

**Regeneration, Culture and Adult Education Scrutiny Committee - 7<sup>th</sup> March 2012**

**Report of the Director of the Urban Environment**

**Annual Review of the Dudley Borough Economic Development Strategy 2011/12 - 2013/14**

**Purpose of Report**

1. To provide the Regeneration, Culture and Adult Education Scrutiny Committee with an annual progress report for the period 2011/12 on delivering the Dudley Borough Economic Development Strategy (2011/12 - 2013/14).

**Background**

2. The Dudley Borough Economic Development Strategy (2011/12 - 2013/14) was approved by Cabinet on 16<sup>th</sup> March 2011.
3. The Economic Development Strategy provides a long-term plan for economic development activities in Dudley Borough. It is developed in response to the key economic challenges set out in the Dudley Borough Economic Assessment (March 2011).
4. The Dudley Borough Economic Assessment was approved by Cabinet in March 2011. It includes an Economic Scorecard setting out high level performance indicators to monitor the Borough's economic performance.
5. It was agreed, upon approval, that there would be an annual progress report on the key activities set out in the Strategy and an update on economic performance against the indicators in the Economic Scorecard.

**Economic Policy Developments - 2011/12**

6. Since the adoption of the strategy and the economic assessment, there have been a number of new government policies and changes to the economic landscape, particularly within the sub-region; due to the creation of the Black Country Local Enterprise Partnership (LEP) and also restructured national operations of Business Link and UK Trade and Investment (UKTI). Some of the new policies include:
7. The Plan for Growth (March 2011) - Budget 2011 saw the launch of the Government's 'Plan for Growth', which sets out a package of measures to support private sector investment, enterprise and innovation, to create a new model of economic growth based around four overarching ambitions for the British economy. It identifies specific sectors and structural areas as priority areas for the Government.

8. The first phase of the Growth Review focused on eight sectors in the UK economy to remove the barriers to growth that affect them. The second phase of the Growth Review focuses on six key themes to help create the right conditions for business to start up, invest, grow and create jobs.
9. Britain Open for Business: growth through international trade and investment - this document sets out the 5 year strategy for UK Trade and Investment (UKTI) and other Government departments to promote trade and investment growth. Building on the measures set out in the 'Plan for Growth', UKTI will concentrate on 18 priority sectors.
10. Skills for Sustainable Growth - this strategy sets out the Government's vision for reform of the further education and skills system to improve the skills of the workforce, the performance of the economy and engagement in learning. It includes:
  - expanding the number of adult apprenticeships;
  - fully funding training for young adults aged from 19 up to 24 undertaking their first full level 2 (GCSE equivalent) or first level 3 qualification when they do not already have one;
  - support to ensure people have the basic skills to access employment;
  - initiating a demand-led growth and innovation fund of up to £50 million of government investment a year, to support employer-led initiatives within sectors; and
  - continued support for the development of leadership and management skills and provision of co-funding for some Level 2 qualifications delivered in small and medium enterprises.
11. Building engagement, building futures - sets out the Government's strategy to maximise the participation of 16-24 year olds in education, training and work. It includes five priorities for action focused on:
  - raising educational attainment in school and beyond;
  - helping local partners to provide effective and coordinated services that support all young people, including the most vulnerable;
  - encouraging and incentivising employers to inspire and recruit young people by offering more high quality Apprenticeships and work experience places;
  - ensuring that work pays and giving young people personalised support to find it, through Universal Credit, the Work Programme and Get Britain Working measures; and
  - putting in place a new Youth Contract worth almost £1 billion over the next three years to help get young people learning or earning before long term damage is done.
12. Black Country Economic Assessment (May 2011) - the Assessment sets out five clusters that are key for the transformation of the Black Country economy - Advanced Manufacturing; Building Technologies; Transport Technologies including Aerospace; Business Services and Environmental Technologies (Cross Cutting).
13. Black Country 5-Year Growth Plan - this document introduces the planned investment in the Black Country over the next 5 years and sets out development opportunities and helps to prioritise and plan for new investment in the sub region.

## **Dudley's Economic Performance - 2011/12**

14. Appendix 1 provides an update against the indicators in the Economic Scorecard.

15. Of the 30 indicators in the scorecard, 28 are measured for performance change against the previous year. 64% of these indicators are coded 'yellow', which means that there has been a 0%-5% improvement or decline against the previous year.

16. 25% of the indicators are coded 'green', where there has been more than 5% improvement against the previous year, and include:

- Earnings - annual (median) earnings for people working in the borough increased by almost 9% between 2010 and 2011. This improvement is greater than that for the West Midlands region. It compares to an increase of almost 17% nationally.
- Percentage of working age population claiming out of work benefits - there was an overall decrease of 6.7% in the percentage of working age people claiming out of work benefits between February 2010 and February 2011 (a one percentage point reduction from 14.9% of the working age population to 13.9%; a total of 1,930 people). This is a larger percentage reduction than regionally and nationally.
- Percentage of Job Seekers Allowance (JSA) Claimants claiming for 1 year plus - there was a 9.4% reduction in the proportion of all claimants claiming for more than 1 year between August 2010 and August 2011 (a reduction of 2.4 percentage points from 25.5% of all claimants to 23.1% of all claimants and an overall decrease of 100 people). More significant reductions were seen regionally (23.9%) and nationally (17.3%).
- Percentage of working age population with no qualifications - the proportion of working age people with no qualifications decreased by 9.4% between 2009 and 2010 (from 17% of the working age population to 15.4%; a total of 3,600 people).
- Percentage of working age population with Level 2 and Level 3 or higher - both of these indicators saw over 8% improvement in performance compared to the previous year. These improvements are higher than regional and national average improvements.
- Percentage of pupils achieving 5 or more A\*-C GCSE including English & Maths - performance against this indicator increased by 15.6% from 2009 to 2010. This compares to 11.8% for the West Midlands and 7.2% for England.

17. Performance indicators coded 'red', where there has been more than 5% decline against the previous year, include:

- New Business Registrations - performance against this indicator decreased by 7% from 39 new business registrations per 10,000 population (aged 16+) in 2009 to 36 in 2010. This compares to reductions of 3% regionally and 1.6% nationally.
- Self Employment - the percentage of the working age population that are self employed saw a drop of 14.5% between 2009 and 2010 (from 7.1% of the working age population being self employed in 2009 to 6.2% in 2010). There was little change to percentages at regional and national levels.

- The percentage of the working age population claiming JSA - performance increased by 6% between August 2010 and August 2011 from 4.9% of the working age population to 5.2%. The change was similar regionally and there was an 8.6% increase nationally.

18. When comparing change over a five-year period, data is available for 27 performance indicators. Of these, almost 40% are coded 'green'. Over a third (33%) of indicators are coded 'red'.

19. The indicators coded 'red', which are showing a decline of more than 5% include:

- Percentage of Lower Super Output Areas (LSOAs) in 10% and 20% most deprived in England - both indicators show a decline in performance of 18.8% and 10.7% respectively.
- Full-time jobs - the number of full time jobs in the borough decreased by almost 7% between 2006 and 2010, a reduction of almost 8,400 jobs.
- Manufacturing jobs - the proportion of jobs in Dudley's manufacturing sector reduced by over 17%, a total of 3,400 jobs. Reductions of around 22% were seen both regionally and nationally.
- New business registrations - Dudley saw a drop of 20% for this indicator which compares to a reduction of 17.5% nationally.
- Working age employment rate - the rate for Dudley reduced by 7%, higher than the reductions for the West Midlands (-5.6%) and England (-2.9%).
- The percentage of the working age population claiming JSA increased by over 44%. This compares to 53% for the West Midlands and 58.3% for England.
- Percentage of Job Seekers Allowance (JSA) Claimants claiming for 1 year plus - Dudley's performance increased by almost 18% whilst the percentage decreased for both the West Midlands (-14.2%) and England (-9.8%).

20. The indicators coded 'green', which are showing an increase of more than 5% over a five year period include:

- Earnings - all earnings indicators have shown an improvement with higher percentage increases than those seen regionally and nationally.
- Business Stock - the number of businesses in Dudley Borough increased by 14.5% (1,300 businesses). This compares to 18.7% for the West Midlands and 22.6% nationally.
- Gross Disposable Household Income - performance against this indicator improved by almost 14% compared to 15.3% regionally and 16.9% nationally.
- Percentage of working age population with Level 2 and Level 3 or higher - both of these indicators demonstrated an improvement over a five year period. Level 3 performance (12.9%) was ahead of the national average improvement (8.8%).

- Percentage of pupils achieving 5 or more A\*-C GCSE including English & Maths - Dudley's performance saw an improvement of almost 37%, ahead of regional and national averages (34.2% and 19.5% respectively).

## **Delivering the Economic Development Strategy - Progress Report - 2011/12**

21. Appendix 2 provides a detailed review of progress for each aim of the Economic Development Strategy, summarised as follows:

22. Strategic Aim 1 - Place: To improve and champion the economic infrastructure and assets of Dudley Borough and secure additional resources to improve its competitiveness.

- Redevelopment of Dudley Market Place;
- ERDF funding submission for Dudley Town Centre Public Realm and Ambassador Project;
- New build Dudley College development;
- £4.5m ERDF funding secured for Castle Hill regeneration scheme;
- Dudley Townscape Heritage Initiative projects;
- Priory Park progress;
- Stourbridge College £12m Art & Design Centre;
- Brierley Hill Area Action Plan adopted in August 2011;
- Focus on Brierley Hill - funding sought for project development;
- Waterfront Business Park, Brierley Hill;
- Crown Centre development in Stourbridge;
- Stourbridge Area Action Plan consultation;
- Halesowen Area Action Plan consultation;
- Successful opening of £12.3m road improvement scheme at Burnt Tree Island; and
- Local Investment Plan (LIP) schemes including North Priory, Extra Care Housing and Local Authority New Build.

23. Strategic Aim 2 - Business & Enterprise: To encourage the development of a dynamic and diverse business base and job opportunities through support to new and existing businesses in the Borough.

- Launch of Dudley Business First, the Council's 'front door' service for local business support;
- Inward investment activity based around the promotion of key employment sites in the Borough and the Invest in the City Region project;
- Business sector profiles and company engagement programme;
- Business support for medium sized businesses and international trade;
- Access to finance for businesses including proposal for Dudley Business Loan Fund; and
- Black Country Enterprise Zone.

24. Strategic Aim 3 - People & Communities: To optimise the opportunities for local people - including the most vulnerable people and those from deprived areas - to develop and improve their skills and obtain jobs.

- Work Programme and other employment related activity;
- Apprenticeship Programme;
- New Enterprise Allowance Scheme;
- Proposal for University Technical College Dudley;

- Community First/Community Enterprise Fund; and
- Dudley Employment and Skills Management Group.

### **External Funding - Regeneration Projects**

25. Over £5.5m of external funding was successfully secured in 2011/12 for regeneration projects. From 2003/04 to 2011/12, over £65m of external funding has been secured to support the delivery of economic regeneration projects in the Borough.
26. The Homes and Communities Agency (HCA) have invested approximately £42m in housing projects in Dudley between 2008-2011. This figure does not include the internal investment provided by the Registered Providers in these schemes.

### **Finance**

27. The Council will work with all relevant partners and agencies in seeking the required external financial support for economic regeneration projects and activities within the Economic Development Strategy which are not currently financed within either the Council's or other organisations' budgets. However, the impact of national and global economic issues will continue to provide a major challenge to business, public bodies and the voluntary sector, as well as to families and individuals within the Borough.

### **Law**

28. Section 2 of the Local Government Act 2000 empowers the Council to take action to implement measures it considers likely to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.

### **Equality Impact**

29. The Economic Development Strategy aims to bring increased prosperity across the Borough. In addition, Strategic Aim 3 - People & Communities: Optimising opportunities for local people to obtain local jobs - is primarily aimed at residents, including children and young people, and areas and communities that are recognised as being disadvantaged in economic and social terms.

### **Recommendation**

30. It is recommended that:-

- the Regeneration, Culture and Adult Education Scrutiny Committee notes the contents of the report and provides further comments on any particular areas that it considers need to be taken into account in delivering the Dudley Borough Economic Development Strategy in 2012/13.



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### **List of Background Papers**

Dudley Borough Economic Assessment (March 2011)

Dudley Borough Economic Development Strategy - 2011/12 - 2013/14

The Plan for Growth (March 2011), HM Treasury -  
<http://www.bis.gov.uk/policies/growth/the-plan-for-growth>

Britain Open for Business: growth through international trade and investment, UK Trade & Investment -  
<http://bis.ecgroup.net/Publications/UKTradeInvestment/UKTradeInvestmentgeneral/11871.aspx>

Skills for Sustainable Growth (November 2010), Department for Business Innovation & Skills - <http://www.bis.gov.uk/news/topstories/2010/Nov/skills-for-sustainable-growth>

Building engagement, building futures (December 2011), HM Treasury -  
<http://www.bis.gov.uk/assets/biscore/further-education-skills/docs/b/11-1452-building-engagement-building-futures-maximise-participation-16-24>

Black Country Economic Assessment (May 2011), Black Country Consortium -  
<http://www.the-blackcountry.com/default.asp?PageID=91&n=Reports>

Black Country 5-Year Growth Plan, Black Country Local Enterprise Partnership - <http://the-blackcountry.com/images/LEP/Documents/5%20YEAR%20PLAN%20DOC%20WEB.pdf>