

‘Devolution and Partnership: Driving Growth and Prosperity’

A Devolution Proposal for Telford & Wrekin

September 2015

FOREWORD

Telford & Wrekin is leading the drive for growth in the Midlands. This is happening because of effective partnership working between the private and public sector.

To reflect our success and continue to develop the competitiveness of our offer, we have designated the whole Borough an enterprise area – **Enterprise Telford**.

Enterprise Telford is well placed to continue this drive to growth and do more, particularly through the exploitation of Homes & Communities Agency land assets which will be driven through our **HCA Land Deal**.

This devolution proposal is about delivering a better, more efficient response from the public sector to:

- support people into employment – joining together national and local programmes built on our local understanding of communities and the labour market and improving **connectivity**;
- developing a **work ready, life ready** workforce, focussed on the skill needs of local businesses, through local commissioning;
- driving the competitiveness of Telford as a place to invest – through local freedoms and flexibilities granted by Government tailoring our offer to potential investors – ultimately supporting the sale of HCA land assets.

We are not pursuing growth for the sake of growth. We want to achieve sustained levels of economic growth because it is the right thing to do for our communities, our local economy and to meet the Chancellor's commitment to driving efficiency in the public sector.

We ask that the Chancellor backs this devolution proposal.

Whilst others talk about driving growth and prosperity, in Telford & Wrekin we are delivering it now.

Cllr Kuldip Sahota
Leader, Telford and Wrekin Council

Paul Hinkins
Chair Telford Business Board

CONTENTS

1. WHY TELFORD? 4

2. CHALLENGES AND OPPORTUNITIES 6

3. OUR DEVOLUTION PROPOSALS 9

4. WHAT WE WILL DELIVER 11

5. GOVERNANCE 12

6. FUTURE DEVOLUTION 12

7. APPENDIX 1

'Enterprise Telford – the Birthplace and Home of Advanced Manufacturing and Engineering'

1. WHY TELFORD?

Enterprise Telford has a **strong** and **credible track record** of supporting and enabling economic growth which maximises the benefit to all of our communities.

- Growth in GVA (from 2010 to 2013) rose by 13.2% outstripping growth for the same period across the West Midlands (10%), United Kingdom (8.9%) and England (9.3%). Telford delivers 28% of the Marches LEP total GVA economy (25% of the total population of the LEP).
- 22.6% of the Borough's GVA came from production, making it the biggest contributor, closely followed by logistics (21.7%). Telford hosts the largest manufacturing sector as a proportion of the local economy in the region and a growing cluster of high tech manufacturing enterprises
- Unemployment has fallen to below the regional and national rate (T&W 5.9%, WM 6.8%, England 6.2%)
- Top 10 in the UK for delivering housing growth for the past 2 years

Building on this track record of growth, we have the **capacity for further growth**:

- 5 year land supply in place and permission for 13,000 new homes
- Capacity for growth with 400 acres of ready to go commercial land
- In principle agreement to a Land Deal with HCA which will drive growth through asset disposal/recycling of uplift into infrastructure
- Designated MOD national logistics hub
- £19m LEP funding for infrastructure improvement
- 2 leading universities in the Borough: University of Wolverhampton with a growing reputation for "knowledge transfer" in advanced manufacturing and Harper Adams University with an international reputation for food and agricultural technology.
- 98% superfast broadband coverage by 2017

Enterprise Telford is a core driver of growth in the West Midlands region; a key component in the **Midlands Engine for Growth**. We are the urban focus of growth in the Marches Local Enterprise Partnership and directly support the objectives of the Black Country Local Enterprise Partnership and proposed West Midlands Combined Authority. Our role is pivotal to the Midlands' aspirations; we have the potential to unlock growth by acting as a catalyst to overcome some of the limitations faced, in particular, by Birmingham and the Black Country:

- **Competitively priced 'ready to go' housing and commercial development land** – overcoming a key obstacle to growth in the Black Country and the wider West Midlands area. The Telford New Town was originally designed to provide capacity for growth to the wider region.
- **Skilled workforce** – core to driving growth in existing businesses and securing inward investment in key sectors including advanced manufacturing, engineering and agri-technology. Telford's labour force reflects the underlying high tech nature of the local economy.

- **Established automotive supply chain** – linked to growth in Jaguar Land Rover (JLR) and central to driving manufacturing growth and the wider objective of ensuring a balanced and dynamic Midlands economy.
- **Fast connectivity into the region and wider** - embedding our economic capacity and opportunities into the regional 'Engine for Growth' through the M54 to JLR I54 and the M6, M62 and A41 into the 'Northern Powerhouse'.

Telford & Wrekin Council has played a pivotal role in the success of Enterprise Telford – we have rapidly and successfully transformed the way we work to enable growth by removing barriers and obstacles. We have secured investment into the Borough including international companies BAE, Cap Gemini, GKN Sankey, Heinz and Muller.

We have achieved this whilst delivering savings in excess of £70m. We are clear that more can be done to drive growth by improving efficiency in the public sector. We want to do this because it is the right thing to do for our communities - supporting inward investment and business growth to increase opportunities and prosperity for all of our communities enabling independence and self reliance which will ultimately reduce demand on public services.

The Chancellor's determination to balance the public sector budget means that the status quo is not an option. The public sector must work better together, more effectively as a whole system – particularly local government with central government departments - to reduce duplication and policy constraints which impact on efficiency and to provide a more localised, coherent and unified focus on securing the right employment and life style outcomes that deliver more vibrant, successful and sustainable households and communities whilst reducing the demands and costs of public services.

Telford & Wrekin Council has a track record of doing this; working successfully with Government – for example our **HCA Land Deal** – to derive real benefit to the Treasury.

We are ambitious about what we will achieve through this proposed deal. Implementation of our devolution proposal will drive and sustain economic growth, improve the lives of residents in our most deprived communities and reduce demand on public services which together will reduce demand on the Treasury.

1. CHALLENGES AND OPPORTUNITIES

Despite our track record of economic growth, there remain nationally significant pockets of deprivation within Telford. These areas suffer from higher levels of unemployment, lower levels of educational achievement, poorer health and shorter life expectancy. These challenges result in significant demand on public services which we are determined with our partners to address through our **strengthening families** approach (local Troubled Families model). This focused on improving the opportunities and lives for these families and so reduce demand on public services and the Treasury. This is **the** key priority of our Local Strategic Partnership (LSP). We have a track record of success, turning around some 365 families in phase one of the DCLG Troubled Families Programme.

This devolution proposal is focussed on improving economic opportunities for our communities, through the two themes of **'Skills to Employment'** and **'Enterprise Telford'**. With creative thinking, investment and private sector collaboration, we are making significant progress against these themes, but greater partnership working with Government departments will enable us to do more.

Skills to Employment

Our focus is on supporting people into work and working to ensure that we have a workforce which meets the skills requirement of existing and future business in the Borough.

At the start of the recession, unemployment rose rapidly in the Borough from below the regional and national rate to significantly above both – particularly for young people. In response, the Council invested £1.8m into developing **Job Box**, a programme to support young people into positive destinations (work, training or volunteer work). This approach has been very successful – more successful than the DWP 'Work Programme' in terms of outcomes for participants and cost to the public purse - and contributed to reducing the youth unemployment in the Borough from 32.5% to 12.9% below both the national (17.1%) and regional rates (18.3%).

There is though still more to do to support young people into work. Our 'NEET' rate is still too high, with these young people often the 'furthest away' from employment with hotspots in our most deprived neighbourhoods.

As unemployment has fallen below national and regional levels, our local labour market has tightened. The need to ensure that local people have the right skills to meet the needs of local businesses has become ever-more critical to sustain the competitiveness of Telford. **We don't want to become victims of our own success.**

Our themes to address these challenges are:

- **Ensuring that our young people achieve their full potential** - as they enter the workforce and throughout their career, raising aspirations and breaking cycles of unemployment and under-employment. Feedback that we have received from employers about young people is that too often people taking the first steps into the world of work are not adequately prepared for the working environment in terms of appropriate behaviour and the necessary self discipline – for example time keeping. We want to support schools to create the capacity to support all

pupils with 'life ready, work ready' activity as part of the curriculum. Our new **Life Ready, Work Ready** programme will see us create an approach to skills that inspires pupils/learners with real world opportunities and ensures our young people have the best chance to meet their full potential while delivering the skills for our growing business base. We believe this offers a national model complimenting the National Enterprise Company approach.

- **Ensuring that the Borough has a workforce with the skills to meet the requirements of our local businesses now and in the future** – supporting businesses to upskill, retrain and respond to technological change developing a demand led skills system. We are creating a Skills for Growth **Business 2 Schools Brokerage Service** to increase and coordinate employer level input into career advice from primary age up effectively linking schools, colleges, employers, careers and enterprise organisations. Where young people and their parents and carers understand opportunities open to them, schools need the flexibility in the curriculum to enable them to take up these opportunities. Equally we want to ensure business makes a commitment to drive and support education success, taking a stake in their employees of tomorrow. We want to improve the employer offer (e.g. work experience, mentoring, hands on 'awareness raising' in the classroom) and ensure consistency and quality of this. We want to establish a compact with all our schools committing them to engage with our business sector champions to drive up the quality and effectiveness of career education providing them with a package of support to enable this to happen for example in terms of transport costs, teacher time.
- **Continuing to reduce unemployment** – developing our Job Box programme as a one stop portal for advice, information and support on employment, careers, apprenticeships and supporting business to recruit and upskill. We want to better link our **Job Box** programme to DWP initiatives.
- **Improving 'connectivity'** - Telford enjoys purpose built infrastructure including serviced employment parks designed to sustain industrial and business growth. However the **New Town** legacy separation of employment and residential development and reliance on car travel has created a significant barrier to communities in our more deprived estates where car ownership rates are lower. The nature of much of our manufacturing sector is shift work located in employment parks which are not well served by public transport particularly outside of regular working hours.

Enterprise Telford

At the heart of **strengthening families** is **economic independence** which is good for the family, the wider community and local economy. Stimulating private sector investment is then a priority to create jobs and opportunities. Many leading national and international businesses are located in Telford including BAE, Cap Gemini, GKN Sankey, Epson and Heinz providing a platform and potential for solid growth in a number of key sectors.

To continue to develop the competitiveness of Telford as a place for inward investment and accelerate outcomes from our Land Deal, we have designated the Borough an enterprise area **Enterprise Telford**. Through this approach we will negotiate individually with prospective

investors to agree a competitive, bespoke deal to secure investment including, for example, business rate 'discounts'.

Through collaboration with our Universities, LEP and Telford Business Board we are about to launch the **Telford Growth Hub** – a vehicle to deliver joined up business support and stimulate the knowledge transfer to drive innovation. This will enable us to maximise on the dramatic expansion in automotive component suppliers and the creative industries developing as aero, defence and automotive sectors strive for further product efficiency. We will also focus on supporting businesses across all sectors that have yet to realise their full potential as well as improving targeting activity to increase the competitiveness of our Borough town high streets – a key part of sustaining our vibrant local communities.

This is good for Telford, for the Region and ultimately good for the Government.

We have shown what we can achieve with our own resources and through collaboration with the private sector led by the Telford Business Board, with our LEP partners and the HCA. Through greater partnership working with the Government we can fulfil the potential of our economy and local workforce - a real opportunity to benefit both Telford and the Government.

Built on both our track record of delivery and our understanding of our **challenges and opportunities** our devolution proposal is focussed on improving the efficiency and effectiveness of public services in Telford & Wrekin by enabling local decision makers to determine 'what works best'. This will be achieved through the transfer of responsibility for functions and budgets to local authority control combined with specific policy 'freedom and flexibilities'.

2. OUR DEVOLUTION PROPOSALS

Skills to Employment

Devolution commissioning of skills provision – to establish joint accountability with the Skills Funding Agency for the Adult Skills Budget to improve the impact of FE colleges and training providers. This would focus on the needs of our key sectors to better ensure that employer needs are met. We have already started this approach working with business sector leads from our Business Board to determine sector skills gaps and commissioning specific training for the manufacturing sector to be provided by those bidding for skills capital funding.

Responsibility for local delivery of the Apprenticeship Grant for Employers (AGE) - enabling expansion of our Council run apprentice training programme to support SME's take up of apprenticeships, particularly higher apprentices, including enabling apprentice sharing. We have established the programme in response to feedback from SME's that whilst businesses are prepared to take on apprentices, the 'red tape' involved acts as a barrier. Devolution will allow funding to be targeted at key sectors, deprived neighbourhoods and groups.

Responsibility for commissioning the Work Programme (or replacement) and the Youth Contract or as a minimum 'payment by results' for supporting people into 'positive destinations' - we have built a very successful track record through £1.8m investment into our Job Box programme which has a higher success rate than the DWP programmes. In its first year, our Job Box has supported 549 people into a positive destination at a cost of £1093 per person. In comparison with the ESF that pays £2390 per young person moved into a positive destination and the Youth Contract that provides £1275 per young person. The work programme pays out £3800 per young person moved into and sustained into employment. Our model offers greater impact and efficiency as it is informed by our local knowledge of both the labour market and skills requirement of local businesses underpinned by the geographic focus of our work, specifically in our most deprived communities.

Local accountability for DWP functions – to ensure that provision aiming to support people into employment is driven by local need and integrated with wider services, thereby reducing duplication and maximising value for money. Building **Universal Credit** into our local model of **Strengthening Families**. This will reduce duplication, costs and improve outcomes.

Transfer of powers to franchise all bus services - to ensure that an integrated public transport system is delivered with a specific objective of connecting our more deprived communities to local employment opportunities.

Enterprise Telford

Retention of 100% of business rate growth - to recycle into investment to drive further economic growth. Addressing the infrastructure needed to 'connect our communities' to the opportunities delivered through the HCA Land Deal, investing in bringing forward more constrained and brownfield, public sector sites delivering land values and uplift from HCA sites back to Treasury and enabling our **Skills to Employment** programme. We ask to be included as a further business rate retention pathfinder linked with the Telford Land Deal.

To provide certainty and longevity to investors we also ask that additional business rate growth generated by the Council since the introduction of the new local government finance system in April 2013 is exempted from any reset of the system. This combined with the HCA Land Deal will ensure that the local economic benefits generated from this funding can be sustained on a long-term basis.

Local accountability for the national Business Growth Service - to maximise the growth potential of local businesses, our Growth Hub should manage all business support delivery built on local evidence, knowledge and engagement. National programmes provide much needed generic support, but they are not currently co-ordinated with local partners and programmes to deliver a joined-up, locally tailored approach. We need control over the design and commissioning of business provision with the ability to integrate the resources and capabilities of programmes and for partners to match this with local commissioning and account management capacity. Programmes funded through the European Structural and Investment Funds should align with local priorities and providers commit to delivery through the Growth Hub.

Creating a Telford HMRC Tech Hub - to improve efficiency in the public sector estate. HMRC is currently initiating a process to rationalise its West Midlands office base in Birmingham. In terms of efficiency, Telford is a strong alternative location for this West Midlands hub both in terms of ready capacity, skills and the competitive price structure of office accommodation as well as ready availability in comparison to Birmingham. Equally HMRC already have a significant base in the Borough through the HMRC Aspire ICT contract being delivered by Cap Gemini and Fujitsu. With our high concentration of tech workers and growing creative and digital sector, collaboration with our resident Universities and ability to draw in the support of other internationally ranked Universities across the Midlands, we offer a ready to deliver tech hub location.

Enhanced Capital Allowances (ECAs) on capital expenditure - we ask that companies investing in plant and machinery in **Enterprise Telford** can qualify for 100% first year Enhanced Capital Allowances (ECAs) on capital expenditure on qualifying assets, complimenting assisted area status which the Borough attracts. This will provide a further incentive alongside our own 'deal for business' to drive take up of and uplift of HCA development land in the Borough.

Local setting of charges - as part of our package to drive the competitiveness of **Enterprise Telford** set planning and licensing fees locally to respond competitively to inward investment enquiries/proposals.

3. WHAT WE WILL DELIVER

Core to our proposal is increasing **economic growth** - we want to fulfil our economic potential and this proposal will support us in achieving this.

It will drive increased productivity and the efficiency of our local economy to within the best quartile in the UK as measured by GVA. By:

- Increased productivity through a step change in matching skills to economic need-focused skills, increase the take up of apprenticeships and increase progression rates and skills level.
- Reduce unemployment and reduce levels of in particular, NEETs through a co-ordinated and locally driven support programmes for people who are out of work or leaving education.
- The roll-out of an integrated model that aligns business support and skills development through the Telford Growth Hub and delivers higher levels of R&D, entrepreneurship and innovation – adding value to the knowledge economy.
- Maximise the availability of high quality, readily available brown field development sites for housing.
- Accelerated delivery of new homes and the infrastructure to support this, creating more prosperous and sustainable communities.

This deal will provide additional flexibility in our local decision making – informed by both the needs of business and community - which will sustain and improve Telford’s competitive position as a location for inward investment and expansion by existing businesses. A key beneficiary of a growing Telford economy will be the Treasury in terms of capital receipts through HCA asset disposal – both in terms of value and pace and as a catalyst for driving the Midland Engine.

A growing economy is good for Telford and good for the Treasury.

This proposal will also see significant impact on reducing Government operational budgets:

- the proposed ‘**Telford HMRC Hub**’ will deliver reduced office accommodation costs for HMRC in the West Midlands region.
- by maximising effective support to people seeking work, improving skills and connectivity we will reduce unemployment with associated reduction on unemployment and benefit costs.
- Through our Strengthening Families model, we know that addressing worklessness and low aspirations leads to key improvements in an individual’s lives including improving wellbeing and making better choices around health and housing. Factors which typically require an intervention from public services.

Through devolution and partnership, we will deliver greater efficiency in the public sector by better targeting resources where they are most needed – whether to businesses, communities or individuals creating opportunities and improving lives with significant impact on health and wellbeing. This will only lead to reduced demand on public services with additional benefit to the Treasury.

4. GOVERNANCE

As part of the negotiation process of the development of our **HCA Land Deal** we are establishing transparent and accountable governance arrangements. We propose to take a similar approach to developing governance arrangements for this devolution proposal. Core to these arrangements will be the Telford Business Board and the Local Enterprise Partnership.

5. FUTURE DEVOLUTION

Through this proposal, Government and Telford & Wrekin Council will embark on a new relationship. The first phase of this is focussed on the skills, business support and transport initiatives set out in this document.

We believe that this is just a start of our devolution conversation and as we move forward we will want to continue to explore what further power and funding could be devolved to Telford & Wrekin together with options for improving local governance and accountability.

Our Economy

- GVA over the past three years, from 2010 to 2013, has risen by 13.2% in Telford and Wrekin, outstripping growth for the same period across the West Midlands (10%), United Kingdom (8.9%) and England (9.3%)
- 22.6% of the borough's GVA came from production and logistics 21.7%.
- A strong manufacturing base, forming an important part of the supply chain for the West Midlands' economy.
- Concentration of creative, information and communications technology enterprises showing strong integration with manufacturing and a growing reputation as a centre for 3D printing
- The proportion employed in manufacturing more than double England rate (17.6%, England 8.4%)
- An international reputation for advanced manufacturing, engineering and agri-technology
- Many companies of national importance such as BAE, Cap Gemini, GKN Sankey, Epson, Lyreco, Heinz and Muller
- Proven capacity to attract inward investment with 128 foreign-owned enterprises employing over 16,000 people

Business and Jobs Growth

- 78,000 jobs in over 5,500 businesses
- Unemployment now below the regional and national rate (T&W 5.9%, WM 6.8%, England 6.2%)
- Workforce earnings slightly higher than West Midlands (gross weekly pay £482.60, WM £479.10)
- More Business 'births' than business 'deaths' for a third consecutive year (640 new enterprises in 2013)

Capacity for Further Growth

- Telford New Town designed for population of 200,000+
- Planning in place for 13,000 new homes and a new Local Plan due for adoption within 18 months
- Over 400 acres of ready to go commercial land 23 million ft² commercial property
- 'Growth Deal' with HCA to drive growth through asset disposal/recycling of uplift into infrastructure
- £19m LEP funding for infrastructure improvement
- Transforming town centre, including a £250m Southwater development
- Top conferencing destination competing on an international market
- MOD National Logistics hub
- 12 miles from i54 and Jaguar Landrover

Skilled Population and Workforce

- A workforce of 350,000 people living within 30 minutes
- Over two-thirds of the workforce live and work in the borough (68%)
- Around 20,600 people commute into the borough, including 11,100 from Shropshire, 5,100 from the West Midlands and 3,600 from Staffordshire
- 2 Universities within the borough – University of Wolverhampton (including University Centre Telford) and Harper Adams University
- Only 8% of the population with no qualifications, with investment in bespoke skills academies to ensure a developing and more highly skilled workforce for the future

Connectivity

- Borough well connected nation-wide through the motorway network, with 4 M54 junctions and 15 minutes to the M6, with the M54/M6 North link in development
- Direct connections to international destinations via Birmingham Airport, Manchester and the East Midlands air freight hub
- Three railway stations offering easy connections to the national rail network, as well as easy access to the proposed HS2 Birmingham station
- Congestion-free travel
- International Railfreight Terminal
- 98% coverage of Superfast Broadband, due to be completed in the next 2 years

Housing Growth

- Top 10 in the UK for delivering housing growth for the past 2 years– bucking the national trend
- 5 year land supply in place and permission for 13,000 homes
- Top 5 housing developers represented in the Borough alongside major infrastructure companies

