

# Draft Corporate Plan 2008-2011

December 2007

**Northwest Regional Development Agency Corporate Plan 2008-2011**

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## 1. Executive Summary

The Northwest Regional Development Agency exists to lead the sustainable economic growth<sup>1</sup> of England's Northwest. The region has agreed a strategic vision, clear priorities and targets through the Regional Economic Strategy (RES). The RES also sets out the actions which the region has agreed are vital to delivering its vision at regional, sub-regional and local level. It therefore provides the overarching context for all the Agency's activities.

The Agency contributes to these RES actions directly through its own investment programme with partners and by using its strategic influence and responsibilities to lead and align the work of private and public sector partners with specific responsibility for delivering specific actions.

The Agency's role is to provide strategic leadership to ensure that the region as a whole prioritises actions and achieves sustainable economic development through implementation of the RES.

The NWDA has made excellent progress over the period 2005/8 against its last Corporate Plan. This was refreshed in the light of the updated RES in 2006. In particular real progress has been made on a range of those actions which the region agreed would have the most transformational impact. This includes the mediacity:uk development, the creation of Business Link Northwest, the opening of the University of Cumbria and the launch of the Climate Change Action Plan. This Corporate Plan sets out the next stage of NWDA's development, enhancing its strategic and commissioning role and delegating delivery and project decision making to sub-regional and local organisations.

This Plan is NWDA's response to the changes announced by Government in the Comprehensive Spending Review and Sub National Review (SNR); in which Government set out proposals to:

- Ensure that all localities and regions have the opportunities for sustainable economic growth.
- Encourage greater joint working across Local Authority boundaries in sub and city regions.
- Integrate the range of regional strategies (economic (RES), spatial including transport (RSS) and housing (RHS) into a Single Regional Strategy. Regional Development Agencies will have executive responsibility to work with partners and developing these strategies on behalf of each region. There will be an enhanced role for Local Authorities, who will be fully involved in strategy development, sign them off and scrutinise their implementation.
- Ensure decisions are taken and delivery managed at the most appropriate level, with RDAs moving more to a programme rather than project approach and delegating more responsibility for project funding decisions to local authorities or sub regions.

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<sup>1</sup> Sustainable growth' here and throughout this document refers to economic growth which can be sustained and is within environmental limits, but also enhances the environment and social welfare, and avoids greater extremes in future economic cycles.

Government is setting a minimum growth objective (GVA/head) for each region, to support delivery of the Regional Economic Performance Public Sector Agreement (REP PSA) target. This objective will be embedded within the Single Regional Strategy and built into RDA Corporate Plans. Government recognises that overall growth rates are significantly influenced by international and national factors/decisions as well as investment decisions taken within the region. Government has also replaced the current RDA Tasking Framework and will instead monitor RDAs against the delivery of their Corporate Plans. Government will monitor the progress of regional economies against the GVA/head objective and five outcome focused indicators – GVA/hour worked; Employment rates; Basic, Intermediate and Higher Level Skills rates; R&D as a percentage of GDP; and Business Start up rates. RDA's Corporate Plans must show how they contribute to this growth objective as well as to the principles of Sustainable Development and Economic Opportunity for All.

This Corporate Plan covers the period 2008/09 to 2010/11 and therefore sets out how the Agency will:

- Continue to deliver the Regional Economic Strategy (RES)
- Contribute to delivery of the regional growth objective and Regional Economic Performance Public Service Agreement (REP PSA<sup>2</sup>)
- Implement new responsibilities and duties arising from the Comprehensive Spending Review settlement and Review of Sub-National Economic Development

RES 2006 already sets a GVA growth target for the region, and this Corporate Plan therefore sets out objectives consistent with achieving a GVA/head growth rate of 1.9 – 2.3% per annum. The lower end of this range is the likely Government minimum objective and the higher end is consistent with the aspiration set out in the RES.

The Northwest economy has performed well over the last few years, but all the evidence suggests that maintaining growth in the next few years is going to be tougher for the region. The longer-term impact of the credit crisis nationally and its impacts regionally; high oil and foodstuffs prices, and their disproportionate effect on the Northwest due to the size and nature of our manufacturing sector are all factors. Tighter controls on government spending nationally could also have a greater impact on the Northwest due to the importance of public sector employment. The demographics of an ageing population and reduction of the working age population will also be important.

NWDA has agreed to high efficiency savings as part of its CSR settlement and its overall budget will be reduced by around 5% per annum over the coming years. This means that the resources available to invest in supporting projects and programmes will reduce from their current annual level of £399m to £338m by 2010/11. Given the growth objective set out above, the challenging economic conditions and the reduced resources available, this plan has therefore been developed to support tough choices over the next three years. A summary of the expected total income and expenditure over the life of this plan is over the page.

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<sup>2</sup> This PSA is "To make sustainable improvements in the economic performance of all English regions, and over the long-term reduce the persistent gap in the growth rate between the regions".

## Income and Expenditure Summary

Financial Year	2008/09 £m	2009/10 £m	2010/11 £m
Grant in Aid	391.6	386.5	377.4
EU Programme	212.2	86.5	72.3
Other	56.9	28.9	19.4
<b>Total Income</b>	<b>660.7</b>	<b>501.8</b>	<b>469.1</b>
<b>Expenditure</b>			
EU Programme	211.0	85.3	71.1
NWDA Programme	390.6	358.2	338.5
Overheads	53.8	52.8	52.8
Irrecoverable VAT	5.3	5.5	6.7
<b>Total Expenditure</b>	<b>660.7</b>	<b>501.8</b>	<b>469.1</b>

The Agency's Board has therefore agreed 11 corporate objectives based on the RES and designed to improve competitiveness and productivity across the region's Business, People and Places. The NWDA is now consulting on these across regional partners. They reflect the totality of NWDA's responsibilities, and focus on delivery of the specific actions in the Regional Economic Strategy on which NWDA leads delivery. These are summarised below:

<b>Competitive Business</b>	
1	Support the development of internationally competitive sectors
2	Improve the formation, survival and growth rates of enterprises
3	Develop higher added value activity through innovation
4	Realise opportunities from globalisation
<b>Competitive People</b>	
5	Develop leadership and management skills in the current workforce
6	Develop intermediate and higher level skills in the current workforce
7	Grow the size of the workforce
<b>Competitive Places</b>	
8	Support the development of major employment sites and premises
9	Improve the physical conditions for private sector investment
10	Ensure the implementation of the Climate Change Action Plan
11	Improve the image of the region to businesses and visitors

Against each objective, this Plan sets out the specific rationale for our investment and the main outcomes we are seeking to achieve, along with high level details of the activity that will be delivered to meet these objectives. The Plan also highlights important sub regional variations. A summary of the main outcomes and activities we aim to achieve will be included in the final plan taking once the RDA Tasking Framework has been finalised by Government.

In setting out how these objectives are to be delivered, this Corporate Plan is clear that NWDA's role is changing, moving away from direct delivery of actions to strategic engagement and commissioning. This will require an important shift in culture and organisational skills and capacity within NWDA. This Corporate Plan therefore marks the start of a fundamental shift in our relationships with many partners. NWDA will work with sub-regional and local partners to ensure that delivery resources and capacity are located within the most appropriate organisation at the point of delivery. Delivery may continue to be regional where the evidence shows this is most effective (e.g. Business Support).

## Change Programme

Change will be achieved through a major programme over 2008/09 covering Agency systems, structures and skills. Specifically over the life of this plan we will:

- Work closely with sub-regions and Local Authorities and emerging **Multi Area Agreements** to strengthen our arrangements for delegation and move towards contracting with relevant organisations on a programme management basis
- Plan investments on the basis of the RES and priorities set out in Economic Development plans agreed by each sub-region which set out how the RES is delivered in those places.
- Work closely with NWRA to develop and support any successor arrangements, which ensure strong co-ordinated local authority involvement in discussing and agreeing priorities within the new Single Regional Strategy and in scrutinising its delivery.
- Develop the new Single Regional Strategy (subject to CLG's detailed consultation) working in close partnership with Local Authorities and Sub Regions, and specifically with NWRA and GONW through the Regional Strategy Team. Subject to legislation RDAs may become the regional planning body during this period.
- Manage the new ERDF programme through formalised partnership working and the PMC.
- Strengthen collaboration with ONE North East and Yorkshire Forward through ensuring the Northern Way takes an evidence based approach focussing on the agreed pan-regional priorities of transport, innovation and private sector investment
- Work in partnership with all RDAs and Government Departments to deliver our lead role responsibility around Skills.
- Support the delivery of Business Support Simplification objectives in the region.

In delivering this plan we will support the principles of sustainable development and equality and diversity and economic opportunity for all which are embedded within the RES. For each objective this plan sets out how these themes will be addressed. The Comprehensive Spending Review also gave RDAs new responsibilities in relation to the Technology Strategy Board, Economic Shocks and Skills Brokerage. This Corporate Plan outlines how NWDA intends to respond to deliver these.

The NWDA is committed to the full use of evaluation evidence to inform its decision making and further improve the effectiveness of future programmes. We have strengthened our approach to evaluation during 2007 and will embed this within the organisation during this Corporate Plan period. We have developed a three year evaluation plan and toolkit covering all projects and programmes. By using evaluation to influence future decision making the Agency will further embed learning and ensure efficient and effective projects and programmes are developed in response to agreed regional priorities.

This Corporate Plan sets out our strategic plans and priorities over the next three years. The Agency will therefore support the implementation of this Corporate Plan by publishing an annual Business Plan<sup>3</sup> which will set out our plans for that year in more detail.

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<sup>3</sup> The annual Business Plan for each of the three years of the Corporate plan will be the mechanism for setting out the operational details of how the Agency plans to deliver Corporate objectives

## 2. Review of Current Economic Position

Growth in the Northwest in 2006 was forecast to be 2.2%, close to that in 2005. Forecast growth is expected to be stronger at 2.3% in 2007. The table below illustrates the forecast growth over the Corporate Plan period, GVA growth is forecast to slow to 2.1% in 2008, before recovering to 2.2% in 2009 and to 2.5% in 2010. Current GVA per head growth forecasts, although from a different source (Experian), are substantially lower at 1.7 (2007), 1.9 (2008), 1.6 (2009) and 1.8 (2010).

	2007	2008	2009	2010
<b>Cheshire</b>	2.6	2.4	2.6	2.9
<b>Cumbria</b>	1.7	2	2.2	2.5
<b>Greater Manchester</b>	2.7	2.1	2.2	2.5
<b>Lancashire</b>	1.9	1.9	2	2.3
<b>Merseyside</b>	2.1	2.2	2.1	2.3
<b>Northwest</b>	2.3	2.1	2.2	2.5
<b>UK</b>	2.4	2.1	2.4	3.2

Source(s): Panel Forecasts, October 2007 and Cambridge Econometrics.

Sectoral growth in the region has been mixed with strong growth in construction related sectors, government/public sector, transport and communications. Financial and business services have also grown strongly in 2007. Current forecasts are predicting slower growth, in line with the Governments own projections.

% growth pa	Agriculture	Mining and quarrying	Manufacturing	Electricity, Gas and Water	Construction	Distribution, hotels and catering	Transport and communications	Financial and business services	Government and other services	Total
<b>2007</b>	1.9	-4.3	1	0.6	2.5	2.7	4.1	4.2	1.7	2.3
<b>2008</b>	0.1	1.5	0.9	2.6	1.5	1.8	2.6	3.4	2	2.1
<b>2009</b>	-0.3	-0.9	1.2	2	1.2	2.3	2.8	3	1.9	2.2
<b>2010</b>	0.7	0.3	1.9	1.2	1.2	2.8	3	4	1.8	2.5

Source(s): Panel Forecasts, October 2007 and Cambridge Econometrics.

Employment in the Northwest is forecast to grow by just under 0.5% in 2007 compared to a fall of 1% 2006. Falls in manufacturing and construction employment in 2007 are forecast to be offset by increases in financial & business services, government and other services and in transport and communications. Overall employment growth in the region is likely to slow further in 2008 and 2009 to average



around 0.25% pa, before strengthening to 0.5% in 2010 as general recovery takes hold.

The main risks to the economy include:

- The longer-term impact of the credit crisis nationally and regionally.
- High oil and foodstuffs prices, which have a disproportionate effect on the Northwest due to the size and nature of our manufacturing sector.
- Tighter controls on government spending nationally could have a greater impact on the Northwest due to reliance on public sector employment.
- Ageing population and reduction of the working age population could stem the current growth of the economy in the Northwest.

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### **3. Policy Context**

The Government's review of Sub National Economic Development and Regeneration (SNR) reported in July. The review sets out specific policy changes in some areas, whilst in others it signalled further consultation. SNR sets a policy framework for England as a whole, but reflects the existing direction which partners in the Northwest have set and enables us to build on the strong partnership and sub-regional approach which we have put in place.

NWDA will take on a number of new responsibilities during the corporate plan period arising from the CSR and SNR. NWDA will:

- Have responsibility for drawing up a single regional strategy covering economic, transport, housing, planning, social and environmental objectives bringing together the RES, RSS and RHS and will include a delivery plan and resources.
- Be tasked around outcomes (with no output targets) with the focus on a single overarching growth objective for the region – GVA per head.
- Reform its delivery moving more from projects to programmes and delegating decisions to local and sub-regional level taking account of Multi Area Agreements (MAA) where they have been agreed.
- Work within a reformed accountability framework which will see the Regional Assembly cease in its current role and function by 2010 but will involve Local Authority scrutiny and accountability through a Regional Minister.

This plan and the Corporate Objectives we have agreed incorporate NWDA's response to and implementation of the findings of the SNR.

Through SNR there has been a fundamental shift in the way we will undertake our business. We will increasingly shift away from being a delivery organisation to being a strategic organisation. Listening to our major partners, particularly in sub regions and local authorities and, we will ensure that that priorities are set which align to the RES and let them make detailed project decisions. NWDA will retain important delivery functions around business support, where Government has endorsed regional delivery models to ensure maximum efficiency and economies of scale and support Business Support Simplification. SRP Action Plans (and Multi Area Agreements in future) are an important step in this direction and they have been influential in scoping our priorities in this Corporate Plan, which does not make project level commitments. NWDA will focus on strategy and the management of delivery through strategic programmes to ensure outputs and outcomes are achieved in line with the region's single strategy. Achieving this will take time and considerable change, but we are very clear about the journey that we are on. This Corporate Plan marks the start of that fundamental change.

#### **Overarching Growth Objective**

Government is proposing to set a minimum growth objective for the region. This has not been finalised, but is likely to be around 1.9% GVA/head per annum real growth

over the period 2002-2012. This is consistent with, and expresses the region's contribution to, the Regional Economic Performance target.

This Corporate Plan sets out the NWDA's contribution to that objective, although it must be recognised that NWDA action alone will not enable it to be achieved. This objective will only be achieved by all partners aligning their activity with the vision and priorities set out in the existing RES and future Single Regional Strategy.

The region has set targets in the RES, which in part are aspirational. This includes an ambition to achieve GVA growth above the England average for 2006-09. Translating this into a GVA /head target this would equate to GVA/head growth target of 2.3%. Government are likely to set a minimum objective of around 1.9%. Therefore the GVA/head growth range which this Corporate Plan is designed to support, is 1.9 - 2.3% per annum.

As outlined above, as part of SNR, Government has changed the RDAs' Tasking Framework. NWDA's performance will be judged based on the progress we make against the objectives set out in this plan. The region as a whole will be monitored against the GVA/head objective and Government will also measure progress in the Northwest on the basis of 5 indicators:

	<b>Outcome Indicator</b>	<b>Description/Measure of Indicator</b>
1.	Productivity	GVA per hour indices
2.	Employment	Employment rates, showing proportion of working age population in work
3.	Skills	Percentage of working age population with basic, intermediate and higher level skills attainments
4.	Innovation	Gross Domestic Expenditure on R&D as a proportion of GVA Business; Gross Domestic Expenditure on R&D as a proportion of GVA
5.	Enterprise	Number of VAT start-ups per 10,000 working age population

These are consistent with RES targets and indicators and all are priorities for action within the Northwest.

GVA/head is the current nationally accepted measure of economic growth, although Northwest partners are concerned that it does not present a full picture of economic activity and well being within the region. There are also important limitations in its use and calculation. There will also be a range of circumstances in which this GVA/head target should be reviewed and these will be agreed with Government as follows:

- A sudden shock to the regional economy e.g. industrial crises or natural disasters, which have the potential to create substantial economic dislocation and impact severely on business;
- At the time of Government Spending reviews;

- When the regional economic strategy (in due course, the single Regional Strategy) is produced or updated;
- When the Office for National Statistics revises historic data series.

### **Developing a Single Regional Strategy**

GONW, NWDA and NWRA have worked closely with partners to ensure close alignment between the RES, RSS and Regional Housing Strategy, through the Regional Strategy Team. Government has now asked NWDA to lead on the development of a single regional strategy. The Northwest has agreed that it will move as quickly as possible to a Single Regional Strategy and is intending not to update the RES in 2009, but to move straight to a single strategy, in 2010 (subject to the necessary legislation).

The NWDA will work closely with the NWRA and GONW to develop this Single Regional Strategy and work with the NWRA on successor arrangements to the Regional Assembly. Local Authority engagement is particularly important to NWDA and the region given the housing and planning elements of the new single strategy. NWDA is also committed to a full role for the private sector in strategy development and delivery, as the major driver of economic growth and wealth, as well as the 3<sup>rd</sup> sector.

NWDA, NWRA and Government Office Northwest have agreed the production of a single and common evidence base to develop the single Regional Strategy, and also to inform the Partial Review of the Regional Spatial Strategy due to occur in 2008.

Existing research on housing, transport, spatial and land use planning will be integrated into this common evidence base over the next twelve months, reducing duplication of resources and the potential for conflicting evidence bases.

We will put in place major research projects to strengthen our understanding of the linkages between elements of the single strategy and fill gaps in the existing evidence. A summary of the main areas of research underway is included in Annex 1 but includes important research priorities agreed with regional partners on demographics, worklessness, environmental constraints, the link between housing and economic growth, and the link between skills and productivity

This updated evidence base will:

- Stimulate debate and discussion in the development of the next strategy.
- Re-visit the economic factors identified in the RES looking in depth at the evidence available, monitoring progress against outcome indicators and using wider evidence nationally and regionally.
- Identify the need for investment to meet market failures and revisit the challenging questions the region should be seeking to address.
- Identify the comparative advantages and opportunities the Northwest region possesses as a basis for developing the strategy.

## Setting NWDA priorities for investment

The Regional Economic Strategy (RES) sets out the Regions twenty-year economic strategy, together with specific actions required by all regional partners over the period 2006-9. It sets the framework for the regional, as well as sub-regional and local action and therefore provides the strategic context for all the Agency's activities. The NWDA has an overall leadership responsibility to guide the region in development and delivery of the RES and to ensure that progress against the RES is delivered, monitored and evaluated.

Progress in implementing the RES is carefully monitored and a full report produced on an annual basis, together with a report on progress with Transformational Actions on a 6 monthly basis. The first full annual report showed good progress with most actions, although a need to avoid regional complacency if the rate of progress required for closing vital economic gaps and meeting RES targets is to be achieved.

The RES sets out agreed specific actions under 5 broad areas. RES Transformational Actions for which NWDA has a major responsibility or input are set out below. Our Strategic Objectives have been developed to ensure the delivery of these actions and have been informed by the latest progress monitoring data and our knowledge of current and future economic conditions.

### RES Transformational Actions: NWDA Responsibility

<b>Business</b>	1. Transform Business Link* 8. Develop key internationally competitive sectors 9. Develop Media:city 12. Develop higher added value activity through innovation 15 & 16. Exploit the science base and R&D 23. Improve Business Resource Efficiency and Waste support 24. Develop Regional Climate Change Action Plan.
<b>Skills</b>	35. Develop world class management/leadership and corporate social responsibility/environmental management skills.
<b>People and Jobs</b>	Stimulate economic activity in areas remote from growth: 47. East Lancs; 48. Blackpool; 49. Barrow; 50. West Cumbria; 52. Develop employment creation in or near deprived areas, focused on HMR areas, Urban Regeneration Companies, and Halton and Knowsley; Support and sustain conditions for growth in areas with strong economic drivers: 54. Liverpool, Manchester and Preston; 55. Crewe, Chester, Warrington, Lancaster and Carlisle; 56. The Rural economy and the Regional Rural Delivery Framework.
<b>Infrastructure</b>	72. Grow Manchester and Liverpool John Lennon Airports. 80. Deliver designated Strategic Regional Sites.
<b>Quality of Life</b>	101. Improve the region's attack brands and signature projects. 111. Deliver the Regional Equality and Diversity Strategy. 119. Invest in quality public realm, green space and environmental quality focused on the cities of Liverpool, Manchester and Preston; Tourism attack brand and signature project locations and key arrive points; HMR and URC areas; Rural Service Centres.

As a growth-focussed strategy the RES provides a sound, well evidenced, basis for the region's approach to its overarching growth objective. The region has examined the factors, which are most likely to influence GVA per head, and has defined a small number of relevant outcome indicators for each priority area or factor in the RES based on its potential contribution to GVA.

We will monitor these indicators and component parts of GVA as they change in order to understand the overall impact on the economy and, as part of the development of a single regional strategy, we will review these indicators and agree any further targets the region wants to set.

Each objective in the Corporate Plan includes impact measures (based on these RES outcome indicators) which will be used to enable NWDA to ensure that it is contributing appropriately to RES delivery. Using existing data and evaluation evidence, NWDA is also developing a range of outputs that would be most appropriate to capture and monitor in order to assess whether our investments are contributing to the delivery of these outcomes. In line with delegation of decision making to the most appropriate level, NWDA may contract with partners for the delivery of a range of outcomes or outputs (related to a programme or programmes of activity, rather than individual projects). The outputs/ outcomes we set for our programmes will form part of NWDA's contracting framework with delivery partners, often on a geographic basis and potentially linked to an MAA.

This will enable NWDA to link its investment to outputs from specific delivery vehicles and local and sub-regional organisations, through outcomes and ultimately to GVA/head (which has a 2-3 year time lag). This is particularly important where outcome data is not available at the sub-regional or local level. This will enable NWDA to be confident that achievement of outputs by partners will contribute to achievement of the GVA/head target and to evaluate programmes on this basis.

#### 4. Review of Progress against Corporate Plan 2005 –2008

In our 2005/06 to 2007/08 Corporate Plan, we set out our Corporate Priorities and how these would support the continued delivery of the Regional Economic Strategy. That Corporate Plan was refreshed once the 2006 RES was produced, which all partners agreed was the most focused and prioritised RES to date. In particular we have focussed on those transformational actions which the region agreed would have maximum impact on sustainable economic growth. A more comprehensive overview of progress and achievements is detailed within the Agency's Annual Reports and Accounts covering the Corporate Plan period. These reports are freely available and are not repeated here.

Below is a selection of key achievements and examples of progress on delivery of the last Corporate Plan. The Agency has performed well, building on the improvements to our systems and approach we have been implementing since 2003. We are currently projecting to meet our output targets agreed with central Government in the 2005 to 2008 Corporate Plan as set out in table below.

In addition, the Agency was one of the first RDAs to undergo the IPA process and was assessed as performing strongly, the highest grade possible.

<b>Business Development</b>	<b>mediacity:uk</b> - project at Salford Quays, including the BBC's decision to move 1,500 jobs to the site; Successful launch of <b>Business Link Northwest</b> to support the national business simplification agenda for Business Link with minimum interruption to businesses; Opening of the <b>National Bio-manufacturing Centre at Speke</b> , flagship <b>Daresbury Science and Innovation Campus</b> and the launch of the Cockcroft Institute. The Agency's investment in the <b>Liverpool School of Tropical Medicine's</b> new Centre for Tropical and Infectious Diseases (which received its 'topping out' ceremony from Lord Sainsbury) levered in a further £25 Million grant from the "Gates' Foundation" and has been awarded status of Biomedical Centre in Infectious Disease by the Department of Health; Launch of <b>Responsibility Northwest</b> In March 2006 - A £3m programme of awareness raising, benchmarking and mentoring for Northwest Businesses on Corporate Social Responsibility (CSR).
<b>Skills &amp; Employment (People and Jobs)</b>	The Agency has been actively supporting the new <b>University of Cumbria</b> the <b>Nuclear Academy</b> and a new <b>University Centre for Burnley</b> ; <b>Project Unity</b> has seen the creation of a major University to rival the best in the country; Worklessness projects delivered as part of the <b>Northern Way</b> programme have supported 2,159 individuals resulting in taking 212 of them being taken off long term incapacity benefits and back into work and 133 into training; the leadership programme has engaged with over 1,000 through the <b>Northern Leadership Academy</b> programme run by Lancaster University; supported three <b>City Employment Strategies</b> now up and running in Liverpool, Manchester and Blackburn.
<b>Infrastructure</b>	Completion of <b>One Central Park</b> in the New East Manchester URC area; Rochdale Kingsway Phase1; Liverpool cruise liner facility; Liverpool Science Park;

<b>Quality of Life/Image</b>	Aligning the <b>ERDF, ESF and Rural Development Programme for England</b> (RDPE) programmes in the region with the RES; Implementing the <b>Natural Economy Northwest</b> programme to develop the economic benefit of the region's natural environment. Through Agency stewardship, the region was the first to launch its <b>Climate Change Action Plan</b> , designed to reduce our carbon emissions. The Action Plan will deliver real progress towards a <b>low carbon economy</b> for the region. Success in attracting new major events to the region, such as Liverpool, Capital of Culture, FINA World Swimming Championships, The Turner Prize and improvements in the image of the region as a place to live, work and invest.
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Table 2: Total Outputs aggregated 2005/06 to 2007/08

Output Indicator*	3 Year Achieved Aggregated Total*	3 Year Target Aggregated Min Total
1. Jobs Created and Safeguarded	60,846	37,600
2. Number of people assisted to get a job	15,542	3,675
3. Businesses Created	8,494	5,160
4. Businesses Assisted	71,797	41,920
4a) New Collaborations with the Knowledge Base	4,546	1,710
5. Investment Levered (£m)	1,087	910
5?. % of Private Investment Levered	60%	38%
5f?. Brownfield Remediated (Ha)	933	793
6. Skills Development?	85,883	33,600
6a) Number of adults achieving at least NVQ 2	2,456	2,175
6b) Number of adults gaining basic skills	6,027	2,215

\* 2007/08 achieved total is based on forecast outturn figures.



## **5. Corporate Objectives, Key Priorities and Themes**

Government is tasking the Agency with identifying our contribution to the single overarching growth objective. This will be subject to further consideration by Government, but is likely to be between 1.9% and 2.3% per annum over the period 2008-2012. This section sets out corporate objectives designed to support the achievement of a regional growth objective of this nature based on the priorities set out in the RES.

We have set out the detail behind our objectives, including links to the RES and articulated the rationale for investment, the outcomes we are seeking to achieve, the broad areas of activity we believe it is right to pursue to achieve those outcomes and the amount of investment we intend to make. This is summarised in the table below. These objectives take an integrated approach to social inclusion, equality and diversity, under represented groups and the needs of rural areas in the region through a mainstreamed approach to their delivery.

With partners we have undertaken a major study to identify the market failures associated with each RES action. This will guide our investment priorities, along with research about the regional economy, current performance information, and strong monitoring and impact evaluation.

### **Sub Regional Priorities**

The Northwest has developed economic development plans for each sub region, produced by a business led Sub Regional Partnership working closely with partners. These plans set out how the RES will be delivered in each sub region and identify further sub regional priorities.

As outlined earlier, increasingly the role of NWDA is one of strategy and delivery management, ensuring that priorities are agreed at a local level which are consistent with the RES. Within these agreed priorities, we will let others get on with the detail of project decisions and management, via delegation. Sub Regional Action Plans have therefore been very influential in scoping this Corporate Plan and setting our investment priorities and NWDA's own policies. In line with NWDA's changed role, this Corporate Plan does not make individual project decisions. Each objective also includes likely spatial implications or investments.

The detail of programme and project investment levels will alter as individual investments are developed and approved, often within sub regions. This will be based on specific outcomes the region is trying to achieve in each place to support the RES vision and overall regional growth objective. This will be supported by developments such as Multi Area agreements.

NWDA's 3 year investment plan (which will underpin implementation of this plan) will be finalised following this consultation process. The final Corporate Plan will therefore include further detail of how NWDA's investment will impact in each sub-region.

## Summary of NWDA Objectives

The table below summarises NWDA objectives and proposed investment levels over the Corporate Plan period. The following sections then give the detail behind each objective.

Objective	Main RES Actions	Proposed Investment (£m (2008-11))
<b><u>COMPETITIVE BUSINESS</u></b>		
1. <b>Growth Sectors:</b> Support the development of key internationally competitive sectors, including appropriate exploitation of the science base	8-11, 15, 16, 101, 103-105	165.7
2. <b>Enterprise Support:</b> Improve the formation, survival and growth rates of enterprises, including via availability of business finance	1-6, 53	174.6
3. <b>Innovation:</b> Develop higher added value activity through innovation and knowledge transfer	12-14, 20-22	87.7
4. <b>Internationalisation:</b> Realise opportunities from globalisation, including international trade, inward investment and supply chain opportunities	17-19	18.3
<b><u>COMPETITIVE PEOPLE</u></b>		
5. <b>Leadership and Management:</b> Develop leadership and management skills (including coaching and mentoring) in the current workforce	35	27.7
6. <b>Higher Level Skills Development:</b> Develop intermediate and higher level skills in the current workforce, including appropriate sector skills	27, 31	65.8
7. <b>Size of the Workforce:</b> Grow the size of the workforce through support for the work of the City Employment Strategies and tackling barriers to work	41-46, 62, 108, 109, 111	27.8
<b><u>COMPETITIVE PLACES</u></b>		
8. <b>Employment Sites and Premises:</b> Support the development of key employment sites and premises in the region	80-83	88.8
9. <b>Conditions for Private Sector Investment:</b> Improve the physical conditions for increased private sector investment in the key places in the region, including key infrastructure and public realm	47-52, 54-56, 84, 116, 119	331.6
10. <b>Climate Change and Sustainable Consumption/Production:</b> Ensure the implementation of the regional Climate Change Action Plan (including energy security) and the development of resource efficiency and sustainable procurement in companies	23-25, 91	23.8
11. <b>Marketing the Region:</b> Improve the image of the region to businesses and visitors by countering outdated negative perceptions	95, 98, 99	27.5

## DETAILED CORPORATE OBJECTIVES, RATIONALE, OUTCOMES & ACTIVITIES

### 1. GROWTH SECTORS

Investment: £165.7 million

**Objective:** Generate net additional economic wealth through the growth and development of our internationally competitive sectors and those sectors which contribute to widespread employment in our sub-regions.

**RES Link:** This objective delivers on our RES priority actions to support the development of higher added-value activity in regional sectors and supports 8-11, 15, 16, 101, 103-105.

#### Rationale

Market failures in growth sectors combine to limit the potential contribution these sectors make to the regional economy. These include imperfect information, institutional and coordination failures, limiting the rate of growth in the sectors for example, limiting the development of clusters of economic activities or sites resulting in a loss of potential agglomeration benefits. Our investments will aim to minimise the impact of these failures and stimulate future growth in these sectors.

#### Outcomes

Our investment programmes are intended to help the region substantially increase the economic wealth generated by growth sectors. They will be targeted investments which will enable substantial growth in those sectors and deliver widespread benefits across the Northwest, such as our visitor economy, maritime, distribution and logistics, retail, construction, and health and care services. Increased economic wealth will be delivered by ensuring that priority sectors account for an increased proportion of the GVA of the total regional economy by;

- Increasing the number of firms working in priority sectors.
- Enabling firms to increase productivity and move up the value chain in their industries.
- Facilitating and supporting activities which will raise and increase the rate of employment within these sectors.
- Increasing the market share of these sectors

The Agency will also ensure the region's growth sectors are supported to effectively deal with unanticipated regional economic shocks.

#### Activity

Growth sector activities will focus on supporting sectorally significant infrastructure programmes including:

- Supply chain projects to retain and enhance value within the region through innovative projects both up and downstream through improving performance and quality, stimulating competition, and overcoming barriers.
- Work with existing investors in the region to grow, enhance, and increase both GVA and number of jobs.
- Reinforcement and encouragement of cluster collaboration through networking, awareness raising and specialist support and improve access to information.

- Delivering priority sector projects including Mediacity:uk; the Food Resource Centre; the Regional Aerospace Park; and a Virtual Engineering Centre; invest in Attack brands and deliver Signature Projects to transform the region's appeal to visitors'
- Supporting our delivery partners the five sub-regional Tourism Boards and implementing the Regional Tourism Strategy.
- Improving a place through our public realm and the built and natural environment to support further private sector investment.

### **Spatial Implications**

The growth sector objective reflects sub-regional strategies and action plans. Sub-regional partners have identified specific spatial opportunities and areas for action in their Sub Regional Action Plans (SRAPs) and the Agency will continue to work closely with delivery organisations in each sub region. Growth sectors and the visitor economy have strong spatial implications because of supply chains and knowledge transfer which depends on close physical proximity. For example, the Biomedical cluster centres on the triangle of Liverpool, Manchester, and Daresbury with virtually all employment in this location. Our visitor economy activities will directly reflect priorities of the 5 sub-regional Tourist Boards. Key attraction development and activities are focused on enabling our regional Attack brands to improve their performance and market penetration.

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## 2. ENTERPRISE SUPPORT

Investment: £174.6 million

### Objective:

Improve the formation, survival and growth rates of enterprise: focused on developing the region's enterprise culture; assisting business start up, growth and competitiveness; delivery of the Business Link advice service; and improving the availability and ease of access to business finance.

### RES Actions:

This objective delivers on our RES priority actions to improve the rate of business start up, growth and competitiveness in the Region. It supports RES actions 1-6 and 53.

### Rationale

The rationale for our programmes in support of this objective has three elements: Information failures, institutional coordination failures and barriers to entry into the market which includes addressing the finance market gap that exists for SME's particularly start ups as detailed below;

- Imperfect information lead to lack of awareness, by existing and potential businesses, of the available business support and advice which in turn impacts on the survival or growth rates of established businesses while also hindering the rate of start-ups for new businesses.
- Coordination failures result from the existence of a plethora of often conflicting, confusing or competing (duplicated) business support provision which either crowds out or confuses both potential and existing businesses.
- Availability and access to finance for small and medium-sized enterprises is a barrier to the formation and growth of businesses. Public support will provide precision intervention to address specific areas of market failure addressing the 3 key components in the financial equation – demand, supply and intermediation services. Our programmes will aim to catalyse and incentivise the availability of the right type of financing funds, especially to those types of businesses who do not traditionally access external finance, without crowding out private sector provision.
- The Northwest is a diverse region, some groups or communities are still underrepresented within our enterprises especially SMEs and have also been found to face the highest level of failure of outcomes as they do not actively participate and share in the benefits of economic growth. Combined with a historical legacy of lack of enterprise awareness, aspiration, skills and capabilities this locks communities into a cycle, which does not foster enterprise leading to poverty of opportunity for individuals resulting in disadvantaged communities.

### Outcomes

Our investment will be geared towards increasing the level of enterprise and the number of businesses in the Northwest by;

- Promoting positive enterprising behaviours and culture in the region, leading over time to higher levels of productivity, business density and economic activity.
- Assisting businesses to access information and support designed for enabling enterprise skills development in young people and adults, availability of up-to-date and relevant business support information to enable business start up and grow. Our outcomes will be measured annually through our evaluation programmes.

- Supporting the creation and growth of new businesses, aiming for 5100 new business starts, a further 2600 assists leading to 11000 net jobs created,
- Improve the business survival rate for assisted start-ups to 80% at 36 months through Business Link information, diagnostic and brokerage service.
- The Finance for Business programme will aim to improve the availability and access to finance for SMEs - one of the biggest barriers to formation, survival and growth of businesses.

In addition the Agency through this objective will ensure the region effectively deal with unanticipated regional economic shocks and deliver an effective skills brokerage service.

The impact of these programmes will be reflected in an increase in the business density per head of population; an increased number of self-employed and VAT-registered business start-ups; increased productivity levels and strong firm survival rates; and an improving the proportion of new jobs generated in our Regional Economic Strategy priority sectors.

The Business Link will provide Information, Diagnostic and Brokerage services, available to all businesses and individuals with very clear outputs contracted for as set out below.

	2007/08	2008/09	2009/10
<b>Customer Satisfaction</b>	91%	91%	91%
<b>Total Users</b>	96,000	103,300	104,600
<b>Business Users</b>	85,400	89,700	96,000
<b>Intensive Assistance</b>	5,500	7,500	9,600
<b>GVA Increase</b>	£305m	£416m	£528m

### **Resulting Activity**

Our activity will be focused on;

- Programmes and projects to develop an enterprise culture through skills and leadership and management programmes through the NW Enterprise Forum.
- Provision of timely and relevant advice and support to individuals and businesses, including social enterprises, to facilitate successful business start up and growth through projects like the Regional Start Up & Survivability and High Growth Business Support.
- Effective management of the Business Link service including the 2012 CompeteFor service, which is an electronic brokerage system designed to support SMEs exploit Olympic Games related procurement opportunities.

### **Spatial Implications**

Business Link is a universal region-wide programme incorporating targeted projects designed to boost the participation rates of currently underrepresented groups e.g. our Regional Start Up and Survivability projects. The impact and coverage of Business Link will be different between sub regions depending on business need and socio-economic structure. The programme has been designed to take these into account and our impact evaluation will reflect these intra-regional differences in impact resulting from this intervention.

### **3. COMPETITIVE BUSINESS & INNOVATION**

**Investment: £87.7 million**

#### **Objective**

Grow economic wealth through major improvements in business innovation and competitiveness, delivered through substantial programmes in science places, enabling knowledge transfer, commercialisation of IP, and ICT adoption.

#### **RES Link**

This objective delivers on our RES priority actions to improve business competitiveness through innovation. It supports RES actions 12 to 14 and 20-22.

#### **Rationale**

Our innovation investments are designed to address four aspects of market failure; imperfect information, spillovers, barriers to entry and historic lock-in/path dependency. These market failures have meant that as a region we suffer from relatively low innovation and ICT adoption rates which affect our competitiveness.

- Imperfect information leads to low levels businesses awareness of the potential benefits of innovation and ICT adoption.
- Businesses can be reluctant to invest if they believe they run the risk of 'spill over' effects, losing the benefit of their investment to competitors too soon. Our public sector investment rationale is to achieve successful clusters of innovative, technological businesses and gain the positive spillover benefits of doing this.
- Innovation and ICT are resource intensive, use up resources in the present while the benefits accrue in the longer term and are not assured. The levels of funding required by both are sometimes cited as a barrier to entry and prevent individual businesses adopting new technology and developing innovative products or services. Our intervention should be aimed at mitigating these barriers to entry and assist businesses innovate quicker.
- Historically the Northwest has not had as widespread an SME base as other regions, and existing firms can be locked into a historic path of low capital investment. Though private sector R&D is relatively high it is concentrated in a few major players, and creating a step change in the innovation and technology capacity of our SME business base is an important rationale for our investments.

Public sector spending on research and science is an important feed into our ambitions for a private-sector led knowledge economy. Currently we suffer from a historic path dependency of a relatively low level of public sector research and science investment, and we wish to reposition our research centres, higher education institutions and science parks to be centres of excellence to progressively attract and capture an increasing share of public sector research activity.

#### **Outcomes**

By 2011, we will aim to:

- Increase number of innovation active firms in the region from 59% to 75%.
- Increase the level of public sector R&D investment in the region from 3% of the UK total to 6%.
- Increase level of HEI R&D in the region from 14% to 20% of the UK total.

- Increase private sector R&D spend in the region from £1.9bn to £2.3bn per annum.
- Increase number of business/University interactions by 2000 per annum, enabling businesses to obtain consultancy services, support, or training.
- Helping businesses adopt and exploit advanced ICT
- Helping improve the volume, quality, reliability and accessibility of ICT advisors and suppliers
- Helping fill ICT skills gaps in the labour market, both user and professional skills
- Ensuring availability of globally competitive broadband infrastructure and services

### **Resulting Activity**

Activity will encourage innovation through:

- Working with over 400 companies in the region to embed innovation in their company structure, and working with over 1000 companies in the region to develop action plans to improve innovation rates, through a major project called Knowledge to innovate and funding Innovation Advisors.
- Ongoing support to establish Daresbury Science and Innovation Campus as a thriving, vibrant location for public sector science and for private sector research
- Investing in collaborative research programmes between HEI and industry which will offer the region a competitive advantage, specifically investing in science strategy implementation projects in Materials, Chemistry, Nuclear, Biohealth, and Aerospace
- Ensuring knowledge transfer investment is concentrated into matching HEIF funding which extends the ability of Northwest universities to work with businesses.
- Working with the Technology Strategy Board (TSB) to take forward transformational innovation projects

### **Spatial Implications**

Merseyside and Cheshire will benefit from the creation of Liverpool Science Park and Daresbury Science and Innovation Campus. The impact will be to create two new major sites for inward investment and regional technology company growth. The majority of the investment in Manchester will go to Project Unity creating a world-class University of Manchester. Lancashire and south Cumbria will benefit from development of Lancaster Science Park. *ICT support will be focused on places currently experiencing low rates of broadband coverage, ICT adoption and exploitation.*



## 4. INTERNATIONALISATION

Investment: £18.3 million

### Objective

Maximising opportunities from globalisation and emerging markets, raising companies' awareness of global opportunities and risks to enable them to compete internationally and realising opportunities for the region from international trade and inward investment.

### RES Link

This objective delivers on our RES priority action to improve the region's international competitiveness by exploiting the Northwest's comparative advantage to increase trade and attract foreign direct investment. It supports RES actions 17 to 19.

Our Internationalisation Strategy and Action Plan (ISAP) sets out an integrated plan that aims to enhance our international position and ensure that we maximise the opportunities that globalisation offers the region whilst mitigating the risks and downsides that are an inevitable part of the process of change.

### Rationale

Globalisation and international trade can contribute significantly to the regional economy. Market failures and physical barriers exist that limit the number of, and extent to which, UK businesses engage in international trade and overseas firms invest in the region. These include imperfect information, language and cultural barriers, and costs and physical barriers resulting from international regulatory regimes. In order to maximise opportunities emerging from the economies of high growth markets including China, and India we need a coordinated approach to ensure the region effectively and efficiently exploits the comparative advantages it has in the global market.

Working closely with UK Trade and Investment our programme will be geared towards providing up-to-date information and advice to new and existing export businesses. We will also work to overcome the social-network barriers in terms of language and cultural differences, as well as helping companies gain access to knowledge networks. In addition we will target new overseas investors and work with existing investors to embed them in the region. These activities will be underpinned by a programme to promote the region's key assets in target markets.

### Outcomes

Increasing the number of firms that export and helping existing investors enter new markets has a direct productivity and competitiveness impact. Foreign direct investment has also been proven to drive up regional productivity and close the GVA gap (overseas firms on average pay more per worker than average, 29%, and are 34% more productive per worker). Inward investment adds to the stock of both the knowledge economy and priority sectors in the Northwest.

Our outcomes include:

- Increasing the number of inward investment projects to 150 per annum by 2009/10 with research and development projects targeted to rise from 7% to 17% of the total number of projects by 2009/10.

- Ensuring inward investment projects are positioned high in their industry's value chain, with at least 25% of projects paying an average salary of over £30K.
- Raising our companies' awareness of global opportunities to assist them to compete internationally, with a target of enabling an additional £50m per annum in export sales by 2009/10.

### **Resulting Activity**

We will be undertaking the following types of activity:

- Supporting the work of UK Trade and Investment by providing an integrated package of support to help companies trade internationally including additional sector focused trade advisors, meet the buyer events, sector missions and events to identify opportunities in target markets.
- Undertake inward investment lead generation activities in target markets identified in the Internationalisation Strategy
- Work with sub-regional inward investment agencies to implement investment projects and undertake an investor development programme with existing overseas investors
- Implementing the international business marketing plan for the Northwest

### **Spatial Implications**

The Internationalisation Strategy and Action Plan (ISAP) has a close fit with the sub-regional strategies and action plans; all of which identify global opportunities and threats. The Agency will continue to work closely with inward investment organisations in each sub region.

## 5. LEADERSHIP AND MANAGEMENT

Investment: £27.7 million

### Objective

Develop leadership and management skills (including coaching and mentoring) within the current workforce

### RES Link

This objective delivers our responsibilities under the RES Objective to develop leadership, management and enterprise skills. In particular it will deliver against Transformational RES Action 35 to develop world-class leadership and management skills.

### Rationale

Investment in Leadership and Management is important for two reasons. Firstly leaders and managers will drive the future direction and business development of their business and good leaders/managers will develop the kind of innovation and enterprise capabilities that more Northwest businesses need to develop. Secondly a high quality of leadership and management will develop a culture of investing in workforce development and thereby release the potential of the whole workforce, a key theme within the RES.

Information and co-ordination failures leading to supply and demand deficiencies mean businesses are not unlocking the true potential of their workforce, limiting productivity. In the Northwest, compared to the national average, there are fewer managers, greater shortages for management occupations and identification of significant skills gaps for managers. This forms the basis of our rationale for intervention. On the demand side, lack of awareness (information) regarding the business benefits of leadership and management development lead to low take up. Our role should be to better inform businesses of how crucial good leadership and management is in unlocking the full potential of the workforce and in driving forward the business

On the supply side, leadership and management development needs of business are not being met by the current provision (co-ordination). Our role should be to ensure the highest quality of provision (programmes and support) which meets the needs of businesses and stimulates thinking, business development and innovative behaviours.

The Northwest, has historically, tended to have low levels of managed businesses, partly due to the historic dominance of large manufacturing companies. It was therefore vulnerable to a lack of both demand and supply of good leadership and management provision.

### Outcomes

Currently the NWDA Board, together with major regional partners, is carrying out a review to identify priority actions to deliver workforce development and maximise the potential of the future workforce. An element of this is focussed on leadership and management and the outcomes below will be refined in the light of this work.

The outcomes we are seeking to achieve through this objective are:

- Drive up business productivity by £200m through increasing the level of leadership and management skills.
- Increase understanding within businesses of the importance and benefits of investment into leadership and management training, as evidenced by increased take up of leadership and management provision
- Increase the proportion of those in employment in the Northwest who are in senior management roles, and to increase the proportion of those senior managers who hold an appropriate higher-level qualification.
- Reduce the number of employers reporting managerial skills gaps and experiencing senior recruitment constraints.

### **Resulting Activity**

To achieve this objective we will be undertaking the following types of activity:

- Implementing the Northwest Leadership and Management Framework for Action which includes 3 main areas for action; Generating Demand; Improving Supply; and measuring Impact
- Rolling out a major programme based on the successful LEAD model.

### **Spatial Implications**

The issues of Leadership and Management affect the whole region. However as these programmes and support are developed, there will be close contact with each of the sub regions and programmes targeted as appropriate to meet specific sub regional needs and the needs of key sectors.

## **6. HIGHER LEVEL SKILLS DEVELOPMENT**

**Investment: £65.8 million**

### **Objective**

Develop intermediate and higher-level skills in the current workforce, including appropriate sector skills. Our work here is complementary to the work of a wide range of other agencies.

### **RES Link:**

This objective, in partnership with others, delivers on our responsibilities on RES actions to meet the needs of sectors and growth opportunities, invest in workforce development and to develop education infrastructure and the skills of the future workforce. In particular it delivers on Transformational RES Actions 27 (skills for priority sectors) and 28 (skills to maximise key growth opportunities) and well as Transformational RES Action 31 (develop the skills of the current workforce) and Transformational RES Action 38 (develop the role of HE in Cumbria and East Lancs)

### **Rationale**

Higher levels skills are recognised as vital to the future competitiveness of the region's economy and are an area where the Northwest underperforms other parts of the country (the Northwest is ranked 5<sup>th</sup> out of all English regions and is 2.3% behind the England average). Similarly within the Northwest there are significant differences in the performance of particular areas and sub-regions. Achieving these higher levels skills must be done by investing in the current workforce and well as the future workforce – it will deliver too little too late if all investment is focused in the future workforce. This is particularly true for our key growth sectors where there is a lack of ability to recruit especially in science and engineering.

Market failures that exist in the provision of higher level skills include equity failures (the need to invest in provision to support the wider regeneration of key places in the region, given current poor performance). Other market failures include externalities (where development paid for by one company may benefit another as staff move) information failures (employers do not recognise the business benefit of investment in higher level skills) and the need to stimulate employer demand in line with the Leitch agenda.

One of our roles should be to demonstrate to businesses the productivity benefits from investment in higher level skills. Another role should be to ensure access to higher level skills provision. This is particularly the case in Cumbria and East Lancashire where the lack of access to higher level skills development is detrimental to the regeneration of the economy. The delivery of this objective will support other objectives, most notably the Growth Sectors objective.

### **Outcomes**

Our objective is the development of intermediate and higher level skills in the current workforce as a key driver of productivity and economic growth and we will measure the increase in GVA/worker wherever possible via new provision. Specifically we intend to meet the skills needs of employers in priority sectors, and to increase the number of HE students in Cumbria and East Lancashire.

Specifically, our outcomes over 2008-2011 are, in partnership with other agencies, to:

- Increase the proportion of the working age population qualified to level 3 and above from 43%
- Reduce the percentage of employers reporting skills gaps from 16%
- Increasing the percentage of employers investing in training from 64% to
- Increase the number of FTE HE students in Cumbria and East Lancashire
- Increasing the number of employers achieving Investors in People
- Reduce the number of employers reporting higher level skills gaps in RES priority sectors
- Improve our ranking with the English regions for higher level skills

These outcomes will be further refined to reflect the recommendation of the Leitch Implementation Group recommendations and targets.

### **Resulting Activity**

We will achieve this by targeted interventions focusing on developing skills in key places and sectors responding to the needs and demands of the sectors. The activities will focus on capacity building or development of flexible demand led support and provision, which cannot be funded by other means, and which helps stimulate innovative, enterprising behaviours. In particular we will be looking at bringing Level 3 and 4 provision into the workplace. As noted above the Board has set up a Task and Finish Group to consider how best to release the potential of the whole workforce and has identified key enterprise capabilities which need to be developed within supported activity. Specific actions to achieve our objectives include:

- Support for the University of Cumbria and HE in Burnley
- Supporting the Higher Level Skills Pathfinder linking Train2Gain activity with higher education and widening the coverage of sectors
- Engaging further education and work-based learning providers to meet employer needs and supporting capacity building, responding to the demand led agenda
- Supporting projects and programmes in RES priority sectors

### **Spatial Implications**

There will be key impacts in Cumbria and East Lancashire where new HE provision will be developed. The impact will vary across sub regions, as many projects and programmes will be linked to the location of RES priority sectors. New projects and programmes will be developed in close consultation and contact with each of the sub regions and will be targeted as appropriate to meet specific sub regional needs and the needs of key sectors.

## **7. SIZE OF THE WORKFORCE**

**Investment: £27.8 million**

### **Objective**

Through this objective the Agency aims to contribute to the growth in the size of the workforce including support for the work of the City Employment Strategies and tackling barriers to work.

### **RES Link**

This objective delivers on our RES priority actions to grow the size the regions workforce. It supports RES actions 41 to 46, 62, supports RES action 108, 109 and 111.

### **Rationale**

Economic and social imperatives dictate that the region has a strategy for ensuring that we maximise the proportion of the working population who are in active employment. Employment contributes significantly to the regional GVA and worklessness constrains the region's economy in a direct way by imposing significant costs in terms of the loss of potential output, wealth creation or other social costs like incidence of crime, ill health and poverty of opportunity leading to disadvantaged communities. Market failures in this area combine in complex ways that hinder or limit participation rates in employment within the region. These include information asymmetry, institutional co-ordination failures, skills gaps leading to lack of opportunities and poor outcomes for particular groups of individuals, localities or communities. Addressing these in a coherent and efficient manner with our partners has the potential to improve the impact of regions efforts to achieve this objective.

Our aim and role should be to provide strategic leadership and support schemes, which will ensure that the active inclusion and participation in economic opportunities are available to all the diverse communities of the region.

### **Outcomes**

A large proportion of investment in this area will be focused to achieve the outcomes outlined in the three City Employment Strategies benefiting local people. We will work in partnership to ensure equality and diversity is taken seriously and the economic benefit of tackling these issues is recognised. Appropriate outcomes will be captured within this section in the coming months which will include;

- Increase percentage number of people into work.
- Increase economic activity rates.
- Reduce the number of people claiming Incapacity Benefit and support them back into work. Employment rates in key places (City Employment Strategies) and other locations as appropriate.
- Employment rates for disabled, women, older people and under-represented and marginalised groups.
- Increase the skills of those recently employed
- Influencing key decision makers and stakeholders
- Effective collaborative partnerships that can affect the direction of funding for activities creating sustainable growth and competitiveness for BME/Women owned business leading to wealth, jobs and prosperity
- Support and increase the employability of ex-offenders.

**Resulting Activity**

Locally targeted activities in areas of most need. Within Greater Manchester and Liverpool focus will be around the City Strategy Pathways. All projects support people furthest from the labour market who are not supported by the mainstream such as Job Centre Plus. Significant projects include:

- Growing the size and capability of the work force in Manchester
- Liverpool Employability Pilot
- People & Jobs Warrington & Cheshire
- Regional Worklessness Cumbria and Lancashire

There will be a range of activities also featuring secretariat support for the ED Forum and information alerts, however the aim is to implement the Regional and Equality Diversity Strategy.

**Spatial Implications**

The primary focus of this activity will be investing through the City Employment Strategies of Manchester, Liverpool and Blackburn. However, there will be other targeted investment in line with Regional Economic Strategy priority areas.

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## **8. EMPLOYMENT SITES AND PREMISES**

**Investment: £ 88.8 million**

### **Objective**

Support the development of key employment sites and premises in the region

### **RES Link**

This objective delivers on our RES priority actions to deliver high quality employment sites and premises and secure new uses for brownfield land. This covers RES Actions 80-83, including the Transformational RES Action to deliver the designated Strategic Regional Sites and RES Action 82 to deliver a portfolio of sub-regionally important employment sites.

### **Rationale**

Market failures exist because key sites are considered not financially viable or attractive for investment by the private sector. In some locations high costs of development (due to previous uses or contamination) and low market values mean that it is not financially viable for the market to develop sites. In other locations it is important we intervene to ensure that sites of sufficient scale/strategic importance are assembled to present an attractive offer to potential private sector developers and are secured for end uses that complement strategic aspirations. Our role should be to ensure sites are developed to encourage the appropriate level and type of investment required for sustainable economic growth. It is important to highlight that our intervention here is integral to the achievement of other RES objectives including for example the development of sites to support the growth of our internationally competitive sectors.

### **Outcomes**

We are seeking to achieve two main outcomes from investing in this objective and these will be quantified as part of the Strategic Sites review currently underway. These will include;

- ensuring we continue to bring forward land for development and future employment use in particular Grade A office accommodation
- To deliver sites to support increased employment in the region and new jobs leading to an increase in GVA and an increase in rental levels in the areas supported

The aim of our investment will also be to attract new employment and wealth generating businesses onto strategic sites from outside the region and to ensure sustainable development of sites.

### **Resulting Activity**

Activity will include master planning, land assembly, land remediation, provision of new infrastructure and gap funding of private sector development. It will result in the removal of barriers for investment and increased private sector investment in key locations, as well as supporting the development of regionally important sectors. The Agency is reviewing strategic and sub-regional sites in support of the above objectives and outcomes, the new ERDF Investment Framework, Sub-Regional Action Plans and sustainable development principles. An implementation plan will establish specific objectives for agreed priority sites, the nature of intervention required and proposed delivery mechanisms. Major projects include:

- Kingsway Rochdale
- Wigan Bickershaw Colliery;
- St Helens United Glass site;
- Middlewich Mid-Point;
- West Lakes Science Park
- Crewe Basford
- Wirral International Business Park

**Spatial Implications**

We will focus investment on RES designated strategic regional sites which are in major locations across the region. We will also work with all Sub-Regional Partnerships to identify and invest in sub-regionally important employment sites, as appropriate.

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## **9. CONDITIONS FOR PRIVATE SECTOR INVESTMENT**

**Investment: £331.6 million**

### **Objective**

Improve the physical conditions for increased private sector investment in the key places in the region.

### **RES Link**

This objective delivers on our RES priority actions to support and sustain conditions for growth in areas with strong economic drivers (Transformational RES Actions 54-56), as well as stimulate economic activity in areas remote from growth (Transformational RES Actions 47-50). It also supports the development of employment in or near deprived areas (Transformational RES Action 52) and the development of high quality public realm, green space and environmental quality (Transformational RES Action 119) as well as the development of brownfield land (RES Action 84) and Regional Parks (RES Action 116)

### **Rationale**

The rationale for Agency intervention is based on evidence of market failure which manifests itself in a number of ways across the region. This includes the failure to utilise and develop sites for employment uses and the failure to reuse brownfield land which has become derelict or degraded. The causes include low market values, high costs of development, lack and basic amenity and infrastructure and poor quality of surround environment including public realm which acts as a further deterrent to investment.

### **Outcomes**

The outcomes we are seeking to relate to URC objectives and these will be further refined and quantified once URC business plans have been analysed. These will include;

- Support the achievement of URC objectives of in Liverpool through the new Regeneration Company, New East Manchester, Central Salford and Blackpool,
- In West Cumbria, In other growth towns/cities identified in the RES, much of the work is still at a master-planning stage and specific outcomes will be identified before investments are made, but in general terms we will be seeking to increase the availability of new high quality floorspace and improve public realm and quality of place, with subsequent rises in commercial property rentals/values.
- In Rural areas our investment will support activity in and around key centres to increase their contribution to GVA. This will focus on improving both the availability of high quality managed workspace and employment land and the role that the public realm plays in investment in rural areas.
- Increase the amount of regional land available for active use via investment in reclaiming brownfield land and developing regional parks.

### **Resulting Activity**

Activity may include master-planning, land assembly and remediation, developer procurement and gap-funding to provide new high quality floor space, provision of new infrastructure and strategic green space. Activity will also include removing barriers to development of sites for new employment uses and creating employment opportunities, a quality of place, new visitor destinations and vibrant sustainable communities. Major projects include:

- Ancoats, Manchester
- Projects to capitalise upon the development of Media City, Salford.
- Liverpool Knowledge Community Quarter
- Liverpool New Anfield
- Blackpool Conference/Leisure Quarter
- Barrow Ramsden Business Park and Marina Village
- Preston Commercial Business District and Riverworks
- Carlisle Rickergate and Riverside
- Public realm and improvement in the quality of the offer in Lancaster, Crewe and Chester
- NEWLANDS, REVIVE, REMADE and Cumbria SEU land reclamation schemes
- Regional Park development

### **Spatial Implications**

Activity will be spatially focused on the City Region Centres (Manchester, Liverpool and Preston) as well as in the Growth Towns/Cities and Areas Remote from Growth, identified in the RES. URC Business Plans, Vision Board plans and Sub-Regional Action Plans will drive much of this activity.

## **10. CLIMATE CHANGE & SUSTAINABLE CONSUMPTION/ PRODUCTION**

**Investment: £23.8 million**

### **Objective**

Implementation of the regional Climate Change Action Plan (including energy security); the adoption of resource-efficient technologies and practices in companies and the development of facilitative policies and infrastructure

### **RES Link**

This objective delivers on our RES priority actions to grow the economy in a sustainable manner. It supports RES actions 23-35 and 91.

### **Rationale**

The UK's Sustainable Development Strategy (2005) promotes a vision of "one planet economics". The inefficient use of resources is a burden on the region's economy. In addition, the 2006 Stern review identified climate change as "the greatest market failure ever known". The review concluded that the economic benefits of strong and early action to tackle climate change far outweigh the costs.

The market failures preventing businesses from taking action to increase their energy efficiency and reduce waste production include: lack of awareness/information; the low cost of carbon; lack of infrastructure; leadership and co-ordination failures. These form the basis of our rationale for intervention.

Imperfect information means businesses are ill prepared to take action because they do not know what to do first or where to go for advice. Our role should be to raise awareness and consumer demand, simplify access to support and better inform businesses of measures they can take, based on best available data. There is also a perception of duplication of effort, lack of coordination and leadership. Our role should be to provide leadership, better coordinate and communicate regional activity in this field to identify synergistic activity, reduce duplication and promote good practice.

The market pull for new environmental technologies is increasing as energy costs continue to rise and companies recognise the wider benefits of adopting the corporate responsibility agenda. Our challenge is to ensure that NW businesses respond to this market pull through innovation and the commercial exploitation of new low carbon products. Our role should be to: ensure NW businesses have access to high quality market intelligence in order that they can identify the opportunities; support innovation by providing support for R&D and facilitating networking between businesses and academia; and ensure that businesses have access to appropriate advice and finance packages in order that the innovation process results in real business growth and opportunities.

### **Outcomes**

The outcomes we are seeking to achieve are those set out Climate Change Action Plan's vision. By 2010 we will:

- Increase the value of the region's energy and environmental technologies sector.
- Identify the most climate vulnerable areas and sectors in the region, highlighting the effects of unavoidable climate change.

- Promote behavioural changes through engaging, encouraging, enabling, exemplifying and catalysing actions which will lead to the more sustainable consumption and production of energy.
- Improve the coordination of and communicate regional activity, reducing duplication, identifying synergistic activity and sharing good practice.

We will assist the region towards meeting or exceeding targets set by central government for greenhouse gas emission reductions of 20% by 2020 and 60% by 2050 (relative to 1990 levels).

For sustainable consumption and production (SCP) we will:

- Assist a minimum of 5,000 NW businesses with their resource efficiency by April 2011.
- Help NW companies save £69m through SCP by April 2011.
- Ensure single point of access for SCP advice for NW businesses (Business Link Environment Connect (BLEC)) is easy to contact, comprehensive and business focused by March 2009.
- Achieve a 20% increase in number of NW businesses contacting Business Link for environmental advice by April 2011.
- Identify and achieve specific targets that exemplify the NW as a region committed to SCP by April 2011 including raw material savings, waste diverted from landfill, CO2 savings and water savings.

We will ensure we meet these SCP outcome targets, initiate a minimum of four SCP programmes by July 2009 and work to improve attitude towards SCP in order to address legislative, planning and attitudinal barriers through CSR activities by 2011.

### **Resulting Activity**

Actions and initiatives supporting delivery of the Climate Change Action Plan will include; Capacity support; Research & development; Initiatives to support domestic energy efficiency and low carbon transport; Improving low carbon skills and awareness; Demonstration programmes to exemplify best practise; Improved policy and planning frameworks for a low carbon economy; Initiatives to reducing emissions from high energy users and offset unavoidable emissions.

### **Spatial Implications**

The climate change agenda is necessarily regional in its focus. However, the engagement with Sub-Regional Partnerships is identified in the Climate Change Action Plan as a critical factor in ensuring the delivery of the plan. Sustainable consumption and production will have a regional focus.

## **11. MARKETING THE REGION**

### **Objective**

To improve the image of the region to do businesses in and as a visitor and tourist destination by countering outdated negative perceptions and promote its unique opportunities and strengths.

**Investment: £27.5 million**

### **RES Link**

This objective delivers on our responsibilities under RES Actions to promote the image of the region (RES Action 95) and those to maximise cultural and major event opportunities, especially RES Actions 98 (major events) and 99 (London 2012). It also includes our support for RES Transformational Action 96 - Liverpool European Capital of Culture 2008

### **Rationale**

The biggest market failure with regard to marketing the region is imperfect information. Awareness of the region and its core cities of Manchester and Liverpool are good, but perceptions of it (and them) as a place to do business and visit are mixed. The region has performed relatively well in FDI terms, however, the region's business image to those outside the region is more of a weakness than a strength. The competition for tourists is becoming more intense as short haul flights and new markets increase choice for consumers. In order to maintain and grow visitor numbers the region has to undertake coordinated marketing. Shortfalls in information regarding the region as a place to do business and visit have magnified the mixed perception of the region. Our role should be to better inform potential investors and visitors of the unique opportunities and strengths the Northwest has to offer.

Hosting major events is one way to counter negative perceptions, along with the direct contribution to the economy that these events can make. This is our rationale for supporting such events.

### **Outcomes**

Our outcomes include:

- A 15% improvement in perceptions of the region as a location for business investment between 2006 and 2009 and a 25% increase between 2006 and 2011
- An increase in the awareness (by people outside the region) of cultural experiences in Liverpool and Manchester from 2% to 10% by 2010.
- An increase in positive perceptions of the region's beautiful landscapes and natural attractions from 46% to 56% in the same period
- Major events contributing £45m to the regional economy for 2008-2011 and bringing in an additional 1.5m visitors.

### **Resulting Activity**

We will be undertaking the following types of activity to achieve these objectives:

- Deliver marketing programmes that promote the region and its destination brands to defined national and international visitor markets - this will include all themed visitor marketing for the region and supporting the 5 Tourist Boards to promote their destinations and key messages for Manchester, Liverpool 08, Lancashire & Blackpool, Cumbria the Lake District, and Visit Chester & Cheshire.
- Bid for and develop major cultural, sporting and business events to attract national and international visitors to our key destinations. This will include supporting defined events within the Liverpool 08 Programme, Blackpool 365 and the Manchester International Festival amongst others. Promote the region and its key sports facilities as potential training camps for Olympic teams competing in London 2012 and implement activity to ensure the region can benefit from the Games.
- Deliver marketing programmes that change perceptions of the region's economic strengths and assets and the key priority RES sectors and their locations.

### **Spatial Implications**

This objective will support to the 5 Tourist Boards to promote specific Attack brands of the region. It will also promote growth sectors and their locations around the region. This will involve regional campaigns where appropriate to gain maximum value for money. It will also support the delivery of key messages for Manchester (MIDAS) and Merseyside (TMP). A central purpose of the programme is to build associations between the sub regions (proximity and diversity).



## 6. Working Together to Deliver the RES

Strong partnership between the public, private and voluntary sector is essential to achieving the economic ambitions of the region, and that increasingly it is NWDA's role to work in partnership to ensure that priorities are set, consistent with the RES, at a local level, but to let local authorities and others take detailed project decisions, where appropriate.

The Northwest has five sub-regions (Cumbria, Cheshire & Warrington, Greater Manchester, Lancashire and Merseyside) and since mid 2004 the Agency has been working closely with **sub regional partnerships** (Cumbria Vision, Cheshire & Warrington Economic Alliance, Manchester Enterprises, Lancashire Economic Partnership and The Mersey Partnership).

During 2006/07, each sub-region developed action plans (SRAPs) that set out clear economic development plans and priorities for each sub region, consistent with the RES, and capture the majority of public and private sector investment that help deliver RES priorities and transformational actions. These SRP Action Plans (which have been refreshed in 2007/8), together with developments such as Multi Area Agreements, will be increasingly important in determining individual investments, with NWDA agreeing overall priorities to ensure outcomes and outputs are achieved consistent with achieving the overall RES vision.

The Agency has important strategic regional relationships with **Government Office for the Northwest (GONW)** and the **Northwest Regional Assembly (NWRA)**. Many issues are handled on a tripartite basis through a **Regional Strategy Team (RST)** that meets on a quarterly basis. The nature of the relationship between the Agency and NWRA will evolve within the Corporate Plan period as the recommendations of SNR are implemented and the RST will be an increasingly important forum in this context. As set out earlier, we have always sought to align the regional strategies through joint working and will formally progress this as part of SNR implementation.

NWDA has signed a protocol with NWRA around Scrutiny and fully cooperates with NWRA on scrutiny issues. It has proved to be a very useful process in terms of helping shape the implementation of the current RES and looking forward to the next RES or Regional Strategy. Although proposals are still being developed by NWRA, the successor body to NWRA is likely to involve some form of Northwest Strategic Partnership, based on the current Regional Assembly Executive, including a sub committee focused on Scrutiny. NWDA will continue to engage fully with this committee. Other sub committees are likely to be established to enable LA members to be fully involved in strategy development.

On a **pan regional** level, we will build on our successful arrangements for working through the **Northern Way Growth Strategy** between the three Northern RDAs, and sharpen the strategic focus of the Northern Way in three priority areas of transport, innovation in industry and increasing private sector investment. The three northern RDAs will collaborate on transformational actions achieving strategic pan-Northern benefits.

## **Delegation and Programme Management**

The 2007 Sub National Review of Economic Development and Regeneration set out government policy to ensure that economic development investment decisions are taken at the appropriate spatial level.

The NWDA, in consultation with other RDAs is developing a policy framework and principles to enable us to work with partners to identify the most appropriate level for delivery of our major programmes. We are committed to adopting a strategic role with delivery and decision making being taken at the most appropriate level. This will ensure that regional objectives are met alongside those of National Policy. The detailed nature of delivery for all our activity will be finalised as the programmes and projects set out in this plan are implemented in conjunction with partners and as legislation allows. We will put in place a contract management approach to ensure delivery of specific outcomes and outputs to contribute to our strategic objectives. This will be directly linked to existing governance frameworks such as LAAs, MAAs or Special Purpose Vehicles, where appropriate.

## **European Programmes (including ERDF)**

The transfer of the European Regional Development Fund (ERDF) to NWDA presents a major opportunity for the Agency and partners. The programme, worth £500m, is the largest English ERDF programme. It has been designed to be consistent with the RES (as the region's expression of the EU's Lisbon priorities).

Although very challenging in terms of spend targets, the programme presents a golden opportunity for integrated working between the Agency, its partners and the wider European regional economic development Agenda. The investment priorities dovetail very closely with the priorities in the RES and SRAPs. Where possible we will aim to streamline a whole host of disparate processes, including those which applicants will need to go through to access and claim resources. This should also further contribute to our drive to simplify business support.

NWDA has been heavily involved in the development of the new ESF and ERDF programmes, the latter specifically designed to reflect the priorities expressed in the RES. During 2008-09, the region's European Framework will be reviewed and adjusted to reflect progress towards a single integrated regional strategy as well as the EU's agenda which is increasingly focused on further CAP reform and the implementation of the Lisbon Growth and Employment agenda. NWDA will also increasingly get involved with the Territorial Cooperation programmes.

## **Business Support Simplification (BSSP)**

The NWDA is committed to delivering on the principles of the Business Support Simplification Programme, a Treasury led initiative managed by a central team based in DBERR.

As part of our initial drive to achieve a simplified business support landscape in the Northwest, the NWDA transformed the previous Business Link operations with the launch of Business Link Northwest on 1 April 2007.

Our priorities for achieving simplification are now focussed in three key areas:

- Influencing National Programme Development through activities such as the National Steering Group, Programme Work Streams and supporting DIUS on implementing integrated Skills Brokerage
- Driving Regional Facilitation and Communications through activities such as the NW Simplification Steering Board, Regional Stakeholder Events and a joint approach with Government Office NW
- Leadership in Transition & Implementation through activities such as internal project harmonisation, guiding future Strategic Investment Planning Process, alignment of Project Approval Process and embedding within EU Fund Management.

Our overarching objective is to achieve a shared framework for the Region for collaboration, coordination and co-investment in business support activities by 2010.

### **Lead role Responsibility**

The NWDA, in our Lead Role for Skills & Employment, has the ultimate objective of challenging, supporting and implementing Government policy that will enable growth and prosperity in the regions, by supporting employers in building a world-class workforce. This role provides a collective voice from RDAs, finding agreement on key policy issues and making public those positions. This then is utilised in working with Government Departments to influence, inform and negotiate new and emerging policy so that it reflects an RDA economic perspective that can respect regional differences. Our efforts will focus on:

- Supporting and facilitating communication between Government Departments, partner organisations and the RDAs and to raise the profile of skills – so that it is seen as integral to the economic agenda.
- Facilitate the sharing of best practice – working with employers and partners, celebrating what works and using this to inform future policy decisions.

Key to the success of this role will be the building and maintaining of positive relationships, constant communication and having clarity of position that can respond to ever changing priorities. It will therefore be important for the Lead Role to lobby support for policies which are important to economic growth, and to enable Departments and national partners to have a voice within the RDAs through the NWDA and the national skills group.

### **Risk Management**

The Agency operates and intervenes in areas of market failure to incentivise or catalyse markets and attract sustainable private sector investment where it would not otherwise occur. These are often high-risk areas where environment and markets must be developed before they become attractive to private investors and other public sector bodies. Our operation is underpinned by a forward looking active risk management system. This describes and considers the full range of threats and opportunities, which could be faced, in order to support our decision making on project, programmes and policy. The risk profile of all our operations will continue to

be actively assessed, defined and communicated at all levels of the organisation, enabling the confident execution of this plan.

## **Equality and Diversity and Opportunities for all**

The Agency is committed to ensuring the economic participation of all within the region and recognises the vibrant diversity of the Northwest's people and communities as a real economic asset. Social inclusion has been integrated and mainstreamed into the RES and Corporate plan, Specifically, within the RES, NWDA is responsible with GONW and NWRA to deliver the Regional Equality and Diversity Strategy.

Equality and Diversity is therefore central to the region's economic success and our ability to ensure that everyone is fully able to participate in our regional economy and society. We will systematically apply the use of Equality Impact assessments to the development and appraisal of all programmes and projects supported by the agency and ensure that we have corporate systems and processes in place to integrate Equality and diversity into all our policies and programmes. Through effective leadership we will ensure that our staff and partners understand the economic importance of the equality and diversity agenda. We will also pursue some projects that directly support the implementation of the Regional Equality and Diversity Strategy.

## **Sustainable Development**

The Agency has a legal duty and is committed to delivering sustainable economic development and meeting its legal objectives. This commitment is in line with the government's ambition of enabling all people to satisfy their basic needs and enjoy a better quality of life, without compromising the quality of life of future generations. It is for this reason that environmental issues and rural affairs have been integrated and mainstreamed into the corporate plan.

The Agency will continually improve our environmental performance by putting in place a carbon management plan for the organisation, including assessment and monitoring of the carbon emissions of projects funded through the single programme. We will also pursue a range of projects which support the development of a low carbon economy, via the BREW initiative and also via the regional Climate Change Action Plan.

## **Energy White Paper (EWP) and Waste Strategy**

The Agency working in partnership with the Government Office, Regional Assembly and other partners will provide the strategic lead for the regional implementation of the EWP, which identifies specific responsibilities.

- Identify the priority technologies which will promote carbon reduction for support in their region;
- Support SMEs with energy efficiency advice (as part of the Business Link offering);
- Apply carbon emission standards above Building Regulations for developments that we support;

- Play an advocacy role for the development of large energy infrastructure projects;
- Work as a as a key partner in the production of 'heat maps' to facilitate the more widespread adoption of Combined Heat and Power;
- Support the introduction of innovative financing models to facilitate the introduction of distributed generation schemes;
- Work with LSC, Sector Skills Councils employers etc to develop a strategy to ensure that the workforce has the requisite skills.

NWDA plans to lead by example and has set a carbon reduction target as described under our objective for climate change and sustainable production and consumption.

The Government's "Waste Strategy for England" in 2007, recognised the role of RDAs in improving resource efficiency in businesses and encouraging the development and uptake of environmental technologies. NWDA will meet this role through the coordination of the Northwest Business Resource Efficiency and Waste (BREW) programme. BREW provides support for Northwest businesses to increase profits by applying energy conservation, minimising and waste generation. During 2008/09 to 2010/11 the Agency will address the recommendations of the Waste Strategy, in partnership with sub-regional organisations.

### **Climate Change**

NWDA has led the development and commenced implementation of the Northwest Climate Change Action Plan. The Agency has formed a regional Climate Change Partnership to drive delivery of the Action Plan and is hosting a regional Climate Change Unit to coordinate activity. Projects and programmes to deliver the Action Plan are detailed under the Climate Change objective. In addition, all RDAs made commitments to Government in "Tackling Climate Change in the Regions" to strengthen our actions to address the climate change agenda.

## 7. Evaluation and Performance Management

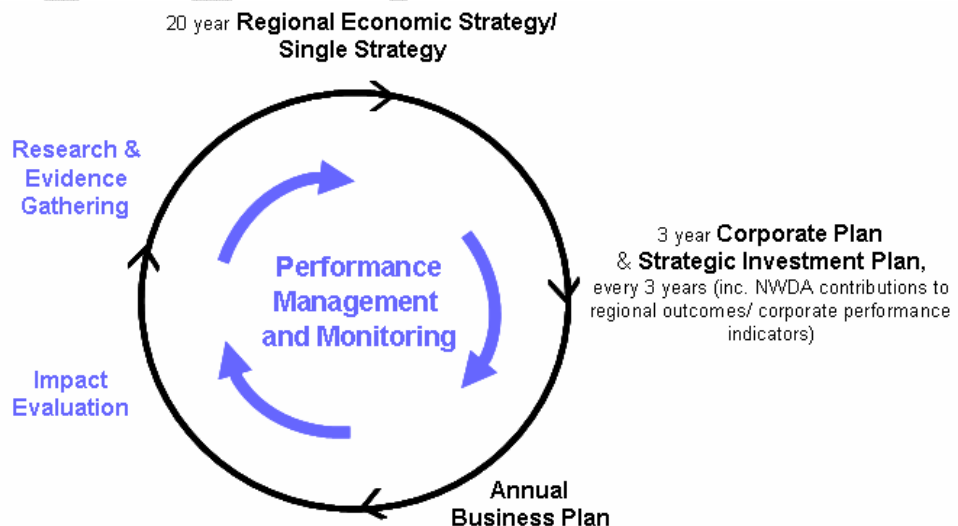
The Agency operates a robust performance monitoring and evaluation system as acknowledged by the NAO's Independent Performance Assessment (IPA) 2006. This will be fully reviewed in 2008/09 as we move from a role of project management to performance management at a strategic level as outlined earlier. We will implement formal programme management within the Agency.

The Agency's evaluation and performance management framework is designed to enable us identify whether we are achieving our stated objectives and priorities to help meet the Government and other partner's expectations and identify areas for improving delivery and the way we deliver. It links the RES objectives with corporate objectives, which are in turn linked to directorate, and personal objectives.

It has been designed to enable us to understand what we are trying to achieve, develop effective ways of delivering our priorities, knowing that we are achieving to a high standard and looking at how we can improve based on previous learning and experiences. Evaluation is central to our efforts to continually improve delivery through evidence based policy and decision making and is reflected within the Agency's Corporate and Business Priorities.

The Agency's performance management framework can be summarised by the diagram 1 below.

**Diagram 1: Current Performance Management and Monitoring Framework (to be reviewed in light of move to programme management and other changes to NWDA role as a result of SNR)**



### Continuous Performance Management and Monitoring Cycle

Clear Objectives measures and targets	Business Plan Performance	Directorate Objectives	Team Objectives	Personal Objectives
Accountability	EMB/Board	Executive Director	Senior Manager	Individual and Line Manager
Monitoring and Reporting	Exec Directors via RPMG <sup>2</sup>	Senior Manager	Team Meetings	Performance Appraisal

Over the past year, the Agency has strengthened its internal evaluation and now has dedicated resources to advise and support the drawing up and commissioning of evaluation plans. We have also implemented a comprehensive and integrated evaluation process, including in depth work to improve our understanding of market failure and its integration into the project development and decision process. Our evaluation process defines three stages of evaluation; formative or ex-ante stage, monitoring and summative or ex-post stage. This has been designed to support programme and project evaluation and is underpinned by a robust appraisal process which rigorously reviews the rationale for the Agency's intervention and sets out clear requirements for evaluating the impact of those interventions. A cross agency Evaluation Panel reviews the objectives of each project and programme and establishes at the start the baseline data and information that will be required to evaluation whether an intervention has had the desired impacts at the end.

Evaluation reports are produced which can clearly demonstrate the achievement of impacts (as opposed to outputs) and importantly can demonstrate net (as opposed to gross) impacts. The next key phase is to ensure that these evaluation messages are increasingly used to influence future decision making. The Agency will be publishing its evaluations in support of its policy of sharing lessons and best practice.

NWDA has a clear 3-year programme of evaluation, with all programmes and projects required to draw up formal evaluation plans setting out information requirements, which are IEF compliant. Evaluations from this programme will provide the evidence, which will inform the next impact report. This programme is regularly reviewed and updated to ensure it captures all emerging findings and evidence from all the Agency's programmes and projects in a comprehensive manner. Our evaluation framework is backed up by an ongoing training and engagement programme with all staff, partners and stakeholders.

The Agency has taken a leadership role in driving improvements in evaluation of impact across the RDA network and is also exploring with undertaking collaborative evaluations with other RDAs where possible.

The overall performance framework is overseen by the Agency's Risk and Performance Management Group which reports to the Executive Management Board. Progress is monitored by way of monthly output and key performance indicators review, quarterly business plan monitoring (including risk management and monitoring) and monthly financial management monitoring.

## **8. Organisational Change**

This Corporate Plan covers a period of significant change for NWDA as it moves from direct delivery to a strategic, commissioning role. This will require a major programme of cultural and organisational change, to ensure that the agency has the required skills and that local delivery organisations have the required capacity. We do not underestimate the impact of this change and are determined to work with partners to implement it for the benefit of the region.

This Corporate Plan represents the start of this change process. Many of our systems and structures will also need to change to become fit for purpose in this new role. NWDA has put in place an organisational change process to examine the implications of these changes and bring forward proposals to the Board.

NWDA will increase strategic commissioning and contract management skills, further develop its economic policy and research function, strengthen its capacity in planning, transport and housing strategy and reduce its focus on project development and delivery.

We will also work with Local Authorities to improve capacity for economic development delivery as outlined in SNR. This will involve the secondment or transfer of delivery staff to support local authority capacity improvements where appropriate.

It will also work with the private and voluntary sector to ensure that the mechanisms and resources are in place to ensure that they are fully engaged in the development of the regions single strategy.

An immediate requirement is to take on board the management of ERDF. Budget 2007 also included the transfer of Skills Brokerage to RDAs.

### **Improvement Plan**

Following the publication of the Independent Performance Assessment (IPA) for the NWDA in 2006, the NWDA produced an IPA Improvement Plan to address the areas identified by the NAO that required attention. The IPA Improvement Plan includes nine Areas for Improvement with thirty individual actions sitting underneath. The plan also brings together all the various other improvement plans within the Agency into one consolidated plan.

All actions are included in the Agency's Internal Business Plan and progress is monitored as part of the quarterly business plan monitoring. The process is coordinated by the Corporate Performance Team and is overseen and reviewed by the Risk and Performance Management Group. Progress towards achievement of key actions identified within the Improvement Plan is on track with all milestones due for action having been addressed and performance is reported to the Board on a regular basis.



## 9. Resource Plan and Estates Policy

### Comprehensive Spending Review

The overall CSR settlement represents a 5% real-terms reduction on the Agency's cash and capital baselines of 2007/08. Over and above this, Government has also requested further levels of administrative cost savings (see below) which will be moved to support Programme delivery and VFM Programme savings, both of which will be reinvested in delivering the Agency's agreed priorities. These include the specific responsibilities mentioned in the CSR including managing the response to industrial crises or natural disasters, supporting collaboration with the Technology Strategy Board, sustaining the ONS's regional presence and providing additional funding for the Northern Way.

The Agency will utilise its existing efficiency performance management framework, introduced to achieve savings under the Gershon Review, to drive cost reduction across its overhead and Programme Support functions.

#### Administrative Savings

NWDA plan to achieve £4.595m sustainable administrative efficiency savings over the CSR period. Baseline administrative costs of £37.571m (8.1% of total funding) will be reduced to a resource budget of £35.733m in 2010/11, (7.7% of total funding) and these targets have been incorporated into the Agency's financial planning.

#### Programme Savings

Programme efficiencies will be realised through a mix of cash reductions and VFM savings. Focus will be on ensuring Programmes and Projects are efficient in their design and implementation.

The tables below show a summary of NWDA income and expenditure, as well as our proposed outline programme expenditure by objective. Further details can be found within our Strategic Investment Plan.

## Corporate Budget 2008/2011

### Income and Expenditure Summary

	Financial Year														
	2008/09 £m				2009/10 £m					2010/11 £m					
Income	Rev	Non-cash	Capi	EU											
Rents	1.7			1.7	1.8				1.8	1.7				1.7	
PPP Drawdown			12.0	12.0		10.0			10.0		10.0			10.0	
PPP Loan Notes &	5.0			5.0	4.0				4.0	3.0				3.0	
Disposal of Assets			4.9	4.9		7.2			7.2		2.1			2.1	
Clawback			11.2	11.2		3.4			3.4		1.9			1.9	
EU Funding	0.3		6.2	6.5		-			-		-			-	
Coalfields Funding	4.3		9.2	13.5	1.6	0.2			1.8		-			-	
Other Income	0.7		1.4	2.1	0.7				0.7	0.7				0.7	
Grant in Aid	184.2	11.9	195.5	391.6	183.8	11.9	190.7		386.4	179.4	11.9	186.1		377.4	
EU Programme				212.2				86.5	86.5				72.3	72.3	
<b>TOTAL INCOME</b>	<b>196.2</b>	<b>11.9</b>	<b>240.4</b>	<b>212.2</b>	<b>660.7</b>	<b>191.9</b>	<b>11.9</b>	<b>211.5</b>	<b>86.5</b>	<b>501.8</b>	<b>184.8</b>	<b>11.9</b>	<b>200.1</b>	<b>72.3</b>	<b>469.1</b>
<b>Expenditure</b>															
Admin costs	36.7			36.7	35.7				35.7	35.7				35.7	
Assembly functions	0.5			0.5	0.5				0.5	0.5				0.5	
Non-Cash costs		11.9		11.9		11.9			11.9		11.9			11.9	
Economic Shock and Contingency			3.0	3.0		3.0			3.0		3.0			3.0	
Capital Exp on Operating Assets			0.5	0.5		0.5			0.5		0.5			0.5	
EU Administration				1.2	1.2			1.2	1.2				1.2	1.2	
<b>Overheads</b>	<b>37.2</b>	<b>11.9</b>	<b>3.5</b>	<b>1.2</b>	<b>53.8</b>	<b>36.2</b>	<b>11.9</b>	<b>3.5</b>	<b>1.2</b>	<b>52.8</b>	<b>36.2</b>	<b>11.9</b>	<b>3.5</b>	<b>1.2</b>	<b>52.8</b>
Irrecoverable VAT	5.3			5.3	5.5				5.5	6.7				6.7	
Portfolio spend	153.7	-	236.9	390.6	150.2	-	208.0		358.2	141.9	-	196.6		338.5	
EU Programme				211.0	211.0			85.3	85.3				71.1	71.1	
<b>Programme</b>	<b>159.0</b>	<b>-</b>	<b>236.9</b>	<b>211.0</b>	<b>606.9</b>	<b>155.7</b>	<b>-</b>	<b>208.0</b>	<b>85.3</b>	<b>449.0</b>	<b>148.6</b>	<b>-</b>	<b>196.6</b>	<b>71.1</b>	<b>416.3</b>
<b>TOTAL EXPENDITURE</b>	<b>196.2</b>	<b>11.9</b>	<b>240.4</b>	<b>212.2</b>	<b>660.7</b>	<b>191.9</b>	<b>11.9</b>	<b>211.5</b>	<b>86.5</b>	<b>501.8</b>	<b>184.8</b>	<b>11.9</b>	<b>200.1</b>	<b>72.3</b>	<b>469.1</b>

PPP income in 2008/09 is forecast at maximum drawdown.

This will not be required if the economic shock contingency is not required. In future years, the regular draw down of £10m is forecast.

Admin costs agree with the CSR targets given to us by DBERR. These are "top down" figures.

Corporate Plan Allocations 2008/11				
	£m			
	2008/09	2009/10	2010/11	Total
Growth sectors	53.9	55.0	56.8	165.7
Enterprise Support	60.3	56.5	62.3	179.1
Innovation	30.4	31.3	26.1	87.8
Internationalisation	6.3	6.0	6.0	18.3
Leadership and Management	6.5	9.0	9.1	24.6
High Level Skills Development	27.8	19.8	18.3	65.9
Size of the Workforce	6.7	8.3	8.3	23.3
Employment Sites and Premises	30.0	29.8	29.1	88.9
Conditions for Private Sector Investment	131.5	107.5	92.5	331.5
Climate Change and Sustainable Consumption	9.6	8.8	8.4	26.8
Marketing the Region	10.4	10.0	7.1	27.5
Other	17.2	16.2	14.5	47.9
<b>Total</b>	<b>390.6</b>	<b>358.2</b>	<b>338.5</b>	<b>1,087.3</b>

## **Estates and Assets Policy**

NWDA has a portfolio of project assets and development land which enables the Agency to work with partners and the private sector to deliver property based projects. The Agency makes development opportunities available to the private sector and by doing this, in addition to facilitating the physical development; the Agency also assists businesses in creating or safeguarding employment.

The Agency's portfolio is primarily located in Merseyside and West Cumbria where it works with partners such as Liverpool Vision, Liverpool Land Development Company and Cumbria Vision. In addition, there are notable projects at Ancoats Urban Village, Kingsway Business Park and Daresbury Science Park, where the Property Team is working with colleagues and partners to deliver these projects.

The Agency's commercial portfolio was transferred into a joint venture, or PPP, in December 2006. This is a 10-year venture where the assets are managed by the private sector partner to deliver outputs for the Agency. The operation of the PPP is overseen by the Property Team in conjunction with the Legal and Finance Teams.

The Agency has an Asset Management Strategy document addressing the management, performance and exit strategy for each of the assets in the portfolio. The document also includes an Estate Strategy covering all of the Agency's operational properties.

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## **Annexes and Tables**

### **Annex 1: Research priorities**

NWDA uses and commissions research both to inform its internal policy and project development and to fulfil its role in strengthening the regional evidence base and how it is used. The research function within the Policy Directorate exists to supply timely, high quality and accurate data, information and intelligence to both support the strategic need of the Agency (Research Team) and the evidence base needs of the region (Regional Intelligence Unit/ Regional Observatory).

At the beginning of this corporate plan cycle, we are developing the evidence base for the next Single Regional Strategy, which is building on the foundations created by monitoring the current RES and developing a greater understanding of impact and evaluation.

By taking a careful look at the gaps in our knowledge we have developed a Research programme which explores the issues raised by current RES monitoring, the risks and assumptions we need to monitor and the gaps in our knowledge. This programme has been widely discussed and agreed within the region, including through the RES Advisory Group.

This themed regional evidence base is being gathered alongside the current development of a series of evidence papers, the purpose of which are to stimulate debate and discussion in the development of the next strategy. They re-visit the current RES factors, taking each factor and looking in depth at the evidence available, monitoring progress against outcome indicators and using wider evidence nationally and regionally. They will cover the need for investment, market and other failures and draw out any challenging questions the region should be asking itself.

The Northwest Development Agency (NWDA) has five major themes of research which are directly related to the Regional Economic Strategy (RES), Enterprise, Skills and Education, People and Jobs, Infrastructure and Quality of Life

These themes set out our regional priorities and remain the area of focus over the next 12 months.