

LD207

Business Plan

Key Priorities | January 2013

CUMBRIA LOCAL ENTERPRISE PARTNERSHIP BUSINESS PLAN

January 2013

Foreword

For Cumbria Local Enterprise Partnership (LEP) to achieve the impact that it set out in its initial prospectus we must have a robust plan and to support that a comprehensive evidence base is essential. This allows all economic stakeholders to be able to understand the issues, barriers and opportunities that will underpin successful development of Cumbria's business economy and the LEP to determine its key priorities.

In order to achieve this, the LEP with the support of partners, and in association with University of Cumbria (CRED) has produced this business plan and underpinning evidence document. In doing so the LEP set out to engage directly with businesses to understand their barriers to and opportunities for sustainable growth, engaging with around 1,000 businesses, and giving the wider business community the opportunity to comment. This document has also taken into account work done by other economic stakeholders locally. The expertise of CRED has been used to help put the research into the emerging regional and national context.

All this linked together creates Cumbria LEP's Business Plan, which will form the basis of our future activity.

This is the most focussed and coherent piece of engagement with businesses that we've ever seen in the county, and the first time anything on this scale has been produced for Cumbria and codified in this way.

I'd like to take this opportunity to thank business people throughout Cumbria for their valuable input and to thank those who have worked to produce this business plan.

Having produced it, the task now turns to implementation. The partnership approach is fundamental to the LEP. We see the way forward as LEP partners and wider stakeholders, both private and public sector, working together, and we are keen to support you, as partners and stakeholders, in activities which contribute to delivering our vision.

We look forward to working together to make this plan a reality!

George Beveridge
Interim Chair, Cumbria LEP

PRIORITY SECTORS

ENERGY

MANUFACTURING

FOOD & DRINK

VISITOR ECONOMY

KEY UNDERPINNING SECTORS

Construction Digital Media & Creative Logistics & Transport Services
Business Services Low Carbon & Renewable Energy Agriculture (Land & Sea Based)

BUSINESS

Inspiring and supporting businesses to reach their potential – locally, nationally and internationally

SKILLS

Ensuring motivated and skilled people, both employees and entrepreneurs

INFRASTRUCTURE

Ensuring the right infrastructure to support business competitiveness and growth

ENVIRONMENT

Using Cumbria's environment as a key economic asset

CROSS-CUTTING THEMES

Skills & Employment Access to Finance Business Support Planning & Housing
Rural issues Transport, Infrastructure & Communications Third Sector

1.0 UNDERSTANDING LEP PRIORITIES AND THE EVIDENCE BASE

Our vision – for Cumbria to have one of the fastest growing economies in the UK, in an energised and healthy environment.

Cumbria LEP provides a strategic lead in all activities contributing to the growth and vibrancy of the county's economy, and where appropriate takes positive action, using the skills, capability and networks of LEP partners. It aims to develop Cumbria's economy while maintaining its uniqueness in terms of landscape, culture and quality of life.

By working together as partners and creating a mechanism to make the most of the capabilities that already exist in our economy, we aim to unleash the potential of our entrepreneurial skills and opportunities, in both our urban and rural areas.

Big enough to be effective, small enough to be local, we are determined to build on the county's strengths to increase Cumbria's Gross Value Added (GVA) by working together to exploit our talents, building on our entrepreneurial culture, implementing new approaches and ensuring that investment and agreed interventions are targeted at key issues and opportunities exploiting the opportunities presented by the major projects and long term order books of our key industries.

A key underpinning element of the above is providing the economic and business intelligence needed to inform constructive decisionmaking and inform priorities for private investment and public funding. At a time of rapidly changing and highly competitive economic situations globally and locally, a living document is needed, setting out current and possible future economic opportunities, identifying barriers to growth and indicating ways in which these might be overcome. This business plan initiates that process.

Cumbria LEP therefore has undertaken significant research work in developing the evidence base to underpin its business plan, including Expert Groups, Cumbria Business Survey and input by CRED.

Analysis of existing data has been used to support the selection of key sectors and outline their main features. Sources include the Cumbria Economic Assessment 2010 and 2012 and the Cumbria Business Survey 2011. Evidence has also been drawn from the work of the Cumbria Economic Forecasting Panel, drawn together to generate scenarios for the future of the economy of Cumbria projected forward to 2026. These scenarios include data on employment, unemployment, output and productivity by sector based on a Cumbria Economic Impact Model designed by Experian. A third source is the strategies being produced by local areas. As more areas produce or update their own strategies these will feed into the process, along with other emerging information. Finally, documents produced at national level have been drawn on in relation to sector competitiveness. All of this information is filtered through the lens provided by LEP Expert Groups, brought together to examine the issues, barriers and opportunities in each sector and in relation to each of the cross cutting themes.

The research and the evidence are set out in detail in Cumbria Local Enterprise Partnership Business Plan Evidence Base, August 2012, available to download at www.cumbrialep.co.uk. This weighty document is aimed at organisations delivering business support, skills provision and infrastructure supporting the economic development of the county, to help them in understanding and evidencing the issues, barriers and opportunities for Cumbrian business, highlighting key sectors and cross-cutting themes. It can also be used by potential investors looking at commercial opportunities.

These key sectors have been identified as:

- **Manufacturing**
- **Energy**
- **Food and drink**
- **Visitor economy**

Supporting those are a number of key underpinning sectors: Construction; Agriculture, land and sea based; Digital, media and creative; Logistics and transport services; Low carbon and renewable energy; and Business services.

The seven cross-cutting themes underpinning performance of businesses across all sectors have been identified as:

- **Skills and employment**
- **Access to finance**
- **Business support**
- **Transport, infrastructure and communications**
- **Planning and housing**
- **Rural issues**
- **Third Sector**

Drawing on this evidence base we have identified our priorities and the key actions needed to support these, as set out in this plan.

2.0 THE CURRENT REALITY

Cumbria is a place of magnificent land and seascapes and tremendous resources – not least its people. A place where many more people would choose to live, work and visit given the opportunity – the very sort of opportunities in fact that we are trying to create.

Its topography, location, economic structure and population size and distribution combine to make Cumbria a unique functional economic area.

The second largest county in England, Cumbria constitutes almost half the land mass of the north west. The county is renowned for its natural beauty and contains the Lake District National Park, part of the Yorkshire Dales National Park and several designated Areas of Outstanding Natural Beauty. The Lake District is a major tourist destination and the county as a whole benefits from a very significant visitor economy.

A truly rural county and England's key upland area, the landbased sector is integral to our economy. As England's most sparsely populated county ours is not a landscape of commuter villages. Without large service centres providing significant employment and opportunities our rural economy must drive itself.

There is though much more to Cumbria though than the traditional view of farms and holidays.

Manufacturing is a key sector (16% of employment and 27% of output), with many internationally significant, and often world class, employers in nuclear, naval shipbuilding and specialist engineering as well as food and drink manufacturing, alongside a host of smaller businesses.

In 2010 Cumbria's population stood at approximately 494,400, having grown by 1.4% 2001-10, compared with a UK increase of 5.3%. This relatively low growth is exacerbated by an ageing population. The number of under 16s fell by 8.8% over the decade, while the number aged 65+ rose by 13.2%. The working age population rose very slightly (0.9%) over this period but this should be read in the light of our relatively high early retired population.

During 2010-11 our economy provided employment for over 224,000 people in more than 21,000 enterprises, plus a further 34,000 in self employment.

Of those in employment, the main categories were public administration, health and education (26%); wholesaling and retailing (18%); manufacturing (16%); and hotels and restaurants (10%). In comparison with national averages, Cumbria has proportionally more people employed in agriculture, manufacturing, hotels and restaurants and construction, and fewer in finance and business services. The visitor economy permeates virtually every sector of Cumbria's wider economy.

Unsurprisingly, Cumbria's economy has been affected negatively by the economic downturn since 2008, although not to the extent of many other locations, with our diverse economy a key contributing factor in this relative resilience. Unemployment has increased in step with national trends, although the county average remains below the national figure. There are, however, significant variations across the county, with unemployment much closer to the national rate in West Cumbria and Carlisle and above the UK average in Barrow.

Headline GVA for Cumbria in 2009 stood at £7,927m. Over the decade 1999-2009 Cumbria was the 25th slowest growing of the 37 NUTS2 (county type) areas in the UK with an overall growth rate of 43.4% compared to 52.2% nationally. 2004-2008 the growth rate improved to 18.8% which was faster than the UK (17.3%), making Cumbria the sixth fastest growing NUTS2 area. However a decline in GVA of 2.6% 2008-09, which is greater than the fall nationally (-1.6%), places Cumbria 29th out of the 37 NUTS2 areas. This setback shows that Cumbria's economy faces considerable immediate challenges, not least its vulnerability to actions to reduce the public sector deficit. 23.4% of our workforce is employed in the public sector, with another 32% of businesses working for public sector clients, while manufacturing jobs at Sellafield and BAE (the county's two largest private sector employers, between them accounting for 6.5% of employment) are heavily reliant on Government spending. That said, these latter activities have brought significant stability and success.

The rate of new registrations for VAT and PAYE give an indication of the level of new firm formation. These show that there were 21,175 enterprises in Cumbria in 2011, 5.4% fewer than in 2008. This was similar to the rate of decline across the north west but more rapid than the UK (-3.7%). Numbers of new registrations have fallen annually while de-registrations have increased. In 2010, the birth rate (new registrations as a proportion of active enterprises) in Cumbria was 6.9% compared to a death rate of 11%. Both birth and death rates in Cumbria, however, were lower than the equivalent figures for the north west and the UK, indicating less churn and better business survival. During 2010, for instance, the 12 month survival rate was 90%, against 85% for the north west and 86% for the UK.

In 2011, average full time gross workplace earnings were £429 per week, below the north west figure (£460) and 88% of the national average (£489). This masks, however, considerable variations between districts, reflecting variations in employment structure, ranging from £405 in South Lakeland to £539 in Copeland.

The Cumbria Economic Forecasting Panel has access to an economic impact model for Cumbria, developed with expertise provided by Experian, which can be used to forecast trends in key economic indicators through to 2026. The model suggests that the present fall in employment is unlikely to recover until the second half of 2013 but employment levels will return to those recorded in 2010. This will be followed by a slow increase in employment with a slightly quickening pace after 2017. Underlying the aggregate trend are the patterns of employment change within individual sectors. All sectors are currently affected by the economic downturn, but recovery after 2013 is likely to be unevenly distributed, with faster growth, for example, anticipated in several of Cumbria's service sectors, in particular retailing, hotels and catering, offset by slow decline in business services, and there is significant growth in the pipeline through 1,000 additional jobs in the shipyard, with further potential through the repository, civil nuclear, grid reinforcement and GSK, for example.

3.0 KEY ISSUES

	Manufacturing	Energy	Food & Drink	Visitor Economy	Construction	Agriculture, land and sea based	Digital, media & creative	Logistics & transport services	Low carbon & renewables	Business Services
Higher level skills & graduate recruitment	✓	✓	✓			✓				✓
Skills gaps & attracting staff	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Apprenticeship issues	✓	✓				✓				
Attracting young people		✓	✓	✓		✓	✓			✓
Access to finance		✓	✓		✓	✓	✓	✓		
Growth opportunities with the right support	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Benefits through collaboration	✓	✓	✓	✓		✓	✓	✓	✓	
Procurement & supply chain opportunities	✓	✓	✓	✓	✓		✓		✓	✓
International trade opportunities	✓	✓	✓	✓					✓	
Innovation and exploitation of IP	✓	✓							✓	
Transport & transport infrastructure issues	✓	✓	✓	✓	✓	✓		✓		
Broadband & mobiles	✓	✓	✓	✓		✓	✓			✓
Planning			✓	✓	✓	✓	✓		✓	
Appropriate housing	✓		✓	✓		✓				



4.0 KEY PRIORITIES

1 BUSINESS

INSPIRING AND SUPPORTING BUSINESSES TO REACH THEIR POTENTIAL - LOCALLY, NATIONALLY AND INTERNATIONALLY

Cumbria's businesses, existing and future, offer huge potential to grow the county's economy and jobs. To maximise this we will ensure that businesses, and in particular our SMEs, are inspired and supported to achieve their potential.

Key actions in delivering this are:

- Through partners, facilitating access to finance by developing awareness and understanding of the funding options, supporting businesses to prepare and present their business cases effectively and facilitating access to investors and lenders
- Working with partners, scanning for and taking advantage of opportunities to access funding to support business growth and supporting individual businesses and groups to take advantage of funding opportunities, bidding or supporting bids where appropriate
- Supporting implementation of relevant, timely and, ideally, sustainable business support and networking which meets identified business needs and LEP priorities, working with partners to implement initiatives where appropriate, with Cumbria Business Growth Hub as the LEP's core business support model
- Working with subregional partners, including UKTI, to support businesses to take advantage of and exploit the opportunities through international trade
- Working with local partners to support individual action plans for their areas, including development of key strategic sites
- Through partners, including UKTI, promoting and enabling inward investment by businesses
- Influencing the new EU programme to maximise the benefits for Cumbria and ensure decisionmaking is devolved to the subregion
- Working with partners to enhance the visibility and understanding of the business services and training & development available in the county, and encourage take up of this support
- Working with partners to support large manufacturers, seeking ways in which to secure and support their continued operation in the county and, where possible, expansion
- Where appropriate, working with businesses to support them to exploit the opportunities to grow their sector through supply chain development and/or collaboration and joint marketing for mutual benefit
- Establishing a Specialist Manufacturing Task & Finish Group to support supply chain development and other opportunities
- Understanding the issues around the civil and defence nuclear sectors and working with partners to influence and overcome the barriers around the submarine project, nuclear new build and MOX2, as well as to support diversification, particularly through innovation and commercialisation of intellectual property and supporting the county's renewables aspirations
- Working with partners to support continuing development of the food & drink sector throughout the county, from primary producers through the whole supply chain
- Supporting the concept of Destination Management in Cumbria and further development and marketing of Cumbria's tourism offer, nationally and internationally, working with partners to understand and exploit the growth opportunities in the visitor economy including industrial tourism opportunities through the growing number of people commuting weekly into our area to work

2 SKILLS

ENSURING MOTIVATED AND SKILLED PEOPLE, BOTH EMPLOYEES AND ENTREPRENEURS

Underpinning the county's growth is the availability of motivated and skilled people, able and willing to be effective employees and vibrant entrepreneurs.

Key action in delivering this are:

- Establishing an employer led Skills and Employment Group, including and engaging with appropriate stakeholders, to identify detailed skills and training needs and barriers to training and employment, and encourage provision which meets these and the needs of businesses, delivered where and when it is needed
- Consider the issues around attracting and retaining graduates and people with higher level skills and implement actions to address these, including development of alternative routes locally
- Look at the challenges of areas of deprivation and other inequalities alongside areas of job opportunity and identify appropriate actions
- Through partners, working with schools, colleges and universities to enable young people to better understand the career opportunities and the choices that are available in businesses in the county and through self employment
- Working with partners to raise awareness of the benefits of and opportunities through apprenticeships and working with providers to develop appropriate delivery and employment models
- Through partners, supporting development of entrepreneurialism and business skills and encouraging more people in the county, of all ages, to start-up in business and enabling a more enterprising workforce

3 INFRASTRUCTURE

ENSURING THE RIGHT INFRASTRUCTURE TO SUPPORT BUSINESS COMPETITIVENESS AND GROWTH

Fundamental to business competitiveness and growth in Cumbria is provision of the appropriate communications, road and rail infrastructure to support current and future needs, as well as appropriate workspaces and housing.

Key actions in delivering this are:

- Working with partners, including through Connecting Cumbria, to stimulate demand and create relevant business cases for private sector superfast (and faster) broadband investment and universal and enhanced mobile phone coverage, and encourage take-up of broadband opportunities
- Utilising the Cumbria Infrastructure Fund (Growing Places) to support creation of jobs and appropriate housing
- Working with local areas, identifying priority strategic development sites, and gaps in infrastructure provision, that will be prioritised and championed by the LEP to unlock private sector investment and job creation

- Working with the Local Transport Body to align investment of major transport scheme funding to support business and economic growth
- Through the Planning & Housing Group, developing, agreeing and implementing a simplified approach throughout the county to planning and encouraging production of up-to-date development plans enabling employment and housing delivery through proactive management of development, with use of Local Development Orders where appropriate
- Continuing to support development of Carlisle airport
- Lobbying for maintenance and improvement of existing infrastructure and services, including the West Cumbrian coastal line and direct connections to Barrow, and engaging in the debate around HS2 and the Northern Hub to ensure Cumbria benefits from and is not disadvantaged by any future plans
- Working through partners to ensure coordination of public transport and provision of appropriate parking, in particular to facilitate access to work and training and support the visitor and retail economies

4 ENVIRONMENT

USING CUMBRIA'S ENVIRONMENT AS A KEY ECONOMIC ASSET

Cumbria's environment offers significant potential for growth across a range of sectors – and protecting that environment is vital to the success of many of our businesses.

Key actions in delivering this are:

- Working with partners to encourage and facilitate use of low carbon and renewables to support sustainability and growth of Cumbria's businesses through opportunities to reduce costs, increase competitiveness and grow, and supporting businesses in understanding and exploiting these, while balancing this against protection of the natural environment
- Working with partners, utilising the very strong Cumbria and Lake District brands even more effectively in selling products and services such as higher added value agri-products, leisure and hospitality, and food and drink, and supporting businesses to do so

- Through partners, exploiting the significant opportunities offered by expanding the appeal of Cumbria as a tourism and leisure destination and place to live and work, nationally and internationally, developing outside the tourist hot spots and into less traditional markets and enhancing the attraction of Cumbria for recruitment to support industry
- Lobbying for continued investment in the improvement of the quality of Cumbria's public realm and visitor infrastructure, particularly in key retail and visitor destinations
- Working with partners to develop supply chain opportunities for business in the low carbon and renewables sector
- Encouraging collaboration between the private and public sector to fund promotion of the county to businesses, visitors and potential employees, and promoting the quality of life that is on offer to new and relocating businesses, as part of this developing a Cumbria Opportunities website promoting, for example, jobs, investment and supply chain opportunities