



# 5-Year Strategy

(2011-2016)

April 2011



## Foreword

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*The UK economy has just gone through the deepest recession for over eighty years. Coventry and Warwickshire has not been immune to this, with a number of businesses closing and, at its peak, unemployment increasing by over 12,000 people from pre-recession levels.*

*However, tentative signs of recovery are already showing, and we need to do all we can to stimulate and support growth within the local economy. The new driving force behind this will be the Coventry & Warwickshire Local Enterprise Partnership – a new private sector/public sector collaboration that is business led and allows the people who know their local economy best to plan and undertake the most appropriate actions.*

*In light of the need for central Government to reduce public expenditure, we know we need to be much smarter and much more focussed in how we deploy and utilise our assets & talents and the resources available to us. This five-year strategy sets out how we intend to do this to achieve our overall aim of making Coventry & Warwickshire one of the best and easiest places to start, grow and locate a business. This is based on a comprehensive and robust evidence base, established through the first Coventry & Warwickshire Economic Assessment, and has been shaped and informed by the needs and issues that businesses within the local area have told us. The strategy is also supported by a detailed 12 month Business Plan, which sets out how all the partners across Coventry & Warwickshire are working together on practical actions to deliver our shared objectives for the area.*

*I am in no doubt that the Coventry & Warwickshire economy will bounce back strongly from the recession, and will be stronger and more fit for the future than ever before. This area has a huge number of distinctive strengths and key assets, including:*

- *Internationally recognised brands such as Jaguar Land Rover, E.On., IBM, Peugeot, and Codemasters;*
- *Unique assets such as Stratford-on-Avon and the Royal Shakespeare Company, Warwick Castle, and Coventry Cathedral;*
- *World class research institutions of the University of Warwick, Coventry University, and Warwick Manufacturing Group/Manufacturing Technology Centre as the part of the new automotive Technology Innovation Centre*
- *Our prime location on the strategic transport network, and in easy reach of central London*
- *A long history of invention, innovation and entrepreneurialism*

*I am confident that these key strengths, combined with strong leadership from the private and public sector, a genuine desire to work closely together and a clear and focussed strategy for future growth, we can make a real difference and can look to the future with confidence and optimism.*

**Denys Shortt**

Chairman & CEO of DCS Europe & Enable Software  
Chair of the Coventry & Warwickshire Local Enterprise Partnership



## Vision

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The Coventry and Warwickshire Local Enterprise Partnership has a broad, long-term mission statement: *“To make our area a World Class economy in which to do business; a place to: lead a great life, excel at learning, visit and return to - all supported by exceptional private, public and voluntary services”.*

This strategy sets out our more focussed plans for the next five years, and is driven by the following vision for the Coventry and Warwickshire economy:

“By 2016, through strong private-public sector collaboration, Coventry and Warwickshire will be regarded as one of the best and easiest places in the country to establish, run and grow strong and successful businesses; generating significant new employment and skills opportunities in the area.”

We will achieve this vision in three key ways:

- 1) Developing new ways of working through a strong private-public sector partnership
- 2) Focussing on a limited set of priorities that can make a real difference to local economic growth over the next five years.
- 3) Play a national influencing role with central Government to promote and support the growth of the low carbon mobility sector

## Measuring progress:

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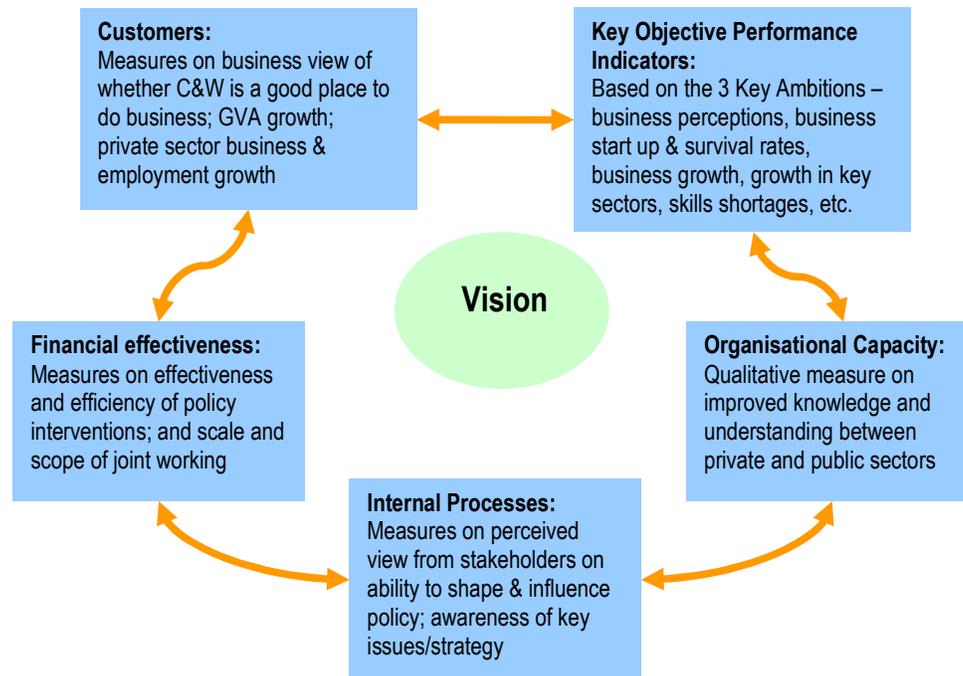
A balanced scorecard will developed to monitor overall progress against this vision, and will be published alongside this strategy when completed. The balanced scorecard is a strategic planning and management system that is used extensively worldwide to align business activities to the vision and strategy of the organization, improve internal and external communications, and monitor organization performance against strategic goals. Generally, a balanced scorecard has four key elements: 1) organisational capacity/training & learning; 2) internal processes; 3) financial effectiveness, and 4) the customer. For purposes of monitoring the effectiveness of this strategy, a fifth element based around performance against the key objectives has also been included.

The proposed balanced scorecard for the CWLEP 5-Year Strategy is shown in Figure 1 below. The work to develop the CWLEP Balanced Scorecard will be supported by research being undertaken by a Research Fellow at Coventry University, looking at developing and utilising the qualitative elements of the scorecard, as part of an assessment of CWLEP’s development process and initial impact. The research will involve: appraising stakeholders’ views on LEP priorities and their ability to shape policy; evaluating mechanisms aiming to improve knowledge and understanding between private and public sectors; assessing the scale and scope of joint working within CWLEP including external engagement of



stakeholders and; making broader recommendations for LEP development and impact which can be transferred to other LEPs.

**Figure 1: Proposed Balanced Scorecard model for the CWLEP Strategy**



## Key Issues facing the local economy

Over the past ten years, the local economy has seen faster than national average growth in the business base, but lower than average growth in terms of employment – highlighting the growth of small businesses in the area. Total economic output for Coventry and Warwickshire has grown more slowly than England over the period 1998-2008, although there is significant variation across the local economy. Warwickshire as a whole saw stronger than average economic growth, largely driven by a buoyant economy in the south (Warwick, Leamington, Stratford) and key employment sites in the north of the county (Hams Hall and Birch Coppice). Coventry and Nuneaton & Bedworth have seen much slower rates of growth, predominantly as a result of the significant restructuring of these economies away from large-scale manufacturing companies.

A detailed analysis of the economic conditions of Coventry & Warwickshire has been undertaken in the recent Local Economic Assessment (Appendix 1). The following provides a short summary of the key points arising from this work:

- Slower than average growth of the economy is predominantly a result of the sectoral profile of the area (i.e. too few higher-value, knowledge-intensive businesses, and too many lower-value industries); and below average levels of productivity.



- The productivity of the Coventry & Warwickshire economy (i.e. the economic output per employee) has been falling steadily over the past 5-6 years. Analysis suggests that this is a result of:
  - A lack of growing businesses, despite relatively good performance in terms of new business start-ups. Potential lack of “high-growth” businesses (in terms of employment growth).
  - Below average diffusion and take-up of innovation across the local economy
  - Lack of higher level skills, particularly in the centre and north of the sub-region
  - Weak agglomeration effects of the core urban area, probably exacerbated by poor north/south transport connectivity
  - Lack of growth of higher value, knowledge intensive business sectors
- Entrenched and sustained levels of worklessness, poverty and deprivation in some parts of the sub-region. Some evidence to suggest that these areas are becoming slowly more deprived, and more concentrated, over time.
- Stronger population and employment growth forecast in the south of the sub-region ... but the significant increase in working age population will be in Coventry and Nuneaton & Bedworth. This could create pressures around housing supply and transport networks.
- A need for the sub-regional economy to focus more on knowledge intensive sectors to maintain competitive advantage in a global economy, and to better exploit exporting and business links with the fast –growing BRIC countries. Applied manufacturing and high technology engineering could be key growth areas for the sub-regional economy.
- The low carbon economy and an ageing population present both challenges and huge market opportunities for the sub-regional economy
- Significant variation in economic performance, prosperity, vulnerability and resilience across the sub-regional economy (see Figure 2). The south of the sub-region is performing quite strongly, while the north is less resilient and more vulnerable

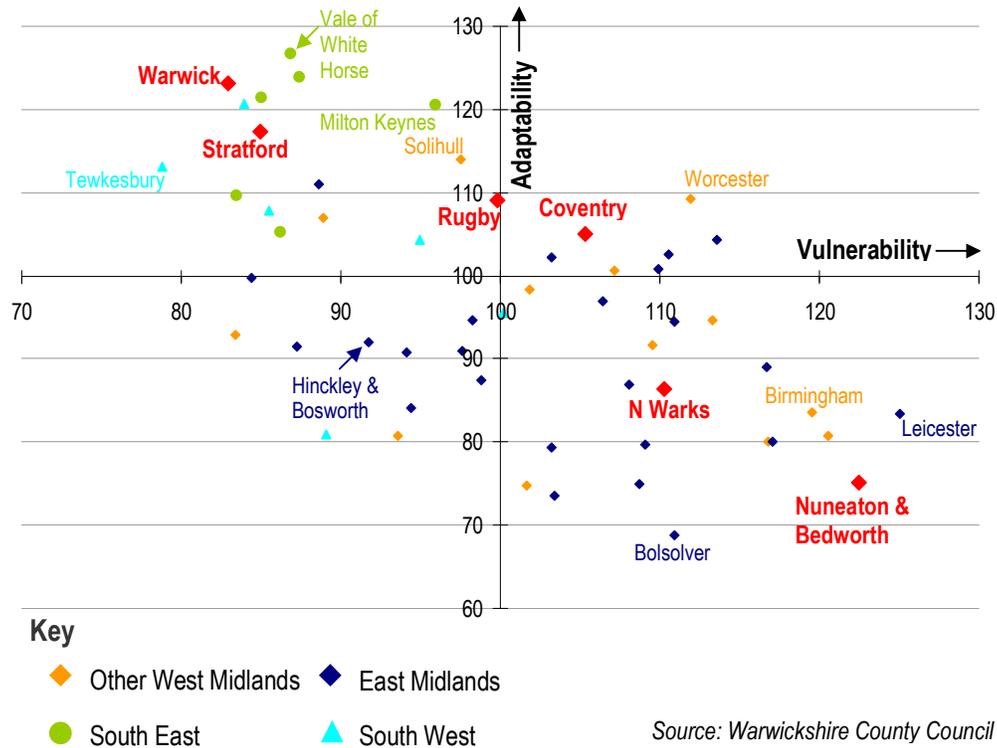
#### Top 5 Priorities:

*(based on feedback from local businesses to the CWLEP)*

- 1) **Skills** – particularly tackling skills gaps, and need to improve skills across all levels
- 2) **Create new jobs** – need to generate more jobs in higher growth, private sector businesses
- 3) **Enterprise, Entrepreneurship & Start-Ups** - important driver of jobs growth
- 4) **Access to Finance, Innovation, Low Carbon, Local Procurement, Planning & Transportation, Housing Supply**
- 5) **Export & International Links** – important in terms of new market opportunities



Figure 2: Economic Resilience Index



## New Ways of Working:

The Coventry & Warwickshire Local Enterprise Partnership (CWLEP) was one of the first in the country to be approved, and is already gaining a strong reputation as a pro-active and dynamic partnership. We believe that the new CWLEP Board – comprised of seven business leaders from some of the biggest companies in the area; five public sector leaders representing the local authorities within Coventry and Warwickshire; and high level representation from our two world class universities – can make a real and long-lasting difference to the way we all work together for the benefit of the local economy.

While it is clear that national (and increasingly global) policies and economic conditions have a very strong influence over our local economy (as the recent recession proved), evidence from around the world proves that strong local leadership and action can make a significant difference to economic growth and prosperity in different areas. Creating the right conditions for growth, providing quality infrastructure, supporting the local economy and equipping residents with the right skills can all make some areas more attractive to business than others. Local knowledge of the particular needs, issues and opportunities of the economy is therefore vital, and highlights the clear role and benefit of a Local Enterprise Partnership.



While the creation of the Coventry and Warwickshire Local Enterprise Partnership is an important step, we recognise that this is not enough. This new partnership must generate a new way of working, a new approach to local economic development. We want to move to a position where the private and public sector are working closely together in an open, honest and transparent way to develop joint solutions to the issues facing the local economy. Such an approach is fundamental at a time of increasingly limited resources to enable us to make a real difference on the local economy. Focussing our activity and working in new ways are more important in delivering this strategy than establishing a range of new projects and interventions.

## Key Ambitions:

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It is recognised by the Coventry & Warwickshire LEP that it is important to focus on only a small number of priorities. We cannot achieve everything immediately, and if we try to do too much then we are in danger of spreading ourselves too thinly and having limited impact. The CWLEP will therefore initially focus on three Key Ambitions where we believe new ways of joint working and targeted investment can make a real difference. These are:

- **Key Ambition 1: Create an environment where it is easy for businesses to start, locate and thrive.** We want to make Coventry & Warwickshire become regarded as a great and easy place to start and grow a business, and we want to ensure that we provide a holistic package of support throughout the stages of business start-up and growth. This objective is about better aligning, co-ordinating, packaging, and signposting of the various services that are already available, and filling gaps where we can. It is also vital that we help create the best conditions for growth, by providing a clear, market-focussed plan for infrastructure delivery to support and strengthen the economy.
- **Key Ambition 2: Accelerate the growth of our economy through targeted support in our key strategic sectors.** Coventry & Warwickshire has some clear strengths and specialisms, which provide the economy with real competitive advantages. The future growth of our local economy should be driven by these key sectors, and so this objective is about ensuring that we pro-actively target and support these key elements of our economy.
- **Key Ambition 3: Tackle the skills problem by aligning supply and demand.** This objective is about specifically focussing on a key barrier that business is clearly saying is holding back the growth of the local economy. It is recognised that we need to do more to better align the needs of business with the provision of skills and training, and to ensure that we have the right skills mix to enable our target strategic sectors to grow and succeed.

While these three Key Ambitions will be the key focus of activity by the Coventry & Warwickshire Local Enterprise Partnership, it is also recognised that the LEP could and should play a key role in helping shape and influence national Government policies and interventions. Again, instead of taking a “broad-brush” approach to

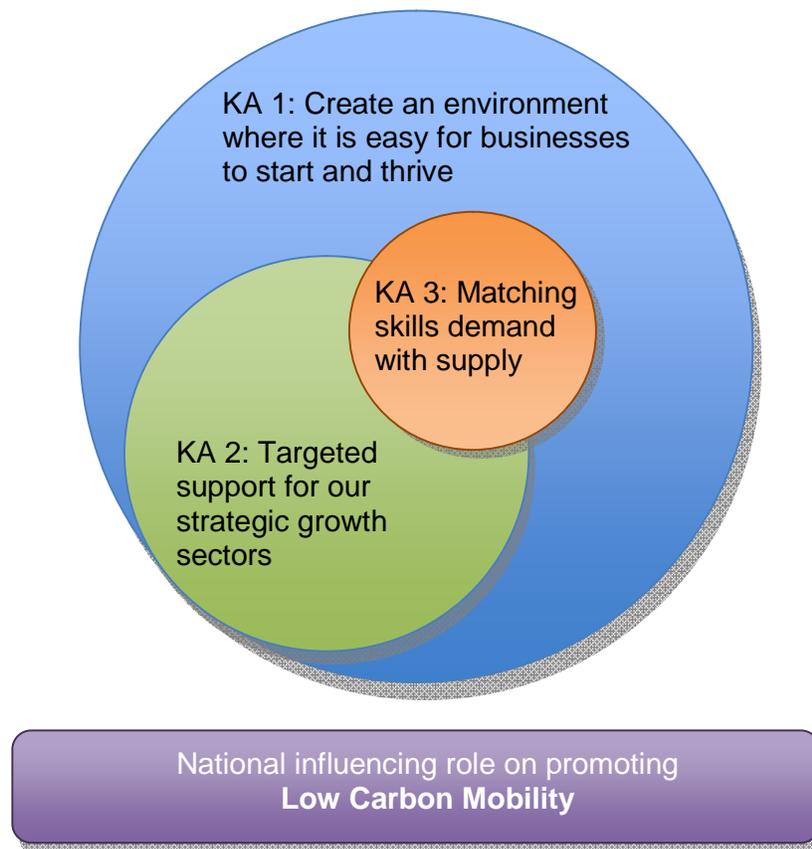


this, it is felt that we should focus on a key issue where the sub-region is playing a leading role and enjoys comparative advantage. As such, the CWLEP will lead on promoting and supporting the development of the “low carbon mobility” agenda at a national level, working in co-operation with other LEP areas that also have an interest in this area. Low carbon mobility includes automobiles, rail travel, aerospace and marine activity, along with associated technology and infrastructure requirements.

The Coventry & Warwickshire area have strong collection of key assets related to this agenda – from world class research establishments such as Warwick Manufacturing Group and Coventry University’s Automotive Engineering Research Group; to leading automotive businesses investing in low carbon vehicles, such as Jaguar Land Rover, Prodrive and Ricardo (who have their Low Carbon Technology centre based in Warwickshire). The recently announced Technology Innovation Centre for High Value Manufacturing also has a strong presence in Coventry & Warwickshire, with a particular focus on this agenda. These present real strengths which can help place the local area at the forefront of low carbon mobility, which can be strengthened and enhanced through this national influencing role.

This targeted approach by the CWLEP can be summarised in Figure 3 below.

**Figure 3: The Strategic Focus of the CWLEP:**





The rationale, aims and objectives of these Key Ambitions, along with the Key Objectives that will be undertaken to deliver them, are detailed below. This Strategy will be supported by an annual Business Plan, which will provide further information on the specific activities, lead partner(s), outputs & milestones, and resource requirements.

### Key Ambition 1: Create an environment where it is easy for businesses to start, locate and thrive

#### What do we mean and how will the CWLEP make a difference?

A stronger partnership between the private and public sectors can help ensure that business support services better meet the needs of the users. Specifically, we are looking to refine, improve and package the range of support services that are currently available to businesses in a more coherent and accessible way. We recognise that individual and business needs and issues change over the course of the business life-cycle shown below.



At the core of this Key Ambition is therefore a need to develop a single, comprehensive, holistic “business growth” offer to all companies within the sub-region, which is accessible and tailored to the needs of our businesses wherever possible. We also recognise that individuals and businesses may face a number of barriers and obstacles during their progress through this life-cycle. The CWLEP is therefore committed to exploring these issues, and through strong private-public partnership working develop solutions to address or reduce them.

It is also vital that the private and public sectors work closely together to ensure that we provide the necessary conditions for growth. This involves ensuring that we are providing the right infrastructure to support and facilitate growth, which is deliverable, focussed and market focussed.

#### Why is it needed?

Numerous studies and surveys in the past have shown that a significant number of people would like to start their own business, but either lack the idea, confidence or necessary resources to actually take that step. If we are to generate higher levels of entrepreneurialism and start-up rates in Coventry & Warwickshire, then helping develop an “enterprise culture” and enabling easy access to support and guidance is crucial. We are also seeing below average growth in businesses in expected “high-growth”, knowledge intensive sectors.

We also know that new business survival rates can vary between areas and between different types of areas quite significantly. While many business start-up programmes seek to offer an on-going relationship with their clients, this can be costly and resource intensive. Furthermore, many more start-ups that do not



### Key Ambition 1: Create an environment where it is easy for businesses to start, locate and thrive

receive any initial help can find themselves in difficulty because of poor business planning and/or lack of skills and experience. A more accessible and co-ordinated package of support for early stage businesses should be helpful.

Analysis undertaken for the Coventry & Warwickshire Local Economic Assessment has highlighted that while the sub-region as a whole has reasonably good business start-up rates, the proportion of these businesses that experience business growth is below average. Helping more businesses in the local area to develop and expand will create significant employment opportunities, and help drive up productivity levels in the economy.

Feedback from the local business community has highlighted a number of issues, barriers and obstacles which may be constraining stronger growth. These include issues such as access to finance, planning issues and local procurement (skills and training has been identified as such a key issue that it is a separate priority in its own right). Ensuring that the sub-region undertakes the necessary planning and investment in wider infrastructures to support, enable and accommodate the growth of the economy is also essential.

#### Priority Objectives

- Develop a single, accessible “Business Growth” offer for the Coventry & Warwickshire area, linking local and national provision of support
- Boost support for engaging and supporting individuals in Coventry and Nuneaton & Bedworth to start their own business
- Identify and address identified obstacles and barriers to growth of businesses within the local area, initially focussing on access to finance and planning issues
- Develop a Infrastructure Delivery Strategy to support economic growth and focus future investment activity
- Promote the Coventry & Warwickshire LEP area as a good place to invest and do business
- Increase opportunities for local procurement activity

#### Measures of Success:

- Higher business start-up rates, particularly in areas that currently have lower than average levels (Coventry and Nuneaton & Bedworth)
- Greater number of new business starts in expected “high-growth”, knowledge intensive sectors
- More businesses experiencing employment growth
- Business tracker: the qualitative impact of this objective will be measured through following a small number of case study small businesses over the 5 year period, incorporating start-up and growth phases.



## Key Ambition 2: Accelerate the growth our economy through targeted support in our key strategic sectors

### What do we mean and how will the CWLEP make a difference?

The Coventry & Warwickshire economy has a number of clear strengths, assets and opportunities that can be targeted and better utilised to help stimulate and strengthen future economic growth. By focusing on pro-active actions and interventions on these specific high growth and strategic businesses (rather than the more general support for all businesses outlined above), we can maximise our impact and help shape the future direction of the local economy.

The identified target sectors for Coventry & Warwickshire are:

- Advanced engineering and high-value manufacturing
- Automotive and low carbon mobility
- Business & professional services
- Computing & gaming
- Creative & cultural industries
- Low carbon technologies
- Sustainable construction
- Tourism

### Why is it needed?

Understanding and exploiting your comparative advantages is crucial in achieving economic growth and success. To compete in a global economy, we need to develop more knowledge intensive sectors, based around research & development and niche products, and providing a value-added product to consumers. A number of key expected growth sectors within the UK economy already have a reasonably strong presence in the Coventry & Warwickshire area, and we need to help build and grow these areas if we are to successfully diversify and develop our economy in the future. A targeted approach, focussed on our key strengths and specialisms will enable more effective use of resources and maximise our impacts on the local economy.

### Priority Objectives

- Better understand and map our key sectoral specialisms, and our particular niche strengths within them
- Focus our business engagement, support activities and inward investment focus around these key strengths and specialisms
- Ensure we have the relevant sites, premises and infrastructure provision to support the growth of these key target sectors



### Key Ambition 2: Accelerate the growth our economy through targeted support in our key strategic sectors

- Ensure our local skills and training system meets the needs of these sectors
- Maximise the benefit to local businesses in these strategic sectors of our key innovation and R&D assets in the area, particularly the new Technology Innovation Centre for High Value Manufacturing (incorporating WMG and the national Manufacturing Technology Centre)
- Encourage growth companies in related sectors to diversify and exploit niche opportunities to promote longer-term survival and growth

#### Measures of Success:

- Increased business numbers in the target sectors
- Increased employment within the target sectors
- Business tracker: the qualitative impact of this objective will be measured through following a selection of businesses in these key sectors over the period of the strategy

### Key Ambition 3: Tackle the skills problem by aligning supply and demand

#### What do we mean and how will the CWLEP make a difference?

Skills is a broad term, which encapsulates attainment of qualifications, but also includes issues such as attitude, approach, work-readiness and experience. "Skills supply" refers to the whole system that helps educate and train individuals for work, and the product in terms of the individual and their particular skills set. Skills demand refers to the particular skill needs of businesses and organisations within the local area. This includes both current and immediate skill needs, and more longer-term requirements as the economy grows and develops.

By focussing the CWLEP on this particular issue, and through developing new ways of working between private and public sector partners, we believe we can make a real impact on this key issue

#### Why is it needed?

Skills shortages and skills gaps in the local labour force has been identified as the key issue facing local businesses. Lack of suitably trained staff can constrain growth, limit employment opportunities and increase costs to businesses as they seek to address these gaps. A well skilled economy is also known to be more productive, innovative and adaptable.



### Key Ambition 3: Tackle the skills problem by aligning supply and demand

#### Priority Objectives

- Develop a mechanism with which to match current vacancies/skill requirements with those looking for work/change of jobs (i.e. matchskills.com)
- Develop a process or mechanism to bring together businesses, training providers and local authorities to share information about future detailed skill requirements in the medium-term (1-5 years) to ensure that training and education is demand led
- Increase the uptake of Apprenticeships within businesses in Coventry & Warwickshire
- Retain a greater proportion of graduates from our Universities, and increase the use and progression of graduates within our businesses (including the use of graduate placements and internships)
- Increase “business content & focus” of education within the local area, increasing aspirations, improving work-readiness and creating the next generation of entrepreneurs
- Better equip the longer-term unemployed in the area with the skills, experiences and aptitude for employment

#### Measures of Success:

- A marked reduction in skills shortages reported by local businesses
- Improvement in qualification attainment rates across the sub-region
- Increased provision and uptake of Apprenticeships
- Business Tracker: the qualitative impact of this work will be measured by following a selection of businesses in the area that are currently facing skills shortage problems

### National Influencing role on Low Carbon Mobility

**Aim:** to play a key role in shaping and influencing national policy and intervention that supports the development of the low carbon mobility agenda

#### Priority Objectives:

- Clarify the sub-regional ‘offer’ in low carbon mobility that underpins our comparative advantage in this area
- Identify, establish and lead a network of LEPs who are similarly strategically focused on the low carbon mobility agenda



- Provide the voice from this network to lobby and influence government policy and agendas

An annual 12-month Business Plan sits alongside this strategy, and sets out more specific and detailed actions which partners across Coventry & Warwickshire will focus on delivering in support of these Key Ambitions and Priority Objectives. This will be used to programme manage the work of partners undertaken in support of the LEP, while the Balanced Scorecard will help us monitor and evaluate the impact of these activities towards our vision.