

ECONOMY AND ENVIRONMENT OVERVIEW AND SCRUTINY PANEL 30 SEPTEMBER 2015

ECONOMIC PROGRESS IN WORCESTERSHIRE

Summary

1. The Chairman of the Worcestershire Local Economic Partnership (WLEP), the Head of Business Development at the Hereford & Worcester Chamber of Commerce, the Chairman of the Worcestershire Federation of Small Businesses, the Cabinet Member for Economy, Skills and Infrastructure, and the Head of Strategy and Infrastructure, have been invited to the meeting to discuss economic progress in Worcestershire.

Background

2. Economic progress in Worcestershire is an issue on the Panel's work programme, agreed by the Overview and Scrutiny Performance Board (OSPB) and Council in May this year. As part of this, the Panel has asked for information on:

- economic conditions in Worcestershire and what the Council might do to help increase "Gross Value Added (GVA)" (i.e. the contribution to the economy of each individual producer, industry or sector)
- progress on the Strategic Economic Plan (SEP) projects
- the Local Economic Multiplier – how Council spending might benefit the local economy
- development of 'Worcestershire Business Central' as the county's growth hub
- the role of the Federation of Small Businesses and Chamber of Commerce in supporting small/medium sized businesses

Relevant officers have been invited to discuss these issues.

3. In June 2015, the Overview and Scrutiny Performance Board (OSPB) discussed the activities and vision of the WLEP, and the scope for Worcestershire to become a more innovative economy, with Gary Woodman, the Chief Executive.

4. The OSPB also raised the issue of the impact on local businesses of any devolution of Government powers to Worcestershire. Possible devolution is being led by the Worcestershire's Leaders' Board and it is suggested it could be considered at a future meeting with the Council Leader when more is known about the County's options.

Economic growth

5. Positioning the County to be 'Open for Business' is a key priority in the Council's Corporate Plan. The economic vitality of Worcestershire and the success of local businesses are fundamental factors in shaping the quality of life and prosperity of

local residents. The Council is working with its partners, including the Worcestershire Local Enterprise Partnership, the Chamber of Commerce, strategic businesses, small and medium enterprises and District Councils, to develop the economy. The Panel has asked for an update on how the local economy is developing and a presentation is attached at Appendix 1.

Worcestershire LEP and SEP Projects

6. On 9 May 2014 the Panel discussed the vision for transport infrastructure and related infrastructure projects. It was explained that the Strategic Economic Plan (SEP) was the key plan for capital expenditure and brought together all interventions to support the economy. These included transport projects such as Worcestershire Parkway, dualling of the Southern Link and other projects for 2015/16, 2016/17 and longer. The Government was promoting economic growth nationally and had pooled a number of different funding streams into one Local Growth Fund (LGF) amounting to £2 billion in the next few years. Worcestershire had submitted bids amounting to over £40 million over the next few years and further bids of £120 million for longer term transport projects.

7. An update on progress of these projects is attached at Appendix 2.

Local Economic Multiplier

8. The Panel have asked to discuss local economic multiplier work in Worcestershire. An economic multiplier effect describes the impact that spending has in the economy, taking into consideration knock-on effects. The measuring process starts with a source of income and follows how it is spent and re-spent within a defined geographic area. A higher proportion of money re-spent in the local economy means a higher multiplier effect because more income is generated for local people. More income retained locally, or nationally, means more jobs, higher pay and more tax revenue for government, all of which may lead to better living standards.

9. Local Multiplier 3 was developed by the New Economics Foundation as a way of measuring local economic impact. It is designed to help people examine local money flows and how their organisation can improve its local economic impact, and the effect of the public's procurement decisions. Further information can be found from the following link <http://www.proveandimprove.org/tools/localmultiplier3.php>

10. An analysis has been carried out of spend in Worcestershire using this approach and details are attached at Appendix 3.

11. Members are reminded that a scrutiny of local procurement was carried out in 2012, which looked at whether the Council's procurement procedures and contract specifications do enough to encourage local businesses to bid for Council contracts.

Worcestershire's Growth Hub - Worcestershire Business Central

12. Worcestershire Business Central (WBC) is part of the national Growth Hub network. The business support service provides the www.business-central.co.uk web portal, with a response desk that takes enquiries and a dedicated engagement team that works with companies and partners. The growth hub provides local

businesses with a link to local and national business support, along with clear guidance about starting and growing a business. From mid-September 2015, the service is under the governance of WLEP and co-located at H&W Chamber of Commerce.

13. The Panel has asked to consider the effectiveness of Worcestershire Business Central (WBC) to date, and how its services have been and will be promoted. A review of the impact of WBC since its establishment in February 2013 is attached at Appendix 4 and an update on the future developments of the growth hub is attached at Appendix 5.

H&W Chamber of Commerce/Federation of Small Businesses

14. H&W Chamber of Commerce and the Worcestershire Federation of Small Businesses are both not for profit organisations, working to support the local business community. The Panel have asked to consider the role of H&W Chamber of Commerce and the Worcestershire FSB in supporting small/medium businesses, and how County Councillors might be able to help.

15. Brief outlines of what is offered by H&W Chamber and the FSB are attached at Appendices 6 and 7.

Purpose of the meeting

16. The Panel is asked to consider the issues above and determine whether they wish to make any comments to the Cabinet Member with Responsibility.

Supporting Information

- Appendix 1 – The State of the Worcestershire Economy
- Appendix 2 – SEP projects
- Appendix 3 – Local Economic Multiplier Analysis
- Appendix 4 - Review of the impact of Worcestershire Business Central to date
- Appendix 5 – Worcestershire Business Central Growth Hub – the next steps
- Appendix 6 – Work of H&W Chamber of Commerce
- Appendix 7 – Work of Federation of Small Businesses

Contact Points

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Background Papers

In the opinion of the proper officer (in this case the Head of Legal and Democratic Services) the following are the background papers relating to the subject matter of this report:

Agenda and Minutes of

- Overview and Scrutiny Performance Board on 8 June 2015
- Economy, Environment and Communities Overview and Scrutiny Panel 9 May 2014

All of which are available on the Council's website at

<http://www.worcestershire.gov.uk/cms/democratic-services/minutes-and-agendas.aspx>