

**REDDITCH ECONOMIC THEMES, PRIORITIES AND ACTION PLAN- ANNUAL REPORT AND REVISED ACTION PLAN**

Relevant Portfolio Holder	Cllr Greg Chance - Portfolio Holder for Planning, Regeneration, Economy and Transport
Portfolio Holder Consulted	√
Relevant Head of Service	Dean Piper, Head of Economic Development & Regeneration – North Worcestershire
Ward(s) Affected	All
Ward Councillor(s) Consulted	N/A
Key Decision / Non-Key Decision	Non key decision

**1. SUMMARY OF REPORT**

- 1.1 The Council's current economic themes and priorities were agreed by the Council in September 2015 which articulated the ambitions of the Council and its key partners. The economic priorities were developed in close consultation with members of the Redditch Economic Development Theme Group, which includes a number of business representatives and partner organisations.
- 1.2 Since the priorities were adopted by the Executive in September 2015, the Council has made significant progress in delivering against the priorities and action plan; working with the NWEDR shared service but other key partners such as Worcestershire County Council and Local Enterprise Partnerships.
- 1.3 The Council has taken the opportunity to undertake an updated economic assessment to take account of current economic conditions and has also commissioned a piece of work to explore the relationship between the Borough and the West Midlands Combined Authority (WMCA) mainly to understand the potential economic opportunities that membership of the WMCA could help to realise.
- 1.4 This piece of work has resulted in a refresh of the economic themes, priorities and Action Plan.

**2. RECOMMENDATION(S)**

**The Executive Committee is requested to RESOLVE that:**

- 1) The annual report setting out progress against the delivery of the economic themes, priorities and Action Plan be endorsed;**
- 2) The economic narrative set out at Appendix 1 and the challenges and opportunities faced by the Borough is noted and endorsed;**

- 3) To endorse the need for a 'Redditch Deal' with the West Midlands Combined Authority incorporating the proposed '10 point Action Plan' as set out at paragraphs 3.19 and 3.20;
- 4) To endorse the updated Economic Themes, Priorities and Action Plan set out at Appendix 2;
- 5) An annual report is brought back to this committee in 12 months time.

**3. KEY ISSUES**

**Financial Implications**

- 3.1 There are no direct financial implications arising from this report. Should additional resources be required in the future, any requests will be subject to the Council's normal budget approval process.

**Legal Implications**

- 3.2 There are no direct legal implications arising from this report.

**Service / Operational Implications**

**Background**

- 3.3 The Council's current economic themes and priorities were agreed in September 2015; the four themes are as follows:
- An Enterprising Redditch
  - A Vibrant Redditch
  - A Confident Redditch
  - A Skilled Redditch
- 3.4 This report firstly summarises progress made by the Council in delivering against its Economic Priorities and Action Plan over the last 12 months. It also provides a high level summary of the current economic climate in Redditch and some of the key challenges and opportunities.

**Progress report**

**(i) General context**

- 3.5 Nationally, the effect of the Brexit negotiations continues to create an environment of uncertainty for the economy and the business community. The Chancellor announced in his budget on 22<sup>nd</sup> November a number of programmes designed to stimulate and drive economic growth, housing and investment in infrastructure, with the creation of a £23.6bn National Productivity Fund, a further devolution deal for the West Midlands with a package of funding worth over

£250m. However, the Office for Budget Responsibility (OBR) revised down its UK economic growth projections for the period 2018 to 2021.

- 3.6 The Redditch economy continues to be reasonably robust but still is underperforming compared to other area near or adjacent to it. Data released by the Office for National Statistics (ONS) shows that in 2016 private sector employment in Redditch stood at 32,300 – a drop of 1,100 from the 2015 figure. Unemployment continues to remain low and the economic activity rate for the working age population stands at 75.5%, which is slightly below the regional rate. However, the Borough continues to fare badly in terms of skills attainment with just 43.8% of the resident population aged 16 to 64 qualified to at least NVQ3 or equivalent – the national average is 56.9%.
- 3.7 Availability of good quality employment sites and premises continues to be an issue with many local businesses and prospective inward investors facing limited options when it comes to selecting sites. There is a particular lack of good quality ‘grow on’ space available for expanding companies.

**(ii) Progress against Economic Themes**

**3.8 An Enterprising Redditch - Update**

- The Council and the North Worcestershire Economic Development & Regeneration (NWEDR) service work with the two Growth Hubs (Worcestershire Business Central and Greater Birmingham & Solihull Growth Hub) that serve Redditch to promote European funded business support programmes aimed at encouraging new businesses to start up and existing businesses to grow/expand.

*Data for period Sept 2015 to Sept 2017*

- Start up programmes:
  - 121 start-ups assisted (pre and post start support)
  - 11 grants awarded to start up companies
- Growth Programmes (existing SMEs)
  - 48 businesses assisted
  - 41 grants awarded to companies
- The Council and NWEDR organised a special HS2 Business Opportunities event at Heart of Worcestershire College on 15<sup>th</sup> November. Representatives from the WMCA, HS2 Ltd and University of Wolverhampton were on hand to provide an overview of the wealth of supply chain opportunities that will be available through the HS2 investment and the process that businesses will need to go through to compete for contracts. Over 40 local businesses attended the event and further more targeted events are planned over the next 12 months.
- The Council’s Business Centres (Greenlands Business Centre, Heming Road Enterprise Centre and Rubicon Centre) continue to perform well

with the occupancy rate for all 3 Centres holding steady at around 85%. A review of the Centres has been completed and a separate report with recommendations to improve the offer of the Centres will be presented to the Executive Committee.

- Although as stated above, the availability of new commercial floor space continues to be an issue, the last 12 months has seen some privately owned new sites start to come forward which should help to service local demand, these include:
  - Crescent Trade Park; a 21,000 square feet (sqft) light industrial and trade counter scheme comprised of 12 units adjacent to the Moon's Moat Industrial Estate;
  - Velocity 42; a 20 acre site at Park Farm Industrial Estate, offering 4 industrial/warehousing units of between 40,000 and 400,000 sqft;
  - Royal Enfield Business Park; located adjacent to the existing Enfield Industrial Estate, a new scheme offering 11 new industrial units.

### **3.9 A Vibrant Redditch**

- The Council continues to focus on the delivery of the Redditch Town Centre Strategy which is aimed at securing the future of the town centre by creating new opportunities for retail, residential, leisure and commercial development and by improving the environment and public realm.
- The first phase of the £850,000 Town Centre Public Realm improvement works which cover Alcester Street as well as parts of Grove Street and, Peakman Street was completed at the end of January 2018. Further phases will be planned for other areas of the town centre including the area to the south of St Stephens Church, Church Green East & West, Unicorn Hill, Bates Hill and a section of Prospect Hill.
- The One Public Estate Town Centre 'Place Review' process has now finished. The process has seen the Council work with other public sector partners such as the NHS, Police, Fire and Homes & Communities Agency to look at opportunities to regenerate and transform the town centre. A separate report is being presented to the Executive Committee detailing the findings of that report and the recommended next steps.
- Linked to the above, the Council and NWEDR continue to actively seek to secure funding and resources from the LEPs to support the emerging Town Centre regeneration proposals and to this end £5m of funding has already been provisionally secured from GBSLEP; the full business case for the project will be worked up by the Council / NWEDR during 2018.
- The Town Centre Partnership (TCP) has commissioned a feasibility study to examine the potential for a Business Improvement District (BID). Furthermore, the TCP and the Council continues to deliver an active

events programme and the Redditch Tour Series event again provided to be a success in May 2017.

- District Centres Place Review - Feasibility studies and concept plans for the redevelopment of the District Centres at Matchborough and Winyates have been completed as part of the One Public Estate initiative.

### **3.10 A Confident Redditch**

- The Council is committed to continuing to work with NWEDR and its partners to effectively promote and market Redditch as a place to do business and invest.
- Marketing efforts will be stepped up during 2018 as regeneration proposals for Redditch Town Centre are agreed by the Council and partners.
- The Redditch Gateway scheme is moving forward and work will progress during 2018/19 to install the new highways infrastructure required to provide access onto the site. Planning consent for the scheme has been granted by both Bromsgrove and Redditch Councils, with the application still to be determined by Stratford-on-Avon District Council. Furthermore, the Council and NWEDR are also working with Worcestershire LEP to develop a targeted marketing campaign for the Redditch Gateway site ensuring that the site is fully promoted to high value sectors and businesses that can drive up the productivity of our economy.

### **3.11 A Skilled Redditch**

- Addressing the skills agenda remains one of the top priorities for the Council. Significant progress has been made during 2017 but many challenges remain, particularly given the poor skills attainment rates for NVQ3 and 4 levels.
- The new £1.5m Engineering Centre of Excellence was officially opened by Margot James MP, Minister for Small Business, Consumers and Corporate Responsibility on 23<sup>rd</sup> January 2017. The Centre is run by a private training provider Midland Group Training Services Ltd (MGTS) and has been funded by both the GBSLEP and Worcestershire LEP. The Centre is now working towards being fully operational and has the target of training up to 200 Engineering Apprentices over the next four years, directly addressing concerns from some of our local companies that there is a shortage of skilled engineers in the area.
- The Council also continues to have a pro-active relationship with Heart of Worcestershire College. The College is continuing to re-focus its curriculum towards areas of need such as manufacturing, engineering and digital skills and in the last 12 months, NWEDR has provided to the

Council the latest sector data and needs analysis to ensure that the curriculum can be appropriately targeted.

- Launch of the Opening Doors to Business initiative – NWEDR worked in partnership with the RSA Academy Arrow Vale on delivery, providing the opportunity for middle and high school pupils to visit local employers at their premises for a morning or afternoon. Support from businesses has been strong and the programme is being further developed with a roll out from Redditch to include Bromsgrove schools and employers during 2018. The RSA is adopting the model as policy for roll out across all of its schools and a film of the Redditch programme has been made available.
- Employment Support Programme - emanating from the WMCA, £173,200 has been made available to Redditch to support the unemployed and those on low wages in Batchley Ward. The three year programme will run from April 2018 and focus on local households. Any ward resident aged 16 plus and unemployed can access the fund, those on low pay will be encouraged to upgrade their personal skills offer.

**(iii) New Economic Narrative**

3.12 In September 2017, NWEDR (on behalf of the Council) commissioned Brendan Nevin (an academic and public policy consultant) to help develop a clearer picture of what is happening in Redditch from an economic perspective but to also put this into the context of the economic geography that the Borough sits within. Furthermore, the commission sets out to provide an assessment of the opportunities provided by the West Midlands Combined Authority to drive local economic growth whilst identifying the contribution that Redditch can make to the ambitions and targets contained within the WMCA Strategic Economic Plan (SEP). A copy of the final report produced by Brendan Nevin is attached at Appendix 1.

3.13 The 'economic narrative' draws out that there are a number of challenges and opportunities facing the Redditch economy as follows:

- Redditch has a highly resilient workforce which is willing to cross local authority boundaries to secure employment; as such the Redditch employment rate (73% in 2017) is higher than the West Midlands rate of 71.4%;
- Redditch continues to rely on the manufacturing sector for employment opportunities (21.1% of total employment compared to a national rate of 8.3%);

- The continued reliance on manufacturing means that Redditch and Birmingham have a different 'economic cycle' to the rest of the West Midlands region which relies more on service led employment; both Redditch and Birmingham entered a recession in 2004/5 well before the arrival of the global recession in 2008
- Average earnings levels are depressed in Redditch and in fact both average resident and workplace earnings are the lowest of the 30 local authority areas in the West Midlands region;
- During the period 2000 to 2015, employment levels in Redditch declined by 4.5%, conversely positive growth has been experienced across the county of Worcestershire and high growth can be seen in adjacent areas such as Solihull and Warwickshire

3.14 The analysis identifies that Redditch sits on a 'spatial fault line' that separates areas of high employment growth from areas that have stagnated during the last 10 to 15 years. The Borough has experienced two back to back recessions since the turn of the century and whilst the workforce has remained sufficiently resilient to stay in employment, the evidence suggests that local employment growth in recent years has been relatively modest and the productivity and earnings arising from that growth has remained low.

3.15 Through the development of its economic priorities and associated Action Plan the Council has started to address some of the issues outlined above, however to deliver sustained economic growth, the Council will need to continue to focus on encouraging business growth, enterprise, inward investment, skills and town centre regeneration.

**(iv) Relationship with the wider West Midlands economy**

3.16 The paper at Appendix 1 also explores the wider economic geography that Redditch sits within. Within his paper, Brendan Nevin identifies that the West Midlands economy has now evolved into a southward facing region in respects of economic prosperity, with growth nodes located in and around Birmingham City Centre, the A38 corridor (Life Sciences Park in Selly Oak), Birmingham Airport and the M42/M40 corridor. The scale of investment planned over the next 10 to 15 years will only serve to reinforce the importance of the south of the region and poses a question as to the future role which Redditch will play within it.

3.17 The paper identifies that if Redditch is unable to address some of its key economic challenges that it could continue to experience sluggish economic growth and act as a 'drag anchor' on the ability of the wider WMCA area to achieve its SEP targets of delivering 500,000 additional jobs and increasing GVA

per head to 5% above the national average by 2030. The paper asserts that if Redditch does not significantly upgrade its 'commercial infrastructure' i.e. availability of good quality sites and premises, there is a risk that existing growth businesses in Redditch will be displaced and seek to move to the areas of the region that are bringing forward new employment sites and improved infrastructure. This view is consistent with feedback from local developers, agents and members of the Economic Development Theme Group who have expressed concerns that the existing Industrial Estates in Redditch are in need of refreshing and that additional employment land needs to come forward to meet local and regional demand.

**(v) Potential 'Redditch Deal'**

3.18 To ensure that Redditch remains competitive in the future there is a need for a policy framework and associated interventions that encourage and drive forward economic prosperity. Redditch has much to offer to the WMCA in terms of helping it achieve its SEP targets if appropriate investment comes forward to re-engineer the local economy.

3.19 Taking into account the recommendations put forward by Brendan Nevin, the Council proposes to put forward a clearly defined offer to the WMCA setting out ten actions that could help to deliver an improvement in the local economy in terms of productivity, wages and skills.

**1) Co-operation;** this action advocates the benefits of having an integrated approach to economic development across the wider West Midlands geography and working to ensure that major infrastructure and development schemes can benefit Redditch by seeking enhancements to the Redditch labour force and business productivity;

**2) Labour market issues, skills and training;** the prosperity of the West Midlands area as a whole is dependent upon the skills base which flows across local authority boundaries; there is a need for an integrated skills strategy across the WMCA area and any future decisions regarding funding for skills initiatives and programmes need to extend to non constituent member areas such as Redditch;

**3) Improving productivity and employment growth in Redditch;** linked to the above, the Redditch business base needs to increase its productivity and there needs to be focus on investing in growth companies/sectors whilst helping companies that have lower than average productivity to 'up their game';

**4) Local and sub-regional procurement;** Given the scale of public and private sector investment planned for the region, consideration needs to be given as to

how Redditch's supply chains can benefit from this to drive economic and productivity growth;

**5) Town centre regeneration;** the current proposals to renew the retail, leisure and housing offer in the Town Centre should be developed further to re-capture lost expenditure;

**6) Attracting and retaining young graduates;** capitalising upon its proximity to world class universities in Birmingham and Warwick; Redditch should seek to build on its housing offer and align this with town centre regeneration and potentially express train services to Birmingham to attract the young and skilled.

**7) Housing growth;** the Council will look at ways to increase the supply of new market and social housing developments on sites it owns and by working pro-actively with developers to bring forward sites allocated in the adopted Local Plan. To support housing delivery, the Council will look to build the case to Government to lift the cap on borrowing from its Housing Revenue Account (HRA), subject to further guidance being provided by Government on the bidding process for authorities to follow.

**8) Exploring the potential for an Enterprise Zone;** Redditch has a relatively large stock of industrial premises that were built in the 1960s and 1970s; the Borough is vulnerable to losing some of its existing businesses if its industrial stock is not renewed and further employment land is released. A mechanism to achieve a renewal of its industrial estates could be the designation of an Enterprise Zone; the Council should seek support from the WMCA to make the case for an Enterprise Zone to Government;

**9) Partnerships;** the economic analysis identifies that Redditch sits directly adjacent to areas that have fast growing economies; to maximise resources it will be necessary for Redditch to be highly focused on partnerships which can deliver the most impact and to work towards integrating Redditch into the identified growth nodes;

**10) Public service reform;** there is an opportunity for the Borough to work with the WMCA to identify pilot projects / interventions that can help to improve life chances in the most deprived neighbourhoods, thereby improving economic outcomes and reducing the cost to the taxpayer.

3.20 It is recommended that the above proposals are incorporated into a 'Redditch Deal' which would form the basis of a shared agreement with the WMCA. The Council will seek to utilise its resources to deliver the aspiration of improved economic growth but will also need support from the WMCA and future Devolution Deals to focus on:

- Improvements in skills, productivity and land supply;
- Renewal of the commercial, retail and cultural offer of the town;
- Advocacy and support to negotiate with Government for an Enterprise Zone designation;
- Engagement with the Public Service Reform agenda;
- Assisting with greater labour market integration and uplifting productivity through transport improvements and support to businesses.

**(vi) Revised Economic Priorities and Action Plan**

3.21 In light of the refreshed economic narrative and discussion paper from Brendan Nevin, there is a need to update the Council's economic priorities and Action Plan. The work produced by Brendan Nevin has been tested with key stakeholders and members of the Economic Development Theme Group and there was clear consensus that the Council should re-focus its attention on driving economic growth and forging closer relationships with the WMCA and adjacent areas where there is a mutual benefit in working together.

3.22 One of the areas not explicitly mentioned in the Brendan Nevin paper but acknowledged by the Council as being a critical success factor for economic prosperity is 'connectivity'. Therefore, it is proposed to create a 5<sup>th</sup> Economic theme 'A Connected Redditch', recognising that if the Borough is to thrive economically that it needs to be fully connected and integrated into the wider West Midlands region.

3.23 The Refreshed Action Plan attached at Appendix 2.

Where new actions have been added, these are highlighted in **green**.

3.24 To drive forward delivery of the refreshed Action Plan, it is proposed to set up a corporate working group led by the Chief Executive and Head of Economic Development & Regeneration – North Worcestershire and to continue to strengthen the role of the Economic Development Theme Group to ensure that business and key stakeholders views are taken account of.

**Customer / Equalities and Diversity Implications**

3.25 It is anticipated that delivery of the Economic plan will have positive benefits to disadvantaged local residents by assisting them to access employment and training opportunities.

**4. RISK MANAGEMENT**

4.1 Risks associated with the delivery of the individual activities within the Action Plan will be managed on a project by project basis.

**5. APPENDICES**

Appendix 1: Economic Narrative: 'Redditch: Growth, Infrastructure and Integration – Challenges and opportunities – Discussion Paper' produced for Redditch BC (Brendan Nevin, December 2017)

Appendix 2: Revised Action Plan

**6. BACKGROUND PAPERS**

Redditch Economic Themes, Priorities and Action Plan – Report to Executive Committee 8<sup>th</sup> September 2015

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