

CANNOCK CHASE COUNCIL

CABINET

22 FEBRUARY, 2007

REPORT OF THE CHIEF EXECUTIVE

PORTFOLIO LEADER – ACCESS TO SKILLS & ECONOMIC DEVELOPMENT

WEST MIDLANDS ECONOMIC STRATEGY (WMES) REVIEW

1. Purpose of Report

- 1.1 To inform Members of the West Midlands Economic Strategy (WMES) Review and to agree the principles of the Council's response to the consultation on Policy Choices.
- 1.2 To agree an appropriate process for the submission of subsequent consultations during the WMES Review.

2. Recommendations

- 2.1 That Cabinet endorses the approach set out in Annex 2 and authorises the Chief Executive, in consultation with the Cabinet Leader for Access to Skills and Economic Development, and the Access to Skills & Economic Development Select Committee to finalise the Council's response to the West Midlands Economic Strategy (WMES) Review consultation on Policy Choices.
- 2.2 That based on the general approach set out in Annex 2 Cabinet authorises the Chief Executive, in consultation with the Cabinet Leader for Access to Skills and Economic Development, and the Access to Skills & Economic Development Select Committee to prepare and submit a formal Council response to the Consultation on the Draft Strategy in mid 2007.

3. Key Issues

- 3.1 The Review of the West Midlands Economic Strategy (WMES) was launched in March 2006 and is due to be completed by September 2007. Following the production of various technical reports (building the evidence base), the first of two formal consultation stages has now been reached. The formal consultation on Policy Choices started on 13 November, 2006 and will cease on 28 February, 2007. A further consultation on the Draft Strategy will commence in May ending in July 2007.
- 3.2 This is the first full review of the WMES since Advantage West Midlands (AWM) was formed in 1999, and is considered timely in respect of issues such as the enlargement of the European Union, the review of the Regional Spatial Strategy (RSS) and the emerging debate on City Regions.
- 3.3 The main message from the work on building the evidence base, is that as a whole the economic performance of the West Midlands Region remains weak in comparison to most other regions in the UK. As a consequence it is forecast that the gap between the growth in GDP in the Region and that of the UK, currently estimated at £10bn, is expected to grow.

- 3.4 The evidence gathering also identified that there are increasing disparities within the Region. For example, there is generally low productivity across the Region with one or two notable exceptions such as Solihull. Equally, there are also significant disparities in terms of educational performance, innovative manufacturing and new firm formation. As a result of this, the researchers have developed the concept of the E³I belt running 10-25 miles beyond the boundaries of the West Midlands conurbation within which high levels of economic, entrepreneurial and innovative dynamism are combined with positive environmental attributes. It should be noted that Cannock Chase District falls within the so-called E³I belt which may have a bearing upon how the formal response to the policy choices should be pitched.
- 3.5 The Policy Choices consultation identified six key factors, which are generally based on the main drivers of productivity, which will determine the shape and performance of the Regions economy. These are:-
- Enterprise
 - Innovation
 - Skills
 - Economic Activity
 - Infrastructure
 - Quality of Life
- 3.6 For each of these factors there is a detailed analysis of the current situation, relative performance, barriers to growth, and then a series of policy choices with their scope, priorities, rationale, potential impact and types of possible intervention clearly set out.
- 3.7 In addition to the key factors, the consultation also gives consideration to geographical and sectoral issues within the WMES. The potential overlap with the Regional Spatial Strategy (RSS) is noted, as are the implications of City Regions and the E³I belt. With reference to sectoral issues the consultation suggests that whilst business clusters have been identified as a key delivery mechanism for the WMES, it is still too early to fully assess their suitability and robustness, but suggests that they have started to deliver strategic added value and offer the potential to do so in the future.
- 3.8 The WMES Consultation on Policy Choices can be viewed at www.advantagewm.co.uk
- 3.9 Whilst the E³I belt includes Cannock Chase District by virtue of above average new business formation, this is achieved against a background of low productivity, low wage levels and poor educational performance. This consultation provides an opportunity to demonstrate that Cannock Chase District can make a positive contribution to strengthening the regional economy especially if problems in these areas can be tackled.
- 3.10 The response to consultation also provides an opportunity to support the conclusions of the Southern Staffordshire Towns Study produced by Ancer Spa Consultants. This argued that specific policy mechanisms were required to support the regeneration and economic growth of towns across the Southern Staffordshire area.
- 3.11 Members are asked to endorse the general approach as set out in Annex 2, and to authorise the Chief Executive, in consultation with the Cabinet Leader for Access to Skills and Economic Development to finalise the Council's response during the formal consultation stages.

WMES REVIEW: IMPLICATIONS FOR CANNOCK CHASE DISTRICT

1. Introduction

- 1.1 The Policy Choices consultation has identified a number of factors which will determine the shape and performance of the Region's economy. Many of the factors are also of significance at the local level. This note assesses their significance for Cannock Chase District.

2. Enterprise

- 2.1 The Choices consultation notes that across the West Midlands as a whole the overall volume of business start ups is low and the level of enterprise activity, particularly in high value, high growth businesses, is insufficient to bring the region up to national wealth levels. Manufacturing productivity is 17% below that of England as a whole.
- 2.2 Within, Cannock Chase District a similar picture emerges with comparatively low Gross Value Added (77.1% compared to 89% for the region as a whole) and manufacturing productivity also below average. However, VAT registrations per 10,000 of the working population are marginally above the regional figure within the District (288 compared to 285).
- 2.3 This is an important issue for the District, hence the proposals for an Enterprise Centre at Kingswood Lakeside. The Enterprise Centre will be instrumental in attempts to secure a culture of enterprise and innovation within the District. The reviewed WMES will need to facilitate this.

3. Innovation

- 3.1 As with Enterprise, the region has inherent weaknesses when its performance on innovation is considered. For example, the West Midlands Region has the lowest regional proportion of expenditure on research and development as a proportion of Gross Value Added; the West Midlands having 1.1% compared to the best performing region (East of England) on 4.38%. However, the West Midlands is the second best performing region on product innovation in manufacturing.
- 3.2 Expenditure on innovation and research and development is also poor within Cannock Chase District, despite the higher than average levels of manufacturing activity. The local Business Innovation Centre have experienced limited interest from local businesses to small scale grant availability. There is concern that the contrived decline of manufacturing industry could exacerbate this situation further.

4. Skills

- 4.1 The West Midlands Region is characterised by low skill levels and comparatively poor educational attainment. In comparison the Region is ranked at 6th out of 9 regions with reference to the proportion of the working age population that is qualified to level 4 or above; whilst it is the worst region in England at Level 2
- 4.2 Within Cannock Chase District the situation is marginally worse hence the significance of education and skill issues within the Economic Regeneration Strategy. For instance the percentage of the working age population within Cannock Chase with level 4 qualifications is 12.9% compared to the Regional Figure of 21.1% (2004 data). Similar gaps exist with reference to GCSE attainment, despite the improved local results secured in 2006.
- 4.3 As a consequence the priorities for the District appear to be those that will improve basic skills, whilst providing a cohesive skills infrastructure.

5. Economic Activity

- 5.1 The analysis included within the Policy Choices consultation noted that in general terms the West Midlands Region has an ageing workforce which is poorly qualified and less willing to participate in learning. Furthermore, high rates of unemployment persist in some locations, with youth unemployment a particular problem in some areas.
- 5.2 The same analysis applies within Cannock Chase District despite the increase in employment levels in recent years. It is also worth noting that in general terms the Districts most needy communities (wards) have employment levels below 70% of the working age population, thus reflecting one of the targets within the Economic Development and Enterprise element (Block 4) of the Local Area Agreement.
- 5.3 Those policy choices which will complement the Council's ambitions are associated with intensively targeting people with the most challenging employment prospects whilst creating opportunities for new focus of economic activity appear to be appropriate in the context of Cannock Chase District.

6. Quality of Life and Infrastructure

- 6.1 The Policy Choices Document notes that the West Midlands is a diverse region which contains vibrant city centre locations, attractive rural locations and extreme commuter and residential areas. However, there are problems with lower than average employment rates (the West Midlands is the 6th ranked English region), poor housing (15% of households are in property that is either unfit or in disrepair).
- 6.2 These factors have performed a positive role in supporting the regeneration of Cannock Chase District over recent years. Nevertheless, there is still scope for local infrastructure improvements which will support the continued regeneration effort.

7 Cross Cutting Themes

- 7.1 There are two principal cross cutting themes which the consultation deals with; the role of places and sectors. The former has a close relationship with the Regional Spatial Strategy (RSS). Phase 2 of which is also subject to consultation.
- 7.2 In this context it should be noted that the Black Country Boroughs have indicated that in response to housing allocations the high growth figure (option 3) within the RSS may need to be partly accommodated on employment land. This could provide an argument for the allocation of additional employment land within those parts of the Districts which are accessible to the Black Country.
- 7.3 It should also be noted that the Southern Staffordshire Partnership have commissioned work by Acer Spa to investigate the scope for policy responses to industrial restructuring within a number of free-standing towns across the sub region including Cannock and Rugeley. The response to the WMES Policy Choices consultation is an opportunity to make the case for such a response.