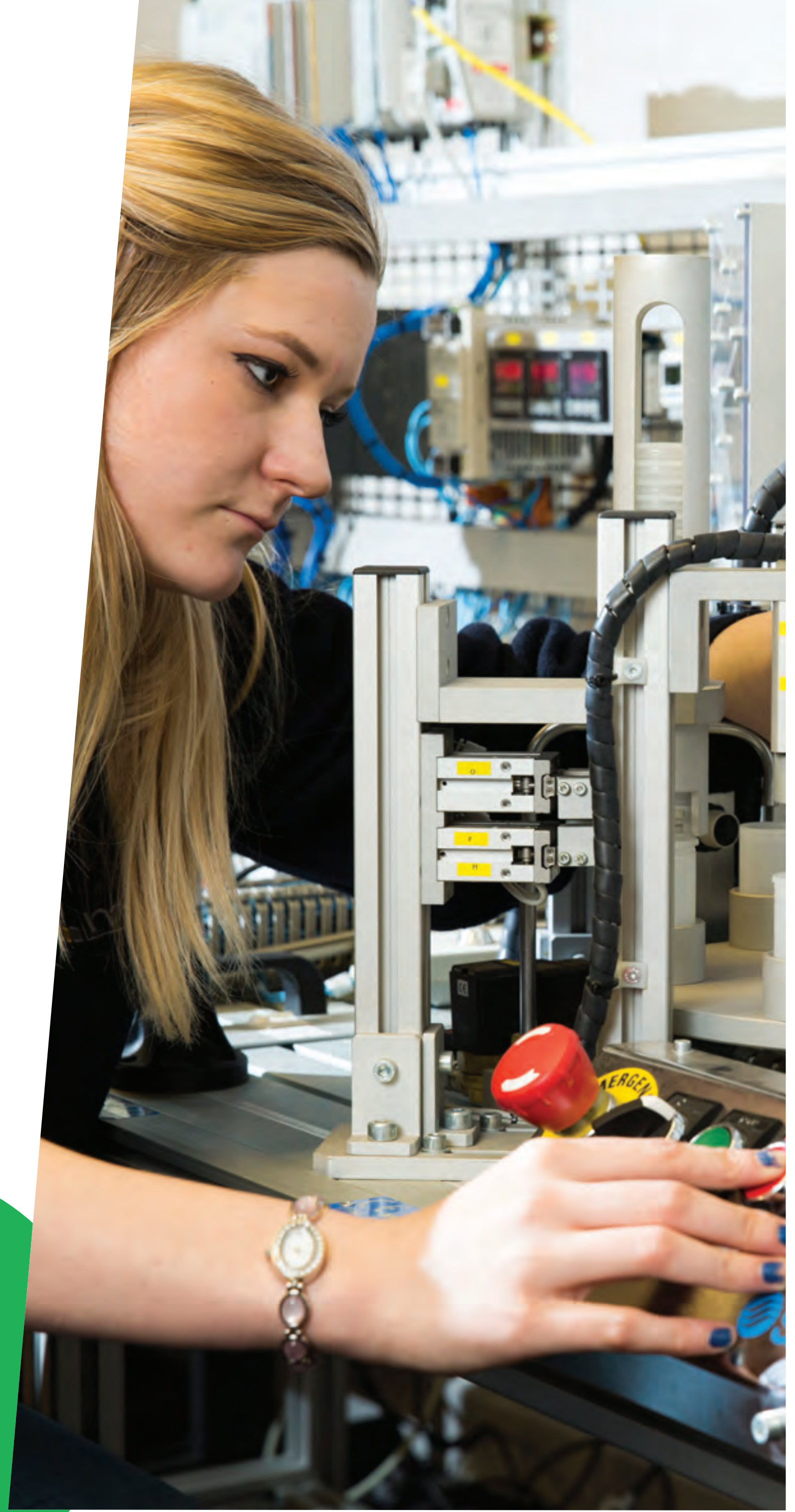
Ideas: The way forward.

Our existing assets and achievements give us a great foundation to build from and we understand what is required.

Our research showed very clearly that to foster innovation, businesses need better access to funding and funding advice so they have the means to invest. This is especially true because the effects of Covid-19 may constrain the ability for businesses to fund their own investment. To further support innovation, we need to foster and enable strategic alliances and partnerships between the county's businesses and the Higher Education institutions outside the county.

Providing support for businesses with high growth potential should yield even more success stories and help generate productivity improvements. They also need to know that their growth will not be constrained because suitable premises are not available within the county. We have plans in place to achieve this – see Places.

We also recognise that talent attracts talent. By developing our existing innovation assets we will help attract additional R&D investment and skills into the county. Increasing investment in R&D will generate more higher value jobs for the county. In turn, this will help us attract and retain a young, skilled workforce.



Ideas: Projects in the pipeline.

Malvern Science and Technology Park

BetaDen expansion

University of Worcester Health and Care Innovation Centre

Digital Manufacturing and Innovation Centre

For details of more projects in the pipeline, see the **Emerging Project Pipeline** in **Appendices**

Ideas: Our vision for success.

To achieve our 2040 vision, we will increase investment in R&D in line with the national target of 2.4% and improve links between our businesses and Higher Education institutions. At the same time, we will increase the number of R&D assets across the county in order to enable greater collaboration with Higher Education institutions beyond Worcestershire's borders. Finally, by supporting businesses in translating R&D into products and services for the market, we can ensure R&D investment drives commercial success.

People.

Our key partners

People: Background.

Worcestershire has plenty of strengths in its people. We have a relatively highly skilled population and we also have a lower than average proportion of residents who don't have any qualifications.

We have a higher-than-average employment rate and saw growth in employment over the past five years before Covid-19. Our employers have a track record of investing in their brand and they promote Worcestershire as an attractive place to live and work in order to attract and retain skilled talent.

Amongst our under 16s, we have good educational attainment. We have a strong educational base and innovative engagement between businesses and schools is helping to prepare young people for the world of work. Our careers advice in schools is well above the national average and WLEP is the number one LEP in England for engagement with schools and colleges.

The county's colleges and other training providers offer a range of innovative apprenticeships including advanced levels such as software development technicians, mechanical manufacturing engineering, engineering in advanced manufacturing and digital marketing.

Through the Worcestershire Skills Framework, the Worcestershire Apprenticeships programme promotes the uptake of apprenticeships. It organises an events calendar and provides a digital online and helpline service to schools, young people, employers and parents.

WLEP runs a number of effective programmes, including the Careers and Enterprise Hub, the Inspiring Worcestershire Programme, an annual Skills Show, a clearing house for Apprenticeships and a Technical Skills Partnership, which focuses on STEM engagement for young people.

People: Background.

Population

595,800

74% urban

26% rural

Demographics

Working age population (16 to 64) in 2019

Worcestershire 59.9%

UK 62.9%

State Pension age population in 2041

26%

Productivity

GVA per filled job

Worcestershire £46,600

UK £56,400

GVA per hour worked

82%

of the UK average and below that of most comparative areas

Education and qualifications

Residents educated to NVQ 4+

2008 26%

2019 37%

Residents with no qualifications or qualifications below NVQ Level 2

22.6%

Percentage of students who leave their home county for University studies and do not return

Worcestershire 53%

UK 34%

Pre-16 performance

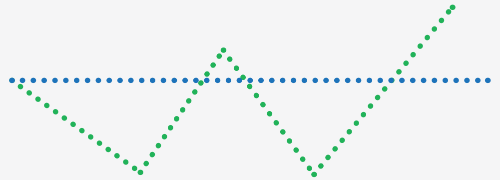
in line with the national average

Percentage of students achieving AAB or higher in two subjects post-16

Worcestershire 11.4%

UK 16.5%

Careers Education Benchmark performance



Average Gatsby benchmarks achieved

Worcestershire 5.05

UK 3.86

School and college engagement

WLEP 95%

1st/38

of LEPs nationally

People: Background.

However, further action and interventions are needed.

The availability of a skilled workforce is a key concern for employers. Attracting and retaining higher-level skills and graduates remains a challenge. At the same time, the proportion of employers with under-utilised staff is above the national average, with a similar difference in over-qualified staff.

There are low levels of workplace earnings compared with national and regional averages. However, resident earnings are higher than workplace earnings in nearly all districts. This reflects the fact that a high proportion of workers commute outside the county to work. As well as placing pressure on the local transport network, this also has an impact on house prices.

While educational attainment for our under 16s is good, this drops off post-16. We also struggle with a 'brain drain'. Over half (53%) of Worcestershire students who leave the county for university do not return. This compares with 34% nationally. There are clear impacts on education as a result of the Covid-19 pandemic. Post-16 education providers are reporting a dip in education levels following the lockdowns, which has the potential to have a long-term impact on young people's careers.

The supply of apprenticeships has been challenged because there is a shortage of providers funded to support SMEs and larger employers have been slower to respond than anticipated.

Like many urban/rural counties like ours, we have an older workforce. Currently, one in three workers is aged 50+ and this number rises in some of our key sectors (such as manufacturing). Our working age population is projected to increase less rapidly than the State Pension age population, resulting in an increase in the old age dependency ratio. Population profiles to 2041 suggest 26% of the local population will be of State Pension age.

Unemployment – particularly youth unemployment – has increased as a result of the Covid-19 pandemic and we need to work to minimise the damage this will cause.

[2] The Gatsby Benchmarks are a framework of 8 guidelines that define the best careers provision in secondary schools.

Our 'Creating our Future Workforce' campaign encourages schools and educational establishments as well as businesses to support the development of a local skilled workforce for the future.

Our 'Fuller Working Lives' campaign supports the over 50s into later working life.

People: The way forward.

In the short term, action will be needed to coordinate the county's response to rising unemployment levels, in particular amongst our young people.

At the same time, we recognise that attracting and retaining a high quality workforce is the key to delivering a successful and productive economy that delivers higher levels of workplace earnings and a better standard of living for our residents.

We will focus on programmes that tackle our social mobility cold spots by helping to equip people with the skills they need to succeed.

We will work closely with our partners inside and outside the county to showcase Worcestershire in order to attract high value employers that will bring high value added jobs.

We will continue to champion programmes with our educational partners that increase the take up of STEM and digital careers pathways. We will also continue to inspire our young people about what Worcestershire has to offer as a place for them to spend more of their working lives.

We will work with employers to support upskilling around succession planning, career path development, flexible working options and attracting talent so that our people can have rewarding and fulfilling careers that work for them.

Recognising that public service makes up 24% of our workforce, we will work with local education providers to ensure the curriculum and relationships between the local offer and employers are aligned. This will ensure the residents and businesses of Worcestershire benefit by enabling public services that attract and retain talent and deliver excellence.

People: Projects in the pipeline.

- Employer Skills Hub
- National Telecomms and Digital Skills Centre
- Midlife MOT Programme (Review / Reskill)
- Public Sector Skills Centre of Excellence

For details of more projects in the pipeline, see the **Emerging Project Pipeline** in **Appendices**

People: Our vision for success.

We want to see lower levels of unemployment and improved health and wellbeing that results in a positive impact on economic activity.

We want to maintain our track record with all educational establishments continually meeting all eight careers education benchmarks annually to give our young people the best possible start.

We will have a responsive education and training ecosystem that meets the current and future needs of Worcestershire's economy and inspires young people to spend more of their economic lives in the county.

Our older workers will have the skills and flexible working environments they need to continue working for as long as they want.

There will be an increased number of high value added jobs in the county to narrow the gap between average workplace earnings in Worcestershire and national average workplace earnings.

Infrastructure.

Our key partners

Infrastructure: Background.

Worcestershire is well connected and accessible. There have been even more gains in these areas in recent years thanks to significant investment in our infrastructure. However, there are still actions needed around our physical, digital and energy infrastructures to meet our future needs.

Major transport infrastructure schemes have been planned and delivered. This includes the opening of Worcestershire Parkway rail station, a new station for the county which will improve accessibility and connectivity within the county and to and from major economic centres.

Bromsgrove and Kidderminster rail stations have also benefited from significant investment in recent years to improve the facilities for customers. A number of major road schemes have been delivered too. Hoobrook Link Road in Kidderminster has eased local congestion and provided access to new employment and residential land. The upgrading of Worcester's Southern Link Road to dual carriageway has improved journey times around the city and improved access to the west of the county.

Significant highways investment in North Worcestershire has included a Highways England contribution of £2.68 million to support two schemes to improve journeys around Junction 4 and Junction 6 of the M5 and Junction 1 and Junction 3 of the M42 near Bromsgrove. Improvements to the A38 Bromsgrove corridor will unlock land for additional homes and new office and warehouse space in an area where the Green Belt is a significant constraint on development.

However, we know that the capacity of existing motorway junctions and strategic corridors such as the A38, particularly at Bromsgrove, is not sufficient. This is especially true because we have a higher than average percentage of people who commute to work by car or van – 46.3% against 36.9% nationally.

Rail services to and from Birmingham are overcrowded at peak times. Investment is required in rail to reduce overcrowding in services to Birmingham and improve connectivity from Kidderminster, Bromsgrove and Redditch.

We know that all this is impacting our economic growth. For example, 91% of businesses surveyed by Midland Connect said an improved A46 corridor would boost their productivity and 59% said improvements would allow them to create additional new jobs.

We also recognise that people want more sustainable transport choices too. As a LEP we have already invested in active travel improvements across the county and will continue to champion this type of infrastructure to support local economic activity.

Infrastructure: Background.

Physical connectivity

91%

Percentage of businesses that say an improved A46 would boost their productivity

59%

said improvements would allow them to create new jobs

People travelling to work by car or van

Worcestershire
46.3%

UK
36.9%

55km of new cycle routes have been added to our existing Worcestershire network in the last 5 years

Infrastructure: Our vision for success.

To enable economic growth, ease congestion and better support intra- and inter-county movement we will improve rail journey times and service frequency within the county.

We will deliver key strategic road corridor improvements (the A38 Bromsgrove Route Enhancement Programme and the A46 Evesham bypass junction improvement) by 2030.

A county-wide rail strategy has been developed to support the following priorities:

- two trains per hour Worcester to Paddington (Cotswold Line services)
- one train per hour Kidderminster/ Droitwich Spa/Worcester/Paddington
- additional calls at Worcestershire Parkway for Bristol to Manchester and Plymouth to Newcastle services
- a regional service between Kidderminster and Bromsgrove, Worcester and Cheltenham Spa, Gloucester and Bristol
- investment in the development of Worcester Shrub Hill Quarter and the Redditch Transport Interchange to open up urban regeneration opportunities
- better access to the National Rail network within the county with new station(s) and bigger car parks.

However, these programmes need to be monitored carefully in light of the likely shift in ways of working as a result of the Covid-19 pandemic.

Infrastructure: Digital infrastructure.

We were home to one of the UK's first six 5G testbeds with initial investment of £4.8 million from the Government to carry out:

- a quantified assessment of how Industry 4.0/remote manufacturing, made possible only by 5G, increases productivity in the areas of preventative maintenance, use of robotics and assisted maintenance using augmented reality (AR)
- cyber security and spectrum resilience capabilities for 5G networks and cyber security test and assurance services for critical 5G applications to ensure 'security by design'
- an exploration of a new business model made possible by 5G, specifically the viability of selling time on a machine as opposed to requiring the capital purchase of the machine itself.

The initial project funded by DCMS has now completed successfully. However the Worcestershire 5G testbed remains a key asset in providing capacity to revolutionise the way businesses operate across a range of different industries. It will further strengthen our competitive advantage in cyber security, defence and IT. Findings from the Worcestershire 5G project show that up to 2% efficiency gains may be possible through the adoption of 5G services. Such levels of productivity gain, if extrapolated to a UK level, would be equivalent to a contribution of £2.6 billion per annum.

But there is much further to go.

Overall, our levels of digital connectivity have been boosted by recent significant investment, particularly in superfast broadband. However, there is still room for improvement. For example, only 12.5% of premises have fibre to the premises (FTTP), against 17.9% in the West Midlands as a whole and 20.3% across the UK. 4G coverage ranges from 92.5% to 98% dependent on operator but there are still a number of areas across the county with poor coverage. This includes sections of the M50 and major A road and B road and rail routes.

This lack of connectivity is a particular barrier to productivity for our SMEs in rural parts of the county and creates an unequal playing field when compared to businesses in better-connected parts of the county and country.

Infrastructure: Digital infrastructure.

Digital connectivity

2%

potential productivity improvements using 5G

5G

Superfast broadband coverage

Worcestershire
96.8%

UK
96.7%

Fibre to the premises (FTTP)

Worcestershire
12.5%

West Midlands region
17.9%

UK
20.3%

4G coverage

92.5% to 98%

dependent on operator

There are still a number of areas across the county with poor coverage. This includes sections of the M50 and major A road and B road and rail routes.

4G

Infrastructure: Our vision for success.

Quite simply, digital connectivity is crucial if we are to future-proof our county and build on our foundation as a connected, productive environment for businesses to start, grow and thrive.

To unlock our potential we will increase our digital connectivity in line with Government's national ambition of delivering at least 85% coverage of gigabit capability by 2025. We will also build on the success of our 5G testbed and support our businesses in exploring digital/technology adoption to improve their productivity. Our actions will also mean we are able to support remote working seamlessly county-wide, enabling residents to both live and work within Worcestershire.

Infrastructure: Energy.

Energy is a significant component of the Worcestershire economy and has an important contribution to make in raising productivity. The low carbon economy is growing at around 6% a year, similar to the Midlands average, with 12% of electricity consumption met by local renewable generation.

We also have a strong business base in the county, with names including Worcester Bosch, Indra, FAUN Zoeller, Air Products and Eco2Solar that are well-placed to contribute to local and national efforts to embrace a sustainable future.

However, capacity on the electricity network both in terms of new demand connections and the ability to connect renewable energy or storage technologies are a particular problem. Of the 25 primary electrical substations in Worcestershire ten (40%) are capacity-constrained in terms of demand and/or generation. This has become a major barrier to our businesses' ability to adopt new energy technologies and to the facilitation of new commercial and residential development in some parts of the county.

Infrastructure: Energy our vision for success.

From an energy perspective, we need to shift towards a low carbon economy and increase renewable energy generation within the county. This will improve our county's resilience and keep the value stream within the local economy.

With hard work and intelligent investment, we can create a robust and diverse decarbonised energy landscape that creates the optimum conditions for growth and improved productivity across the county.

Our Energy Strategy for 2030 commits us to:

- halving carbon emissions on 2005 levels by 2030
- doubling the size of the low carbon sector between 2016 and 2030
- tripling energy production from renewable generation by 2030.

Infrastructure: Projects in the pipeline.

- North Cotswold rail line transformation
- A46 Evesham bypass junction improvement
- A38 Bromsgrove Route Enhancement Programme
- Gigabit-capable infrastructure roll out

For details of more projects in the pipeline, see the **Emerging Project Pipeline** in **Appendices**

Business Environment.

Our key partners

Bromsgrove District Council
www.bromsgrove.gov.uk

Malvern Hills District Council

Redditch Borough Council
making a difference
www.redditchbc.gov.uk

Worcestershire Growth Hub
Worcestershire Business Central

Worcester City Council

Worcestershire County Council

Wychavon District Council
good services, good value

Wyre Forest District Council

Midlands Cyber
The region's leading cyber cluster

HM Government

Business Environment: Background.

Worcestershire is a great place to do business.

It has a growing stock of businesses and business densities have been consistently higher than the UK average for the last five years. Business survival rates for Worcestershire compare well with the regional and national averages, particularly over the longer term.

Worcestershire businesses benefit from joined up support offered through Worcestershire's Growth Hub.

Worcestershire's Growth Hub is a collaboration of information and support services funded and delivered by WLEP, working with and supported by partners including all seven Worcestershire local authorities, the Department for Business, Energy & Industrial Strategy (BEIS) and the European Regional Development Fund (ERDF).

The Growth Hub supports businesses at all stages of their business journey, from pre-start through to large SME and strategic businesses. Over the past seven years the Growth Hub has engaged with more than 10,000 Worcestershire businesses, provided start-up advice to over 1,200 individuals and intensely supported over 750 businesses to start their scale-up/growth journey.

Worcestershire Growth Hub provides and signposts businesses to grants, funding, specialist advice and guidance, support for up-skilling and training staff, and practical support and advice to innovate. The support provided through the Growth Hub helps businesses to develop their internal capability in order to improve their productivity, grow and create jobs.

In the past few years, it has helped deliver several successful programmes. The Proof of Concept business support programme has supported nearly 60 new businesses, which has brought 16 new products to market and created 71 new jobs. The LEADER programme will see over 90 jobs created, focusing on improving farm productivity and diversifying the rural economy.

We have a successful track record of securing regeneration through the creation of new Enterprise Zones backed by specific place-appropriate Local Development Orders and a package of incentives for businesses. This approach has been adopted by Wyre Forest District Council for the South Kidderminster Enterprise Park.

Worcestershire's business mix is a key strength. Its diversity makes a positive contribution to current economic performance and is an important basis for long-term sustainable growth.

Its cornerstone sectors, as identified by WLEP, are business administration and professional services; construction; and health and care.

It retains a competitive advantage in a number of manufacturing industries and the growth sectors identified by WLEP – advanced manufacturing; cyber security, IT and defence; and horti/agricultural technology. These sectors typically have higher concentrations of employment compared with the national and regional averages or potential for growth. There is more information on this in Worcestershire's Key Sectors.

Business Environment: Background.

Business stock profile

31,495
businesses

90.7%
micro
(0-9 employees)

8.9%
small and medium firms
(10 to 249 employees)

0.3%
large firms

Business density per 10,000 adults

Worcestershire
644

West Midlands
466

UK
508

Scale-up / growth companies (2020)

Worcestershire
325

Stoke/Staffordshire
535

Coventry/Warwickshire
485

Annual export/import ratio (2018)

Worcestershire
0.57:1

£1.8 billion exports ↗
£3.2 billion imports ↙

West Midlands
0.88:1

UK
0.7:1

Employment productivity

Part time workers

Worcestershire
26%
70,700 people

UK
24%

GVA per filled job

Worcestershire
£46,600

UK
£56,400

GVA per hour

Worcestershire
£28.70

UK
£35.00

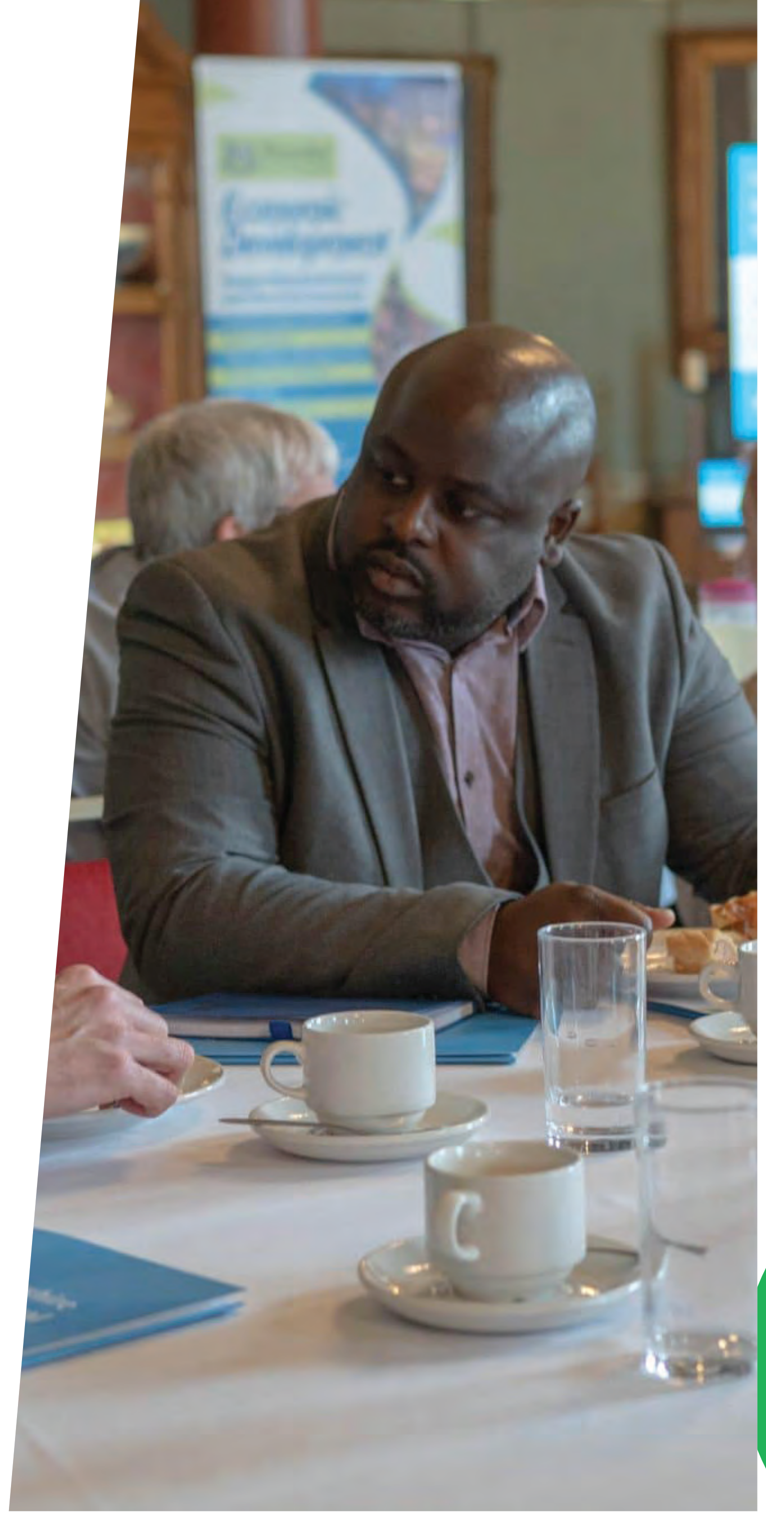
Business Environment: Background.

Despite these successes, which have helped to contribute to a growth in GVA and employment in recent years, there is much to be done.

Worcestershire's productivity levels are below average at £28.70 GVA per hour compared to £35.00 for the UK as a whole. Projections suggest the gap is expected to increase over the next 20 years if current trends continue. Yet if Worcestershire's productivity levels matched the national average, the county could generate an additional £1.5 billion GVA per year.

We have a lower level of scale-up businesses compared to similar Local Enterprise Partnerships (LEPs). In 2020, the national ScaleUp Institute estimated that there were 325 scale-ups or high growth businesses within Worcestershire, which was well below a number of the other LEPs including Stoke and Staffordshire (535), Coventry & Warwickshire (485), Gloucestershire (380), Dorset (380).

Our export performance could also improve. Worcestershire exported goods with a value of £1.8 billion in 2018 and imported goods with a value of £3.2 billion. This makes the county a net importer, with a ratio of exports to imports of 0.57:1. This compares with 0.88 for the West Midlands and 0.7 for the UK. In terms of the proportion of exports to EU countries, Worcestershire exported 62% of the total value of exports compared with 45% in the West Midlands and 50% in the UK. Conversely, the area imported a smaller proportion of goods from EU countries (52%) compared with the regional and national average (63% and 55% respectively).



Business Environment: The way forward.

To build on our strengths and tackle our areas of weakness, we should capitalise on our diverse business mix, which is a key strength of the county. It makes a positive contribution to current economic performance, provides a degree of resilience to macro-economic shocks and should be retained as the basis for long-term sustainable growth.

We also need to retain and strengthen our links with Government to deliver more effective support for the county's businesses.

Business Environment: Projects in the pipeline.

For details of more projects in the pipeline, see the **Emerging Project Pipeline** in **Appendices**

Business Environment: Our vision for success.

Our ambition is to increase the stock of high quality and sustainable business premises in the county to support inward investment and growth of indigenous businesses. We want to see an increased number of start up and growth businesses in the county. Finally, as a result of firm level productivity improvements, we want to see an increased GVA.

Worcestershire's Key Sectors.

WLEP has identified three opportunity sectors and three cornerstone sectors that are important for the future growth and sustainability of our economy.

The three cornerstone sectors.

The cornerstone sectors are central to our local economy and represent large volumes of jobs. They are business administration and professional services; construction; and health and care.

The opportunity sectors have significant potential for high-value growth. They are advanced manufacturing; cyber security, IT and defence; and horti/agricultural technology.

Targeted interventions are needed for all sectors to boost growth and valuable employment opportunities.

Business administration & professional services

This includes legal services, audit, accountancy, insurance, management consultancy, employment activities, and business admin and support services.

Scale

- 30% of all businesses are business administration and professional services-related
- 9,350 businesses
- 36,000 jobs

Key employers

- AFH Financial Group
- Bishop Fleming
- Fresh Insurance Services Group
- Harrison Clark Rickerbys
- Liaison Financial Services

Growth opportunities

- Transformational business model changes as a result of digitalisation
- The growth of Artificial intelligence (AI)
- The potential to drive growth in both urban and rural areas

Challenges

- A skills gap and increasing digitalisation
- Digital disruption, which is contributing to a fundamental shift in the supply/demand dynamics of the sector

Construction

This includes construction of buildings, civil engineering, specialised construction activities, and architectural and engineering activities.

Scale

- 14% of all businesses are construction-related
- 4,520 businesses
- 17,000 jobs

Key employers

- Benniman
- One Environmental
- RM Contractors
- Speller Metcalfe
- Westpoint Construction

Growth opportunities

- Projected growth for both employment numbers and GVA
- Construction sector deal funding
- New construction techniques that drive clean growth
- The journey to smart homes
- The growth in digital technologies such as Building Information Modelling (BIM) that is driving high value added jobs

Challenges

- A skills shortage
- A difficulty in accessing and sourcing materials
- The currently limited application of innovative technology

Health and care

This includes social care, plus niche sectors including instrument devices and equipment manufacture; research and development; healthcare services; and assistive technology and diagnostics.

Scale

- 3% of all businesses are health and care-related
- 1,000 businesses
- 38,000 jobs

Key employers

- Kimal
- Lexon UK
- Malvern Panalytical

Growth opportunities

- Increasing demand from an ageing population
- Technology changing the way healthcare is delivered

Challenges

- Recruitment
- Social care funding

The three opportunity sectors.

Advanced manufacturing

This includes the manufacture of computer and electronic products; machinery and equipment; metal products; non-metallic products; and other manufacturing and transport equipment.

We have an established base across the area that offers higher levels of high value added jobs.

Scale

- 7% of all businesses are advanced manufacturing-related
- 2,285 businesses
- 30,790 jobs, with concentrations in Redditch and Wychavon

Key employers

- Harris
- Mettis Aerospace
- Morgan Technical Ceramics
- Morgan Motor Company
- Southco
- Titan Steel Wheels
- Worcester Bosch
- Yamazaki Mazak UK

Growth opportunities

- Industry 4.0 and new enabling technologies that are driving growth of high value added jobs
- Replacement demand
- The growth predicted in both employment and GVA between 2019-2039 in a range of manufacturing industries

Challenges

- A lack of knowledge/intelligence regarding new market opportunities in the industry
- Lower levels of R&D support and links with Higher Education institutions
- Changing skills needs
- Access to finance for machinery and new technologies
- The cost and supply of energy
- Environmental sustainability

Cyber security, IT and defence

This includes telecommunications, computer programming, consultancy and related digital activities, information service activities and defence activities.

Scale

- 13% of all businesses are cyber security, IT and defence-related
- 4,115 businesses
- 14,750 jobs

Key employers and alliances

- Deep Secure
- IASME Consortium
- Meta Mission Data
- OGL Computer Services Group
- QinetiQ
- Titania
- Ubi-Tech
- VisionLabs

The Malvern Cyber Security Cluster is a group of more than 80 small cyber security companies that collaborates on a range of initiatives to grow cyber security businesses, improve the cyber security of local enterprises and raise awareness of cyber security among young people.

Growth opportunities

- Opportunities for R&D, product development and enhancing production
- Opportunities for boosting resilience across a range of sectors
- Our strong infrastructure through the Malvern Hills Science Park and BetaDen
- Domestic and export growth opportunities for the Cyber Resilience Alliance
- The emergence of the Internet of Things
- Focus on security by design embedded in all future product/solution development
- Commercial 5G testbed service based at Malvern Hills Science Park
- The focus on the UK Government's AI/Data Grand Challenge – #TechPriorities
- The potential for collaboration with other LEPs (e.g. Gloucestershire, The Marches and Swindon & Wiltshire around Cyber Valley proposals)

Challenges

- Future technology skills for digital transformation
- Availability and affordability of Grade A office space

Horti/agricultural technology

Agri-tech is a term that is used nationally to cover applied research and innovation in the agricultural industry, including horticulture, to increase yield, profit, turnover and business growth. It includes support to agriculture and post-harvest crop activities; hunting, trapping and related service activities; aquaculture; manufacture of food products; and scientific research and development.

Our businesses already have a competitive advantage and make a significant contribution to the rural economy.

Scale

- 7% of all businesses are horti/agricultural technology-related
- 2,210 businesses
- 14,000 jobs

Key employers and organisations

- Fine Agrochemicals
- Agri-Tech Research Centre at Pershore College
- Alamo Group
- Bomford Turner
- EuroFresh Evesham
- Kanes Foods
- Mzuri
- National Pollen and Aerobiology Research Unit at the University of Worcester
- Red Star Growers
- Weaving Machinery

Growth opportunities

- The growth in technologies such as AI, dairy automation, robotics and drones facilitated by 5G and broadband
- A post-Brexit era where farms can be profitable and economically sustainable without subsidy
- A new era of diversification
- Our proximity to regional assets including Hartpury University and Hartpury College, and Harper Adams University
- Improved intelligence from partnership work between WLEP, Worcestershire County Council, the Environment Agency and Severn Trent Water on water infrastructure across the county

Challenges

- Understanding of future and emerging technologies
- Access to R&D finance and infrastructure to develop and test new technologies
- A shortage of skilled labour
- The impact of Brexit on foodstuffs and supply chains
- Climate change, in particular water scarcity and quality

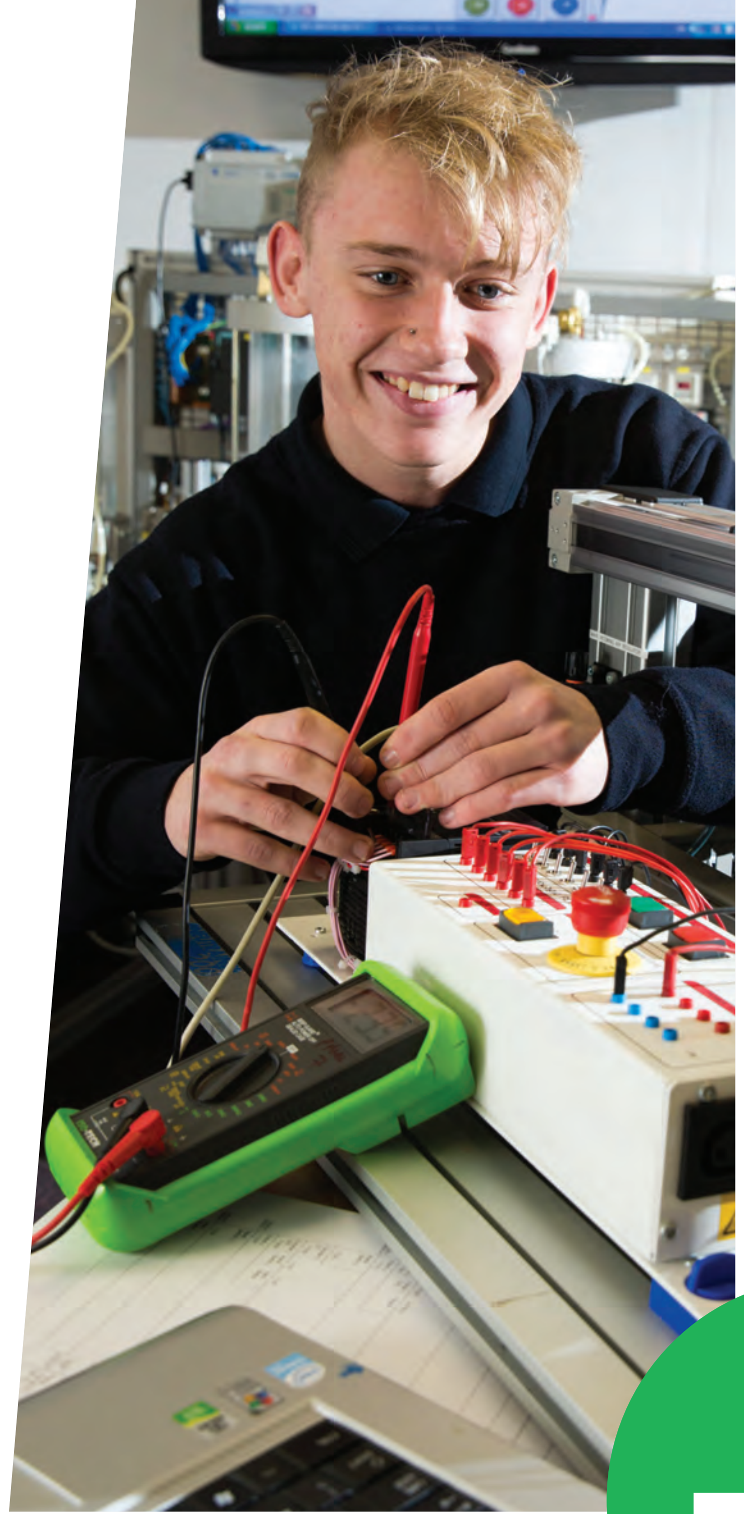
Monitoring and Evaluation.

As part of delivering this Plan for Growth, it will be important to establish a performance management framework to monitor the progression of individual projects and their impact on the Worcestershire economy.

WLEP Monitoring and Evaluation Framework.

WLEP will build on the Monitoring and Evaluation Framework already in place as part of the Local Assurance Framework. The latest version is published on the WLEP website.

This sets out to provide evaluation evidence regarding the overall success of the wider programme areas and the lessons learnt. This system for monitoring and evaluating performance will be further developed in parallel with establishing the delivery arrangements for the plan for growth.



Monitoring strategic indicator targets.

The impact of this Plan for Growth will be measured through the monitoring of some strategic macro-level economic indicators. These will be monitored and progress reported to the WLEP Board regularly.

Indicator	Source	Performance measure(s)	Frequency
Jobs	Business Register and Employment Survey	Employment (employees and working owners)	Annual
GVA	Regional Gross Value Added	GVA (balanced)	Annual
Housing	Permanent dwellings started and completed	Dwellings completed	Quarterly
CO_2 emissions	UK local authority and regional carbon dioxide emissions national statistics	CO_2 emissions estimates within the scope of influence of local authorities	Annual
Renewable energy generation	Renewable electricity by local authority and Regional and local authority electricity consumption statistics	Renewable electricity generation as a proportion of electricity consumption	Annual
Low carbon economy size	Low Carbon Environmental Goods and Services	Sales in the Low Carbon and Environmental Goods and Services (LCEGS) sector	Annual

Monitoring the foundations of productivity.

This Plan for Growth has been developed using a robust evidence base, using indicators and datasets which provide a better understanding of how the Worcestershire economy has been performing against each of the five foundations of productivity.

It is proposed that foundation-level performance management dashboards will be developed to monitor key performance indicators. Suggested KPIs for each of the five foundations of productivity can be found in the Appendices.

Monitoring individual projects.

The proposed approach to monitoring the delivery of this Plan for Growth is one that builds upon current best practice and guidance, whilst also taking account of the specific requirements of WLEP and its partners. 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 on detailed project-level information and analyses.

WLEP will work with partners to collect monitoring information for each individual project. This will mean assembling and updating information on each project, including target/forecast data.

Where a project involves several separate project components, monitoring information should also be gathered for each of these individual components as well as for the project as a whole. This 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 is used that is consistent with the requirements of funding partners. Reporting must serve the needs of all partners. 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.

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.

Appendices.

Stakeholder engagement.

We undertook an extensive stakeholder engagement programme in 2019 and 2020 to inform this Plan for Growth and our vision for 2040.

We commissioned the Herefordshire & Worcestershire Chamber of Commerce to undertake research with key businesses and scale-up businesses in the county. It arranged six events, one in each of Worcestershire's districts, and reached around 80 businesses in total. Of the businesses that attended, representatives of 60 of them were interviewed by the Chamber to collect more detailed information on their ambitions, challenges and opportunities.

In partnership with the Circle2Success (C2S) business networking group, we ran two open events for all Worcestershire businesses, reaching round 120 businesses.

We engaged with our network of Worcestershire and Midlands members, and reached around 20 businesses via this route.

We sought the insight of external industry experts. We linked with the Institute of Chartered Accountants for England and Wales (ICAEW) to engage with the business and professional services sector. MediLink gave insight on the health and care sector. The Society of Motor Manufacturers and Traders provided insight on the advanced manufacturing and automotive supply chain strengths in the county. We got insight from the Local Action Group and Merrells Consulting for the agri/horticultural technology sector.

We engaged one-to-one with all further and higher education providers in the county to understand their challenges and business plans and to consider the synergies and opportunities in aligning future curricula with local economic need.

In terms of local government, we convened a dedicated bespoke steering group of partners to oversee the development process.

We engaged with the Worcestershire Leaders Board to get the views of the political leaders of all seven local authorities. We also engaged with Worcestershire's six MPs to ensure good alignment with their political priorities.

We commissioned an extensive and robust evidence base (more information is available in these appendices), which was praised by the Department for Business, Energy & Industrial Strategy's analysts for its robustness and quality. We also commissioned an independent panel of experts to provide independent external scrutiny and advice on the evidence base to ensure the development of this Plan for Growth was safeguarded from local vested interests.

Evidence base.

Where data is available, the evidence base contains information for Worcestershire and compares this with regional, national and similar, comparator LEP areas. Information for the local authority districts within the WLEP area is also provided where available.

The breakdown of areas is summarised below:

- National and regional comparators:
  - West Midlands
  - Midlands Engine – this geography comprises 10 LEP areas: Greater Lincolnshire; D2N2; Leicester and Leicestershire; South East Midlands (SEMLEP); Coventry & Warwickshire; Worcestershire; The Marches; Black Country; Stoke-on-Trent and Staffordshire; and Greater Birmingham and Solihull (GBSLEP).
  - National – where possible data is provided for the UK. Where this is not available, GB data is provided (for example, the Business Register and Employment Survey), and where UK/GB figures are not available, England comparators are used (skills, education, population).
- Worcestershire districts:
  - Bromsgrove[3]
  - Malvern Hills
  - Redditch
  - Worcester City
  - Wychavon
  - Wyre Forest
- Comparator LEP areas have been selected on the basis of size, rurality/location, and characteristics similar to Worcestershire. They include:
  - Dorset
  - Gloucestershire
  - Coventry & Warwickshire
  - Stoke-on-Trent and Staffordshire
  - Swindon & Wiltshire

[3] Large numbers of businesses using the same registered addresses (e.g. a management company) currently skew employment and business count data from 2015 onwards in Bromsgrove

A PowerPoint presentation of the data and information collated is available in the Resources section of WLEP's website.

This report describes the evidence related to each foundation of productivity. However, we note that businesses' productivity performance will be influenced by a range of factors that cross a number of foundations. We also recognise that the inter-relationships between the different drivers and the factors influencing productivity within one industry are likely to differ from the next, and from area to area.

Monitoring and Evaluation — the five foundations of productivity.

Place

Indicator	Source	Performance measure(s)	Frequency
Population – by urban / rural	Mid-year population estimates	Proportion of population in rural / urban areas	Annual
Proportion of employment in key sectors – by urban / rural	Business Register and Employment Survey	Proportion of employment in rural / urban areas in key sectors	Annual
Housing completions	Permanent dwellings started and completed	Dwellings completed by district	Annual
Housing affordability	House price to workplace-based earnings ratio	Ratio of median house price to median gross annual workplace-based earnings by district	Annual
Tourism visits / expenditure	GB Tourism Survey and GB Day Visits Survey	Tourism visits and expenditure	Annual
Claimant count	Claimant count	Claimant count as a proportion of the working age population at Lower Layer Super Output Area level	Monthly
Index of Multiple Deprivation	English Indices of Deprivation	Deprivation decile at Lower Layer Super Output Area level	Every 5 years

Ideas

Indicator	Source	Performance measure(s)	Frequency
UKRI funding leveraged into county	Innovate UK funded projects since 2004	Grants offered	Annual
Number / percentage of enterprises exporting	Regional trade in goods statistics disaggregated by smaller geographical areas	Proportion of businesses exporting to EU and non-EU countries	Annual
Percentage in employment who are science, research, engineering and technology professionals	Annual Population Survey	Proportion of the workforce employed in SOC2010 codes 21 (Science, Research, Engineering and Technology Professionals) or 31 (Science, Engineering and Technology Associate Professionals)	Quarterly
Claims for R&D credits and qualifying R&D expenditure	Research and Development Tax Credits Statistics	Number of claims and qualifying R&D expenditure	Annual

People

Indicator	Source	Performance measure(s)	Frequency
Net out-commuting patterns	Business Register and Employment Survey and Annual Population Survey	Workplace jobs compared to working residents	Annual
Demography (16+ population projections)	Subnational population projections	Proportion of 16+ population that are of working age and State Pension age.	Every 2 years
Changes in workplace jobs	Business Register and Employment Survey	Change in workplace jobs by sector	Annual
Claimant count – unemployed	Claimant count	Claimant count as a proportion of the working age population	Monthly
School and college performance	School and college performance tables	Progress 8 (KS4), Grade 5 GCSE English and Maths, A-Level average, AAB in 2 or more facilitating subjects	Annual
Apprenticeships	Apprenticeships and traineeships data	Starts and achievements for academic year	Annual
Average earnings	Annual Survey of Hours and Earnings	Median annual gross pay for full-time workers	Annual
GVA per hour worked	Subregional productivity: labour productivity indices by economic enterprise region	Nominal (smoothed) GVA(B) per filled job	Annual
Quality of careers advice / provision in schools	Worcestershire LEP Report, The Careers & Enterprise Company	Proportion of schools and colleges achieving Gatsby benchmarks	Annual
Graduate retention	Graduate outcomes	Region of residence of graduates from Higher Education institutions in Worcestershire	Annual

Infrastructure

Indicator	Source	Performance measure(s)	Frequency
Broadband speed / coverage	thinkbroadband	Mean download speed, Superfast, Ultrafast and Full Fibre coverage	Quarterly / monthly
Mobile call setup / completion success	Independent benchmark assessment of mobile coverage in Worcestershire	Call setup success rate and call completion rate	TBD
Proportion of adults cycling for travel	Walking and cycling statistics	Proportion of adults cycling for travel at least 3 and 5 times per week	Annual
Passenger journeys by rail	Estimates of station usage	Percentage change in exits and entries	Annual
Passenger journeys on local bus services	Local bus passenger journeys	Passenger journeys on local bus services per head of population	Annual
Grid capacity of primary electrical substations	Western Power Distribution data	Generation and demand capacity	Biannual
Proportion of electricity demand generated from renewables	Renewable electricity by local authority and regional and local authority electricity consumption statistics	Renewable electricity generation as a proportion of electricity consumption	Annual
Carbon emissions	UK local authority and regional carbon dioxide emissions national statistics	Per capita CO2 emissions estimates within the scope of influence of local authorities	Annual

Business environment

Indicator	Source	Performance measure(s)	Frequency
Number of enterprises / by sector	Inter-Departmental Business Register	VAT and/or PAYE based enterprises by sector	Annual
1-year survival rates	Business demography, UK	1-year survival rate of newly born enterprises	Annual
High growth enterprises	Business demography, UK	Enterprises that have 10 or more employees with an average growth in employment of greater than 20% per year over a three-year period	Annual
Commercial property availability	Worcestershire Commercial Property Market Report	Office and industrial vacancy rates	Annual
Trade in goods and services	Regional trade statistics, local area tables and international trade in services by subnational areas of the UK	Value of exports and imports to EU and non-EU countries	Annual
Foreign Direct Investment	Department for International Trade	New jobs, safeguarded jobs and projects	Annual
Businesses assisted via Growth Hub	Worcestershire Business Central Customer Record Management data	Proactive calls and meetings	Monthly

Logic chain.

Places

Evidence

Rural/urban classification
- Worcestershire is a rural county approximately 672 square miles with 86% of land classified as rural versus 14% urban – however 74% of the population lives in the urban areas
- 32% of businesses are in rural areas, resulting in higher business density than urban areas
- the largest number of rural businesses are in agriculture, forestry and fishing, and professional, scientific and technical sectors whereas the largest number of rural jobs are in manufacturing, and accommodation and food services, with higher proportions of jobs in these sectors than in urban areas

Geography
- The longest River in the UK, the River Severn, runs through the county. It is a key natural asset supporting the visitor economy and acts as a fundamental item of infrastructure for business performance, particularly across the food production and agri-tech sectors
- However, the impact of climate change means the River can also have devastating impact in all communities along its course
- Since 2015, approximately 850 residential properties have internally flooded with several times this number having been externally flooded. In addition several hundred businesses have been impacted by flooding since 2015, as have many hundreds of roads, often multiple times
- Worcestershire has 2 Areas of Outstanding Natural Beauty (AONBs) out of 46 in the UK and 113 sites of special scientific interest (SSSIs) – this equates to a total land area of 5,300 hectares (3% of the county)

Housing
- Between 2011 and 2019 the stock of homes in Worcestershire increased by 18,000 (7.2% increase) and there are approximately 267,000 homes across the area
- Average house prices are similar to the national average

Social Deprivation
- Worcestershire ranks highly on the Indices of Multiple Deprivation – 105 out of 152 (where 152 represents the least deprived area) – however Worcestershire has 34 Lower Super Output Areas (LSOA) in the worst 15% nationally and 18 of these LSOAs are in the worst 10%

Tourism and visitor economy
- Worcestershire attracted on average 16 million visits a year in the three year period (2017-2019) but average spend per visit (£30.45) is well below the national figure (£44.00)
- The visitor economy employs between 20,000 and 28,000 people which equates to 7.3% to 10.2% of the total workforce depending on definition (narrow or broad)

Place assets
- Cultural / educational assets – Worcester Cathedral, Malvern Theatres, Worcester City Art Gallery and Museum, Tudor House Museum, Bewdley Museum, Elgar Birthplace Museum, The Commandery
- Sporting assets – University Arena, Worcester Racecourse, Worcestershire County Cricket Club, Worcester Warriors Rugby Club
- Conference / exhibition assets – Sixways Stadium, Three Counties Showground
- Visitor attraction assets – Severn Valley Railway, West Midland Safari Park
- Natural assets – Lickey Hills, Worcestershire Beacon, Malvern Hills
- Heritage sites / stately homes – Hanbury Hall, Spetchley Park, Croome Estate, Witley Court

So what?

- Worcestershire can be described as a polycentric county with five distinct geographical areas, each with a distinctive economic base and sector strengths
- There has been positive housing growth in recent years but affordability remains a key issue and a range of provision is required to suit the changing demographics and attract a highly skilled workforce
- Around a quarter of jobs are in rural areas – the same as the proportion of the population living in rural areas. GVA growth and GVA per worker in predominantly rural areas has been around or below the Worcestershire average
- Rural businesses are smaller than urban businesses with a higher proportion of micro businesses in rural areas
- The population in rural areas is older than in urban areas with a lower proportion under 50 and a higher proportion over 50
- Population has aged more rapidly in rural areas with greater falls in younger groups and larger increases in older groups and in urban areas
- Despite being traditionally perceived as an affluent county there are pockets of deprivation in more urban areas of the county and relatively low social mobility in a number of districts
- Transformation plans are required for the town centres to respond to changes in recent years around the growth of online shopping resulting in vacant or under-used spaces
- There is a wide range of institutional capital and assets across the county that are enhancing the attractiveness of the environment and helping to attract visitors and investors to the area

Interventions

- Work closely with partners on the development and delivery of city and town master plans including engagement on Towns Funds and Future High Street Funds project boards
- Actively engage on development of local plans to ensure a more tailored outcome to future housing employment growth and infrastructure to support it to deliver the WLEP's vision
- Act as a convener and influencer on new project ideas to ensure a fit with the five distinctive economic geographies across the county

Rationale

- A mixed housing offer is required to support a more balanced demographic profile within the county and to support the local economy as evidenced by social mobility and deprivation statistics
- Greater employment land is required in all areas across the county to meet pent up demand and to attract greater inward investment into the county; this is linked to future housing growth projections
- The county has five distinct geographical areas each with a distinctive economic base and sector strengths – therefore interventions need to be tailored depending on local opportunities and issues

Aims

- Have a more mixed and affordable housing stock across the county to meet the demands of the local economy and attract key sector workers and a younger skilled workforce
- Enable continued revitalisation and transformation of the city and town centres across the county to include provision of more residential, enterprise and commercial space
- Capitalise on the five distinct geographical areas and their sector strengths, tailoring investments and interventions accordingly, such as cyber in Malvern and South West or advanced manufacturing in North Worcestershire

Logic chain.

People

Evidence

Demographics
- Worcestershire has a population of 595,800 people with 74% living in the urban areas of the county
- Profile of current resident population demonstrates a lower working age population aged 16 to 64 years (59.9% versus 62.9% nationally)
- 26% of the local population will be of State Pension age in 2041 – this equates to roughly one in four residents mainly in rural areas with key implications for labour market and demand for local services

Labour market
- Current employment rate of 77.7%, however now rising levels of unemployment claimant count (5.2% versus 6.4% for England)
- Youth unemployment rate of 8.6% versus 9.0% for England
- Number of residents in the area who work exceeds the number of jobs in the area by close to 18,000, resulting in net commuting out of the area
- 75% of residents live and work in the county with significant movement (20%) within the county between districts

Education / qualifications
- Significant increase in residents educated to NVQ Level 4+ or above – increased from 26% in 2008 to 37% in 2019. However 22.6% have low or no qualifications (below NVQ Level 2)
- 53% of students leaving Worcestershire for university studies do not return to the county to work (the UK average is 34%)
- Pre-16 performance is in line with national average but post-16 performance is below the national average – the proportion of pupils achieving AAB or higher in two subjects is 11.4% compared with 16.5% for England

Productivity
- GVA per hour worked is 82% of the UK average and below that of most comparative areas
- Lower levels of high value added jobs are reflected in lower workplace earnings than all comparator LEPs selected

Employer intelligence
- Availability of a skilled workforce is one of the biggest worries for local employers – a BDO survey of local employers cited employee skills as the biggest negative attribute of the Worcestershire market (30%) versus Brexit uncertainty (16%)

So what?

- We have growing levels of claimant counts affecting economic activity with comparatively lower wealth generating capacity – thus lower productivity in the county
- In addition to our ageing demography forecasts out to 2041, this impact on our economy has the potential to be compounded further due to our existing workforce, which comprises one in three workers aged 50+ with a more prevalent rate in some of our key sectors (such as manufacturing)
- We have a relatively high skilled resident population but high levels of out commuting due to low levels of awareness of high value career opportunities available in the county
- Residents with higher levels of income will have an impact on the demand for housing, which will affect type, provision and affordability, which can act as a major barrier to attracting younger highly skilled individuals to work in the county
- Worcestershire residents with low or no qualifications cannot always afford housing in the areas they live, leading to systemic social mobility cold spots in the county
- Worcestershire demonstrates good educational attainment for under-16s but further work is required to improve post-16 performance, including promotion of technical education at an early stage in their career planning process
- We are generally a happy and healthy population which could be in part attributed to the high quality natural environment

Interventions

- Coordinate county response to rising claimant count including a focus on youth claimants
- Consider demand and supply of education provision to match economy needs
- Inward investment strategy to attract high value employers to further attract and retain young people to live and work in the county
- Create a placement strategy enabling maximum exposure of employers to education
- Inspire residents, with the focus on young people, to understand the Worcestershire economy and increase awareness of local opportunities and raise aspirations
- Increase take up of technical STEM pathways and digital skills in county
- Work with employers to focus upskilling around succession planning, career path development, flexible working options and attracting talent
- Match skills interventions with social mobility coldspots to meet needs of local economy

Rationale

- Reducing the economic impact of high levels of claimants and future scarring caused by youth unemployment
- Attracting and retaining a high quality workforce is key to delivering a successful and productive economy
- Employers have a track record of investing in their brand and brand Worcestershire as an attractive place to attract new recruits and develop a career
- Educational training providers responsiveness needs to focus on employers' need
- Analysis of UCAS data shows 41% of young people that accept an HE place each year choose to remain close by and study at nearby universities, which also suggests they may consider moving back to Worcestershire if the overall employment offer is competitive and understood
- Skills interventions need to focus on upskilling and reskilling in response to changing demographics and technology impacting all sectors to address replacement demand and the provision of skills for growth and sectors of the future
- Interventions need to focus on the health and wellbeing of residents with a view to moving towards employment
- People extending their working lives beyond traditional retirement ages means more flexible job roles and working options need to be provided to attract and retain talent and experience

Aims

- Reduce levels of claimants and improve individual health and wellbeing whilst impacting positively on economic activity
- Aim for all educational establishments to continually meet all eight careers education benchmarks annually, with a particular focus on the Worcestershire economy
- Create an education and training provision ecosystem that meets local needs and future trends of Worcestershire's economy by ensuring FE and HE are responsive
- Increase the number of graduates and skilled young people in Worcestershire spending more of their economic life in Worcestershire
- Improve economic activity rates in our older workforce by creating a culture of flexible work environments and upskilling and reskilling opportunities
- Narrow the gap between average workplace earnings in Worcestershire and national average workplace earnings

Logic chain.

Ideas

Evidence

Worcestershire R&D spend

– Overall R&D spend in Worcestershire is 1% of GVA, well below the national target of 2.4%
– BERD = 16/38 LEP areas (mid ranking nationally and with comparator LEPs)
– HERD = 36/38 LEP areas

Innovation

– Strengths in process innovation and new business practices but less so in product innovation and R&D
– Poor performance in patents registration (32/38 LEPs)

Access to Innovate UK funding

– Low drawdown of Innovate UK grant funding (28/38 LEPs)
– Potential scale-up businesses in Worcestershire would like to see more peer-to-peer networks and support / expertise from Innovate UK and local professional services

Employment trends

– High levels of employment in high tech manufacturing (Redditch, Wychavon and Malvern Hills) compared with regional / national comparators but much weaker performance for knowledge intensive services

Cyber Cluster

– Cyber Valley (in partnership with The Marches, Gloucestershire and Swindon & Wiltshire LEP areas) is the second largest cluster of cyber security firms outside London

Innovation assets in county

– Malvern Hills Science Park
– Worcestershire 5G testbed
– University of Worcester: Centre for Dementia Studies
– National Pollen and Aerobiology Research Unit
– Centre for Violence Prevention
– BetaDen technology accelerator
– Worcestershire Innovation Network (WINN)

So what?

– Positive story in terms of business expenditure on R&D in the county, punching above our weight with opportunity to develop further
– There is room for improvement in the promotion and uptake of innovation and research funding and advice among the business base to stimulate the development of new product services and business processes
– Need to explore strategic alliances and partnerships with higher education institutions beyond our borders where it makes sense to local businesses
– We have a growing innovation and entrepreneurial ecosystem (BetaDen) in the county as evidenced by Malvern Hills Science Park growth, The Kiln etc
– Looking to the county's key sector strengths there are opportunities for the wider business base to better adopt technology to increase resilience and productivity (links to Business Environment)

Interventions

– Define a suite of business support programmes to focus on commercialisation of ideas
– Deliver sustainable 5G testbed in Worcestershire to attract inward investment in commercial R&D
– Work with anchor institutions to develop existing Malvern Hills Science Park into a European scale technology-led business park
– More efficient identification and engagement of high growth companies and innovative firms seeking to introduce new products and services to target innovation support appropriately
– Broker relationships between Worcestershire-based businesses and Higher Education institutions outside of the county to maximise and grow BERD investment
– Create environments (physical and virtual) for businesses and Further and Higher Education and support organisations to collaborate together
– Increase awareness amongst Worcestershire business base of R&D tax credits, links to peer-to-peer support business support (links to Business Environment)

Rationale

– Businesses need access to funding advice and space to enable innovation
– Businesses require better access to research institutions to share knowledge collaborate and access relevant expertise
– Further development of existing innovation assets will attract additional R&D investment and skills into the geography (talent attracts talent)
– Better identification and engagement with potential high growth companies should yield greater successes in generating productivity improvements locally and nationally
– Increasing investment in R&D locally will generate higher volumes of higher value jobs in the local economy with the knock on impact of seeking to attract and retain young skilled workforce

Aims

– Increase investment in R&D in line with national target of 2.4%
– Improve links between businesses and Higher Education institutions
– Increase the number of R&D assets across the county to enable greater collaboration with Higher Education institutions beyond Worcestershire's borders
– Increase commercialisation success rate of business R&D investments to bring more products and services to market

Logic chain.

Infrastructure

Evidence

Digital connectivity

– Early research from Worcestershire 5G testbed suggests potential productivity improvements of 2%
– Superfast broadband coverage of 96.8% is broadly in line with the national average of 96.7%
– Only 12.5% of premises have FTTP compared to 17.9% regionally and 20.3% nationally – ultra fast connectivity is poor countywide
– Whilst 4G coverage in the county has increased since 2000 (92.5% to 98% dependent on operator) there are still a number of areas across the county with poor coverage – this includes sections of the M50, major A roads and B roads and rail routes

Physical connectivity

– Key major strategic growth corridor improvements to unlock future housing and employment growth and address existing constraints on road capacity have been identified as:
  – Kidderminster to Hagley to the strategic road network (A450/A456)
  – South and West Worcester link road (A4440)
  – A38 Bromsgrove corridor
  – A46 Evesham corridor
– 91% of businesses surveyed said an improved A46 would boost their productivity (59% said improvements would allow them to create new jobs)
– 46.3% of people travel to work by car or van compared with 36.9% nationally

Energy

– £1.2 billion a year spent on energy in the county (9.2% of GVA) – net importer of energy
– 14% of domestic properties are off the gas network – contributes to 9.9% of the population being in fuel poverty versus 10.3% nationally
– Only 12.1% of local electricity consumption is met by local renewable generation
– Worcestershire generates 4.40 kt of CO2 emissions per head compared with the 4.40 kt UK average
– Carbon emissions are equivalent to 0.2 kt per £ million GVA
– Of the 25 primary electrical substations in Worcestershire 10 (40%) are capacity-constrained in terms of demand and or generation
– 11,300 jobs and 700 businesses in the low carbon sector

So what?

– Despite good strategic road networks within the county access to these is constrained, resulting in congestion hotspots at key locations
– As a rural shire county, Worcestershire's transport network is critical to its economic prosperity for the movement of goods and people
– Rail infrastructure in the county connects the main urban areas, but station infrastructure (e.g. car parking capacity and signalling) needs to be improved, as do rail services, in particular to improve intra-county movement, London and Oxford connectivity via the North Cotswold Line and services along the Birmingham/Bristol corridor
– Rail should be utilised to a much greater degree in the county over the next 20 years to move goods and people more effectively
– Many cross country rail services travel through the county without stopping, significantly limiting rail connectivity for the county
– Lack of local renewable energy generation poses a risk to the county's resilience and results in lots of money exiting the county to pay for power – however, limited scope for large scale generation due to offshore not being an option and resilience / capacity of existing grid constrained
– Businesses and residents continue to raise concerns about poor mobile signal and broadband coverage being a barrier to productivity across the county

Interventions

– Investment in gigabit-capable infrastructure to support improved broadband, 5G and mobile signal deployment
– Lobby and encourage investment in regional grid distribution to support local renewable technology / generation within the county
– Invest in rail to improve both station infrastructure and rail services with a particular focus on intra-county movement and major regional corridors i.e. the North Cotswold Line and Birmingham/Bristol corridor
– Improve movement along key road corridors to ease congestion and improve productivity (movement of people and freight by road), e.g. A46 and A38 major schemes
– Work with partners to deliver real choices around sustainable transport solutions (vehicular and non vehicular) and technology-related modal shift, e.g. EV, hydrogen, active walking and cycling routes, buses and public transport

Rationale

– The accessibility and central location of Worcestershire within the UK is one of the county's major assets to capitalise on
– National and local strategic ambition to reduce carbon footprint supports proposed sustainable investment priorities in rail, energy and digital connectivity
– Investment in digital connectivity will drive productivity improvements across the county and support SMEs in rural parts of the county – levelling up opportunities for rural versus urban
– Important to increase local renewable energy generation to improve county's resilience and keep the value stream within the local economy
– Physical infrastructure priorities will address bottlenecks around business growth areas in the county but also support growth corridor developments into major urban settlements on a regional scale – extending the employment catchment area of the county into the Midlands and South West

Aims

– Improve rail journey times and service frequency within the county to better support intra- and inter-county movement
– Deliver the four key strategic road corridor improvements to Worcestershire by 2030 to enable economic growth and ease congestion
– Increase digital connectivity of the county in line with Government's national ambition of delivering full gigabit capability by 2025
– Halve the carbon emissions of the county, double the size of the low carbon economy and triple renewable energy generation in the county by 2030

Logic chain.

Business Environment

Evidence

Business stock profile

– 31,495 businesses in the county – 91% micro (0-10 employees), 8.9% are SMEs (up to 250 employees) and 0.3% are large firms

Business density

– Business base has been increasing steadily over the last 10 years with a business density of 644 businesses per 10,000 population (compared with 466 in the West Midlands and 508 for the UK)

Sector profile

– Sectors with highest number of businesses include:
  – Professional, scientific and technical (4,095) – 13.0%
  – Business, admin and support services (5,835) – 18.5%
  – Construction (3,530) – 11.2%
– Key cornerstone sectors (high volume) include:
  – Business and professional services
  – Construction
  – Health and care
– Key growth sectors (high value/potential) include:
  – Advanced manufacturing
  – Cyber, IT and defence
  – Horti/agricultural technology

Scale-up / growth companies

– In 2020, the national ScaleUp Institute estimated there were 325 scale-ups or high growth businesses within Worcestershire – well below other LEP comparators including Stoke-on-Trent and Staffordshire (535) and Coventry & Warwickshire (485)

Exports

– In 2018, Worcestershire exported goods with a value of £1.8 billion and imported goods with a value of £3.2 billion. This is an exports to imports ratio of 0.58:1 (compared to 0.88 for the West Midlands and 0.7 for UK)

Employment productivity

– Worcestershire businesses employ 273,000 people with a slightly higher proportion of part-time workers compared with GB (37% vs 32%)
– GVA per filled job is some £10,000 lower than the national average (£56,400) at £46,600
– GVA per hour demonstrates low productivity compared with UK (£28.70 vs £35.00) and comparator areas

Commercial property market

– Office premises vacancy rates across the county range from 2.1% to 5.6% and industrial premises range from 2.1% to 5.8%
– Only 8.3% of business premises in the county are office premises compared with 15.2% in England

So what?

– We have a growing stock of businesses with a comparatively high level of business density and strong survival rates compared with regional / national averages
– Scale-up performance and exports could be improved based on weaker performance compared to other LEP areas and regional / national trends
– Worcestershire's varied business mix is a key strength of the area, making a positive contribution to current economic performance and should be retained as the basis for long term sustainable growth – it provides a degree of resilience to macroeconomic shocks as there is no over-reliance on one employer or sector
– If Worcestershire's productivity levels matched the national average, the area could generate an additional £1.5 billion GVA per year
– Worcestershire has retained a competitive advantage in a number of manufacturing industries and the growth sectors identified in the 2014 Strategic Economic Plan continue to show higher concentrations of employment compared with regional / national averages
– Vacancy rates for business premises for micro and small businesses are at a record low and show demand for new premises
– Gamechanger employment sites have been successful in attracting occupiers for industrial units over 25,000 square foot, however demand remains from the business base for industrial units of 5,000 to 25,000 square feet, but there is not sufficient stock
– Grade A office stock in Worcestershire is extremely low compared with regional and national averages

Interventions

– Develop a leadership and management accelerator programme to increase the number of growth and scale-up businesses in key sectors
– Work with partners to establish if there is a case for public sector intervention on delivery of strategic employment sites (5,000 to 25,000 square feet industrial market and 1,500 to 5,000 square feet offices) due to market failure in order to attract inward investment
– Tailored business support to respond to productivity agenda and the digitisation of the new economy, e.g. 5G adoption and digital business transformation
– Develop a core business support offered to target increase in scale-up and growth businesses, e.g. export support
– Establish peer-to-peer forums for business support (physical and digital) to provide action learning opportunities amongst Worcestershire businesses
– Tailored business support packages targeted at growing and established businesses in key sectors, e.g. business and professional services and health and care
– An inward investment strategy and associated soft landing packages targeted at our key sectors

Rationale

– The availability of suitable employment premises needs to be kept under review, particularly high quality office and flexible premises and space to support R&D, particularly in the north of the county
– National research findings have highlighted lack of leadership skills and lack of investment in technology (particularly back office) as key barriers to productivity growth
– Unavailability of appropriate space has resulted in businesses leaving Worcestershire and thriving elsewhere
– Technology adoption is critical to improving business productivity and resilience

Aims

– Increase the stock of high quality and sustainable business premises in the county to support inward investment and growth of indigenous businesses
– Increase the number of scale-up and growth businesses in the county
– Increase the GVA of the county as a result of firm level productivity improvements

WLEP Emerging Project Pipeline.

WLEP vision → **Worcestershire 2040.**
A connected, creative and dynamic economy for all.

	Places (communities)		Ideas (innovations)		People (skills)	Infrastructure		Business environment (support)	
Five foundations of productivity	Places (communities)		Ideas (innovations)		People (skills)	Infrastructure		Business environment (support)	
Our strategic enablers	Modernising our city and town centres		Innovation ecosystem	Green recovery and climate resilience	Skills for the future	Digital connectivity	Transforming our physical connectivity	Thriving business environment	Sustainable employment land and premises
Project pipeline (established)	– Worcester Shrub Hill Quarter and rail station redevelopment – Redditch Transport Interchange and Railway Quarter – Former Market Hall site – Bromsgrove – Former Dolphin Centre site – Bromsgrove		– Malvern Science Park – BetaDen expansion – University of Worcester Health and Care Innovation Centre – Digital Manufacturing and Innovation Centre	– Flood resilience – Powick Island and Bewdley – North Worcestershire EV charging infrastructure – Bromsgrove District Heat Network	– National Telecomms and Digital Skills Centre – Public Sector Centre of Excellence – Midlife MOT Programme	– Gigabit-capable infrastructure roll out – Rural connectivity – Mobile signal improvement / investment programme	– North Cotswold Line rail transformation – A46 Evesham bypass junction improvement – A38 Bromsgrove Route Enhancement Programme	– Business support programme – Business engagement and inward investment programme – Place marketing	– Bromsgrove Enterprise Park – Regional office hubs – Lea Castle site – Kidderminster
Project pipeline (emerging)	– Windsor Street – Bromsgrove – Kidderminster Creative Hub (phase two) – Former Crown House site redevelopment – Kidderminster – Malvern Theatres extension – Matchborough and Winyates district centres – Redevelopment of Swan Centre – Kidderminster	– Redevelopment of Redditch Library site – Redditch Community Hub – Regeneration of Worcester Street properties – Kidderminster – Bromsgrove Street Car Park redevelopment – Kidderminster – Church Road housing scheme – Redditch – Bridge Street Car Park redevelopment – Stourport-on-Severn	– Pershore College Campus Masterplan – Enterprise business centres	– Zero carbon homes development – Kempsey to Worcester active transport corridor – Abbey Stadium / Greenlands Business Centre – Hydrogen Centre of Excellence – E-bike loan scheme – Stourport-on-Severn solar farm	– Employer Skills Hub – Digital Skills Programme	– W5G testbed development – 5G deployment – Cyber security (Midlands cyber cluster)	– Kidderminster Ring Road review – Infrastructure improvements to A450 – Pershore rail station improvements		

Contact us

If you would like to comment on our Plan for Growth or play a role in its delivery, please contact Worcestershire Local Enterprise Partnership

Email
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