

**14 May 2015**

## **11. REPORTS OF CABINET MEMBERS WITH RESPONSIBILITY**

### **(a) REPORT OF THE CABINET MEMBER WITH RESPONSIBILITY FOR ECONOMY, SKILLS AND INFRASTRUCTURE**

1. This latest report to Council covers the last fifteen months, over which time we have continued to see an improving picture in both the local and national economy, with resultant falls in unemployment, progress on a range of key infrastructure projects and work to embed our “Open for Business” theme of the Council’s Corporate Plan across the organisation and with our partners - not just within the BEC Directorate.

2. For the first time, the county now has an ambitious ten-year economic plan, led by the business community, which every council and MP in the county signed up to. The Strategic Economic Plan, and the significant new Local Growth Deal funding, has been one of the major achievements of the year and the clear prioritisation of key sectors and projects has demonstrated that our Worcestershire LEP really is adding value.

3. Internally, we have restructured within the Business, Environment and Communities Directorate to reflect the changing nature of our role, with three Heads of Service focused around strategy, delivery and communities/customers. Work around national reputation and profiling, skills and service design and transformation are now being led by other directorates ensuring more areas of the Council are engaged in our OfB aims.

4. Looking forward, the key challenge will be to remain focused on our long-term aim to make a step change in the relative performance of the local economy when compared with counties we aspire to be like. Now we have embedded our ambitious aims for Worcestershire at the heart of the county’s economic plan and commenced the delivery of a range of major projects, we must ensure they deliver whilst developing the next set of plans and projects with partners. We will also need to reflect on, and adapt to, the changing political landscape after the general election to harness any investments available to create the opportunities for the county to fully benefit from economic growth.

#### **Economic Growth and Investment**

5. The work of economic development directly supports the Open for Business theme of the Corporate Plan and the economic priorities of the county which focus on jobs and growth. A number of programmes have been developed and are in delivery.

6. Recently, new figures published by the Office of National Statistics (ONS) revealed that Worcestershire's economy has been the third fastest growing, which is very good news and helps reinforce our World Class Worcestershire campaign.

7. Key highlights from our 2014/15 programme include:

- 7,000 companies are now registered on Find it in Worcestershire
- Over £5m given out in grants to support business growth and business start ups
- £2.2m in Regional Growth Fund grants given to high growth businesses.
- Over 10,000 young people supported via the apprenticeships scheme.
- Over 500 work placements have been arranged via the Connecting Schools and Business Programme
- 1,000 tonne's of CO2 Emissions have been reduced thanks to Resource Efficient Worcestershire.
- 300 new business have been set up
- Nearly 500 jobs created which equates to an £19.3m increase in GVA. This is estimated to be £40m GVA by the end of 2015.
- 91% of the WCC ERDF Programme has been successfully commissioned out in line with our commissioning approach.

#### **Worcestershire LEP/SEP**

8. As the County Councils representative on the Worcestershire LEP Board I have been heavily involved in developing the Worcestershire Strategic Economic Plan and securing money for the county through the subsequent Growth Deals. The Growth Deals provide funding necessary to support major infrastructure schemes, skills development and housing to support economic growth.

9. A large proportion of the £47m Growth Deal funding has been used to support important transport and highways works across the county. Hoobrook Link Road in Kidderminster, Worcester Southern Link Road, Worcestershire Parkway and Kidderminster Rail Station will all benefit. The Growth Deal supports the county's 10-year Strategic Economic Plan.

#### **EU Funded Projects:**

10. The County Council has eight ERDF funded projects which have been running since 2013 and all come to a close during 2015. The Programme as a whole is performing above target. Below is a brief breakdown of each project:

- **Enterprising Worcestershire:** £3m Enterprise and Growth Project which has created over 300 jobs, delivered £1.3m worth of support and advice, assisted over 400 to start a business and 180 to grow their business. The project offers small grants which has generated over £400,000 in private sector match.

- **Proof of Concept:** £2.6m Innovation programme to help business with research and product development. The project has worked successfully with the Central Technology Belt to support 43 local businesses to bring new projects to market. The project to date has been linked to 26 new jobs and is now fully committed.
- **Resource Efficient Worcestershire:** £1.3m Resource Efficiency Programme to support businesses to reduce their CO2. To date over 140 businesses have been assisted with a free energy saving plan and grant. Nearly 1,000 tonnes of CO2 have been reduced.
- **Warndon Skills Centre:** £300,000 bespoke Construction Skills Centre in the heart of Warndon, Worcester. The project has suffered setbacks due to rising construction costs and the selected builder going into liquidation. However, it is hoped the centre will now be open by November 2015.
- **Cyber Skills Centre:** £700,000 Cyber Skills Fund to support businesses to become more cyber secure with free training, grants and a unique opportunity to develop the cyber cluster in Malvern. The fund has supported over 50 businesses and led to 15 new jobs. The programme is fully committed.
- **Loan Fund:** £3m Loan Fund for business who have been turned down from mainstream funders. The project has supported over 25 businesses this year. The fund has underperformed compared to previous loan funds but banks are lending to small business again and funding/grants are more readily available.
- **Inward Investment:** £600,000 fund to help put Worcestershire on the map. The fund has helped support the launch of World Class Worcestershire and offers a package of support for anyone looking to re-locate in to the County.
- **Graduate2Business:** £1.1m project to support businesses to take on graduates for the first time. The project offers half of a graduate salary for 12 months, 3 month paid placements were also available and support to start a business. The project is fully allocated and delivering above target with 43 graduates taking places and 10 graduate businesses started.

#### **Other Economic Development Projects run outside of EU funding:**

- **Worcestershire Expansion Programme:** £2.5m Regional Growth Fund Project which has supported 15 businesses to date with their expansion plans. The project has delivered over 250 jobs and safeguarded a further 100.
- **Digital Essentials:** £100,000 Cyber and Digital training Scheme aimed at SME's. Over 144 have been supported.
- **Women2Web:** £75,000 female enterprise and digital skills programme funded by the Equality Office and Superfast Broadband roll out. Nearly 300 women have been supported through free networking, training, conferences and mentoring.

- **Skills Support for the Workforce:** £1m SFA funded scheme to support SME's with upskilling their workforce with formal qualifications. Over 550 learners have been supported to date.
- **Findit Worcestershire (FIIW):** £80,000 (per annum, approximately) initiative to help local businesses get to know each other and do more trade via a business portal and face-to-face networking programme. FIIW recently celebrated its 7,000th member. The networking breakfasts events regularly attract 150 delegates each month. Since 2011 the portal has advertised more than £200 million of contracts to its members.

### **Worcestershire.Business.Central:**

11. The Worcestershire Business Central service is supported by over 20 partners who work to provide a single point of contact for business support enquiries in the county – the comprehensive website is backed by a help desk (phone and email) and business engagement officers who build direct relationships with businesses to broker solutions.

12. This structure ensures a free, impartial service is available to all businesses and has greatly enhanced the awareness and take up of our grant and other support programmes. The service has become the delivery and marketing vehicle for our economic programmes which has helped us reach our Open for Business targets.

13. The service has celebrated many milestones during 2014/15. It became the West Midlands' first Growth Hub which is great recognition for the county. Over 4,000 businesses have been assisted by the service this year alone. Over the last two years Worcestershire.Business.Central, has delivered £40m of business investment into the county, through its diverse range of business support programmes.

### **Skills**

14. The Council has continued to work through the WLEP Employment & Skills Board to take forward a range of key skills development initiatives prioritised by the business community in liaison with education providers. This links to Future Fit, specifically to improve the overall employment rate of the county's workforce, to reduce the number of people out of work and on benefits, and to increase Worcestershire's GVA.

### **Connecting Schools & Business**

15. We have continued to develop links between businesses and schools working through the WLEP Employment & Skills Board, focussing on the five key work streams. These are: providing a structured new work experience programme, careers support and guidance, curriculum development and support, governor recruitment, and teacher Continued Professional Development. The five key elements of the Connecting Schools and Business programme are focussed on developing the skills needed by students alongside their formal qualifications.

16. We have successfully completed Phase 1 of the "Worcestershire Careers Central" online app/responsive website. Work will now begin to populate the site with a further 10 Key Growth industry sectors, associated job roles and career pathway information. The development of phase 2 of the "Worcestershire Skills Central" web portal has now entered the testing and feedback phase. One of the changes being undertaken will allow the web portal to be accessed by parents who

have students at Worcestershire high schools and will in turn assist parents in facilitating their child's work placement.

17. The Worcestershire Skills Show was held on Wednesday 18 March 2015 at Sixways Stadium. We had over 1,200 young people attend from Worcestershire High Schools. Our aim was to enable them to meet employers, attend workshops and gain a hands on insight into what work with them would be like as well as highlighting the skills needed.

### **University Technical College (UTC)**

18. The WLEP has identified areas of skills shortage in Worcestershire. A key deficit is in science, technology, engineering and maths (STEM subjects). The WLEP commissioned a report to evaluate options to further develop student choice in Worcestershire. Five options were considered, with a University Technical College being the preferred option.

19. A UTC is an all ability state-funded 14-19 school which is independent of the local authority, having a specialism alongside business skills and a broad general education. The ethos and curriculum are designed with employers who then provide support for the UTC and work experience for the students. UTCs are sponsored by a university and employers and, where appropriate, other educational providers with specific strengths in specialist subject areas. Recognised as a school by the DfE, it is subject to Ofsted inspections.

20. In July 2014 the decision to pursue the UTC option was endorsed by the WLEP, with the proposal that the UTC should have a STEM focus. The intention is to submit a proposal at the next opportunity, which is October 2015, and we are liaising with other authorities that have submitted successful bids.

### **NEETs**

21. The overall picture for the proportion of young people not in education, employment or training is positive, and improving. In February, the actual (Known) NEET figure was 3.7% (in January this was 3.8%, last year 4.6%). Unknowns at the same time were 9.5%, compared with 10.6% in January, and last year 26.3%). The unknowns figure remains our greatest challenge, although we have made substantial progress from last year, both in our working with schools to gain information and our tracking of students after they have left school.

### **Infrastructure projects**

#### **Rail Strategy**

22. The County Council is involved in discussions to be part of a consortium that would be directly involved in specifying and managing passenger railway services in the West Midlands. The West Midlands Rail consortium includes fourteen local authorities from the region and considers that there is scope for improvements to rail services in the area, if stakeholders from the vicinity are able to take a franchise management role, rather than the Department for Transport. The proposal being working on would see a London Midland franchise where the 'Midland' part is divorced from the 'London' part and the local authorities would oversee the 'Midlands' services initially in partnership with the DfT.

23. The County Council is also campaigning with stakeholders for improvements to the Cotswold line services to London. The new First Great Western franchise has been awarded to First Group for a five-year period to oversee the significant

investment programme that will affect the Great Western route in coming years. The deal includes a commitment to providing an hourly service of 2 hours between Worcester and London using the new Inter City Express Programme and a commitment to work with ourselves on Worcestershire Parkway. We see this as the first step of improvements to the Cotswold line and have shared our vision of additional track doubling and higher frequencies with Network Rail through their Western Route study consultation and with the DfT through the Great Western franchise consultation.

### **Bromsgrove Rail Station**

24. The scheme will enable additional and more frequent services to call at the station and will facilitate electrification of the line by Network Rail. This £17.4m project includes a new station building with a new footbridge and lifts, toilets a ticket office and a 350 space car park and is due for completion later in 2015 subject to Network Rail's electrification accommodation works being completed on time. The project is jointly funded by Worcestershire County Council and Centro and work is well advanced on site, with the track works now complete and the sites for the platforms are now laid out.

### **Kidderminster Rail Station**

25. Provisional sums of £2.5million from the Worcestershire LEP and £1.8million from the Greater Birmingham and Solihull LEP are now available for the further development of the proposed improvements to Kidderminster railway station. The County Council in partnership with London Midland, Network Rail, Severn Valley Railway and Wyre Forest District Council are now taking forward the detailed design of the new facilities. The detailed design will give a more in depth cost estimate and allow for the provisional funding to be drawn down from the LEPs to allow work to commence.

### **Worcestershire Parkway Station**

26. This £22m scheme will provide a rail interchange at the intersection of the Worcester-Paddington and Birmingham-Bristol lines just outside Norton on the B4084. The scheme which is supported by Network Rail, the DfT and the Train Operating Companies will dramatically improve access to cross-country services but will also address the current under-provision of car parking spaces for passengers wanting to access rail services. The project will also be compatible with more frequent, faster services between Worcester and London. It will comprise a station building with ticket office, lifts to platforms, a link between the Birmingham-Bristol and Worcester-Birmingham lines and 500 parking spaces. With £7.5 million provisionally secured from the Local Growth Fund approval was given to fund the balance of the scheme costs at Cabinet in December 2014, and subject to planning consent, land acquisition and rail industry approvals it is anticipated that the station will be operational during 2017.

### **Worcester Southern Link Road**

27. The County Council is committed to dualling the Southern Link Road from Junction 7 of the M5 to the Powick Roundabout. With work on Phase 2 (the Ketch Roundabout) due for completion in June 2015, plans are now well underway for Phase 3 which is a £33m scheme to dual between the Whittington and Norton Roundabouts. The scheme will be delivered in three sub-phases, first the provision of an improved Norton Roundabout, secondly improvements to Whittington Roundabout including a dedicated "free-flow" lane from the M5 approach to the roundabout on to Crookbarrow Way and finally dualling of the section between the

two roundabouts which will entail extending the Battenhall Rail Bridge and the provision of a new bridleway bridge. Phase 3, which is funded through the Worcestershire LEP's Local Growth Fund and developer contributions, is due for completion in summer 2018. A business case to seek Local Growth Funding for Phase 4 (Carrington Bridge to Powick Island) is currently underway.

### **Hoobrook Link Road**

28. The link road is situated within the South Kidderminster Enterprise Park which is one of Worcestershire LEP's Strategic Employment sites. Existing traffic congestion is a barrier to economic growth in the immediate and wider Kidderminster area. The proposed link road will provide improved access, connect two key employment corridors, promote much needed economic growth and relieve traffic congestion. Progression with the contractor through Early Contractor Involvement is well established with an expected start date of the main works of May 2015 and a completion date of summer 2016.

### **Superfast Worcestershire**

29. At the end of March the Superfast Worcestershire Partnership has fibre enabled 128 green broadband street cabinets meaning an additional 24,084 premises are now able to 'sign-up' with their preferred internet service provider to obtain improved speeds. The fibre coverage across the county has increased from 73% of all premises to 83%. The coverage of business premises has increased by over 7,400 premises, representing an increase from 44% to 61% of business premises across the county with access to fibre based broadband.

30. Following agreement at February 2015 Cabinet, on 27 March the County Council announced a 'Superfast Extension Programme' with supplier BT that will see a further £6.2m invested into broadband infrastructure. Enabling more than 8,000 additional homes and businesses to access to high-speed fibre broadband by summer 2018. The additional investment was made possible through further investment of £2.39m from the Worcestershire LEP secured from the Government's Growth Deal and a further £2.39m from BDUK and £1.42m from BT.

31. When the extension programme is complete it will increase the percentage of homes and businesses able to access fibre-based broadband in Worcestershire to more than 95%; with 94% of all premises across the county able to access superfast speeds of 24 megabits per second (Mbps) and above.

32. Demand stimulation activity is currently underway to encourage 'take-up' of the new infrastructure. Current take-up remains above the national average of programmes working to similar timelines and has risen from 3% in September 2014, to 10% in December 2014 and 14% in March 2015. Positive 'take-up' will not only ensure benefits are realised across the county but will also provide an opportunity for re-investment into the programme through the 'Claw-back' mechanism within the contract.

### **Strategic Planning, Development Control and Waste & Minerals Plans.**

33. The last year has been another busy one for our Planning Service which considers applications around Minerals & Waste proposals as well as the Council's own development around schools and infrastructure projects. The service is also responsible for ensuring the Council has Waste and Minerals Plans in place and works with district authorities over issues like the Community Infrastructure Levy, Section 106's and Infrastructure Delivery Plans.

34. The Waste Core Strategy was adopted in November 2012 and sets out the long- term vision for waste management in the county to 2027, and supersedes the previous waste management planning policies. Work is now progressing well on the development of the emerging Draft Minerals Local Plan, which will fulfil a similar role for minerals development in the county and will ultimately replace the saved policies in the Hereford and Worcester Minerals Local Plan.

35. An Annual Monitoring Report is produced each year and the most recent one produced in December 2014 provides much greater detail on the service and its performance.

36. Finally, I would like to thank the staff and management within BEC and the wider Council for all their hard work during this busy period. I would also like to put on record my appreciation for the work of the Environment, Economy and Communities Panel who fulfil an important critical friend role and produce good pieces of scrutiny work.

## **Simon Geraghty**

Cabinet Member with Responsibility for Economy, Skills and Infrastructure

### **(b) REPORT OF THE CABINET MEMBER WITH RESPONSIBILITY FOR TRANSFORMATION AND COMMISSIONING**

**To follow**