D KEY GROWTH PROGRAMMES

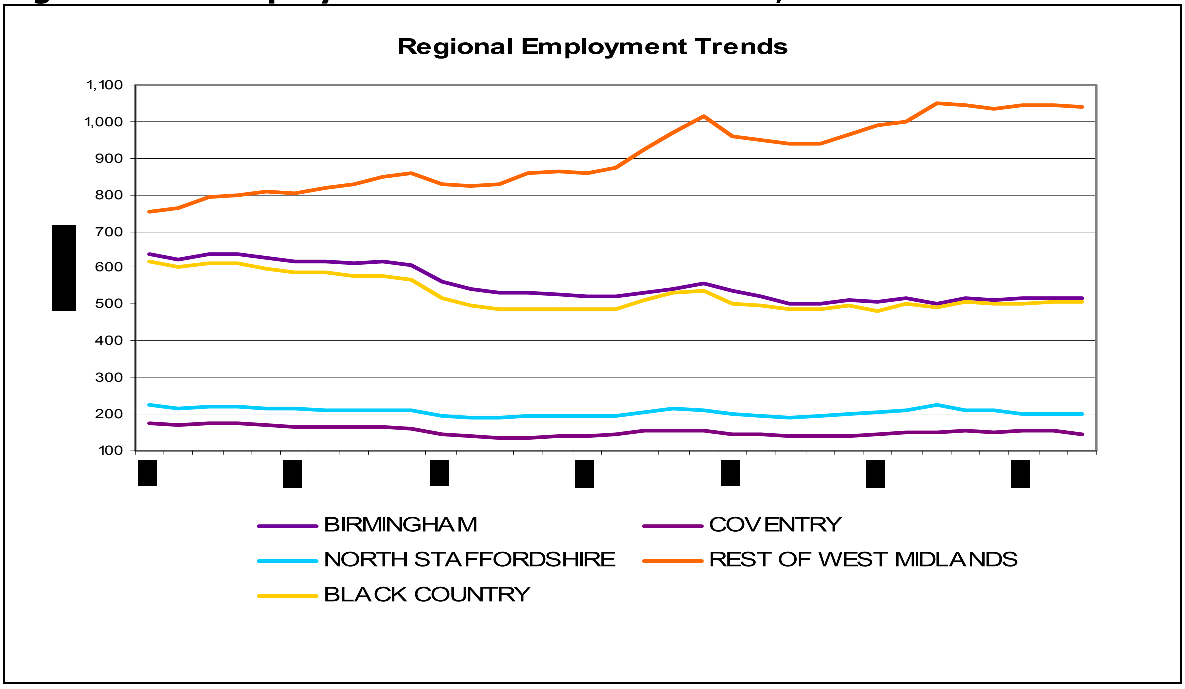
D1 ACCELERATING GROWTH OF THE KNOWLEDGE-BASED ECONOMY

THE BLACK COUNTRY ECONOMY TODAY

D1.1 In the mid 19th Century, at the height of industrial revolution, the Black Country was one of the leading sub-regional economies in Britain and Europe. Discoveries of large deposits of coal and limestone led to the emergence of world class mining and manufacturing industries. People flocked to work in the factories, workshops and mines, creating thriving urban centres. The growth and expansion of these industries continued to serve the area well into the latter half of the 20th Century.

D1.2 Since 1970, de-industrialisation has seriously eroded the Black Country's economic position. The traditional heavy industries which were once the engines of growth in the local economy, have largely disappeared. Today, the Black Country economy employs 500,000 people - approximately 20% of the West Midlands total – yet some **200,000 manufacturing jobs have been lost** over the last 30 years**.** As a counterbalance, job creation in other sectors has generated an additional 95,000 jobs but the net effect is approximately **100,000 fewer jobs than in the 1970s**.[1]

Figure D1.1: Employment in the West Midlands, 1971-2001



Source: GHK, 2005

[1] Unless otherwise stated all figures are derived from the GHK Economic Modelling Work. The Long Term Economic and Employment Strategy for the Black Country, GHK, February 2005.

D1.3 Unsurprisingly, the area suffers from **above-average unemployment**. Claimant unemployment in the Black Country is 5.5% compared to the GB average of 3.1%. Similarly, the employment rate in the Black Country is 70% compared to the Government's national target of 80% - that of London and the South East.

Table D1.1: Black Country Employment and Unemployment Rates 2004(%)

	Employment Rate (%)	Unemployment (%)
Dudley	76.2	4.0
Sandwell	66.1	6.6
Walsall	70.7	5.1
Wolverhampton	66.9	6.9
Black Country	70.3	5.5
City Region	71.3	5.0
West Midlands	73.5	4.0
England	74.6	3.0
Great Britain	74.4	3.1

Source: Annual Population Survey
Notes: Unemployment rate = claimants as % of economically active population. Employment rate = % of working age population in employment.

D1.4 The impact of deindustrialisation has been far-reaching, leaving a legacy that has affected the physical, economic and social make-up of the Black Country. The area is left with a **tradition of world-class performance in manufacturing**; the Black Country is home to nationally and internationally renowned manufacturers such as Hadley Industries plc (steel rolling), Astec International Holdings Ltd (electronics), WYKO Holdings Ltd (precision engineering) and Boparan Holdings Ltd (food). These companies and other manufacturing firms still account for 20% of employment in the Black Country compared to 12% for England.

Table D1.2: Black Country employment by sector (%) 2004

	Dudley	Sandwell	Walsall	W'ton	Black Country	City Region	West Mids	England
Manufacturing	16.8	23.7	22.9	16.8	20.1	18.2	16.6	11.9
Construction	6.8	4.4	4.7	5.6	5.4	4.3	4.3	4.4
Distribution hotels & restaurants	27.4	25.4	23.7	25.3	25.5	24.4	24.8	24.9
Transport and comms	3.8	5.8	5.5	4.9	5.0	5.0	5.4	6.0
Banking finance, insurance etc	16.0	11.8	16.8	14.1	14.6	18.1	17.3	20.6
Public admin, edn. & health	24.0	23.7	21.2	30.0	24.6	25.5	25.8	25.8
Other services	4.6	3.8	5.0	2.9	4.1	4.0	4.5	5.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: ABI (Black Country Observatory)

D1.5 At the same time, the decline of industry has left **excessive amounts of poor quality industrial land** - often contaminated - creating an environment unfit for the needs of business in the 21st Century. As a consequence, demand for quality land and premises outstrips supply, leading to excessive dependence on quality sites outside the Black Country (e.g. Hilton Cross and Featherstone).

D1.6 As major industries have closed or moved to lower cost locations abroad, the performance of the Black Country economy has faltered. If the Black Country had grown at the same rate as the national economy over the period 1991-2002, an additional 42,000 jobs would have been created[2]. The reality is that only 7,000 jobs were created. What happened?

D1.7 The Black Country has been over-dependent on sectors experiencing relative decline in the UK economy, predominantly in manufacturing, for example automotive manufacture as illustrated by the relationship to the Black Country of the closure of MG Rover in 2005 (1,300 people, a quarter of the workforce, lived in the Black Country and 34 Black Country companies supplied MG Rover – indeed 5% of Black Country employees work in companies in the automotive supply sector alone). The corollary is that it has failed to sufficiently attract as replacements those knowledge-based sectors driving the UK economy today, such as financial and business services and ICT.

D1.8 ***Figure B2.3*** in Section B2 (*paragraph B2.12*) maps the density of knowledge workers[3] in the Black Country by ward compared to the surrounding area; the darker colours illustrate higher concentrations. The map provides stark illustration of the scarcity of knowledge workers in the Black Country. Reliance on poorly performing industries is estimated to have cost 21,000 potential jobs.

D1.9 A further 14,000 potential jobs are estimated to have been lost through poor productivity performance. In other words, the Black Country's economic weakness is not simply due to a disadvantageous economic structure, but also because each sector under-performs, highlighting the generic weakness in skills and competitiveness of the economy.

D1.10 In terms of the impact on Gross Value Added (GVA), a **£2.6bn output gap** exists between the Black Country and the rest of England (***see Appendix A2***). This can partly be attributed to the weak job creation outlined above but is also the result of low skill levels and weak business formation rates.

D1.11 The number of VAT registrations per 10,000 population is 24 in the Black Country compared to 32 for England[4]. The means there are **855 less businesses starts in the Black Country each year compared to the**

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[2] The Long Term Economic and Employment Strategy for the Black Country, GHK, February 2005.

[3] Knowledge workers are defined as those employed in occupational grades: Managers and Senior Officials; Professional; and Associated Professionals and Technical.

[4] Small Business Service (SBS), 2005.

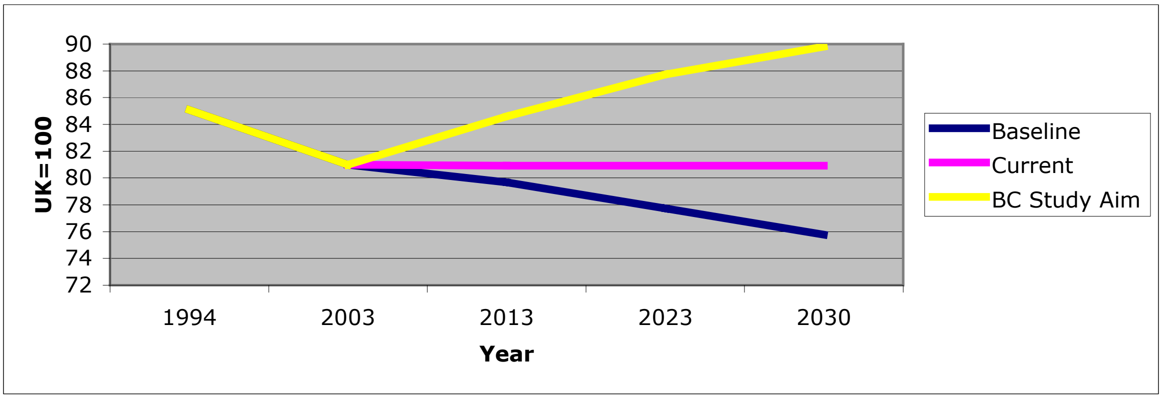
national average. As the analysis in ***Appendix A2*** illustrates this contributes nearly 40% of our £2.6bn productivity gap.

D1.12 The proportion of the population with degree level qualifications (NVQ Level 4) in the Black Country is 17% compared to 25% in England. This equates to 52,000 fewer people with degrees in the Black Country, accounting for £0.8bn of the output gap***. (Appendix A2).***

THE SCALE OF THE CHALLENGE

D1.13 Our headline economic objective is to **raise income levels in the Black Country to 90% of the UK average by 2031;** this is equivalent to the UK average outside London and the South East. We set a target for income because it relates to the wellbeing of local people as well as to the performance of the economy. Relative incomes are currently just 81% of the UK level. If current trends continue, the earnings gap will widen further to 76% of the UK average by 2031.

Figure D1.3: Trends in Relative Earnings



Source: GHK, 2005

D1.14 The Consortium instructed consultants GHK to model how to reach the target given the baseline economic position and forecast trends. In other words, what the Black Country economy would look like in 2021 and 2031 if incomes were on a par with the rest of the UK excluding London and the South East. This aspiration equates to 87% UK average in 2021 and 90% in 2031.

D1.15 **The consultants identified four fundamental layers of change to achieve the transformation.** These four layers form the core of the Black Country Economic Strategy:

1) Reverse population decline;

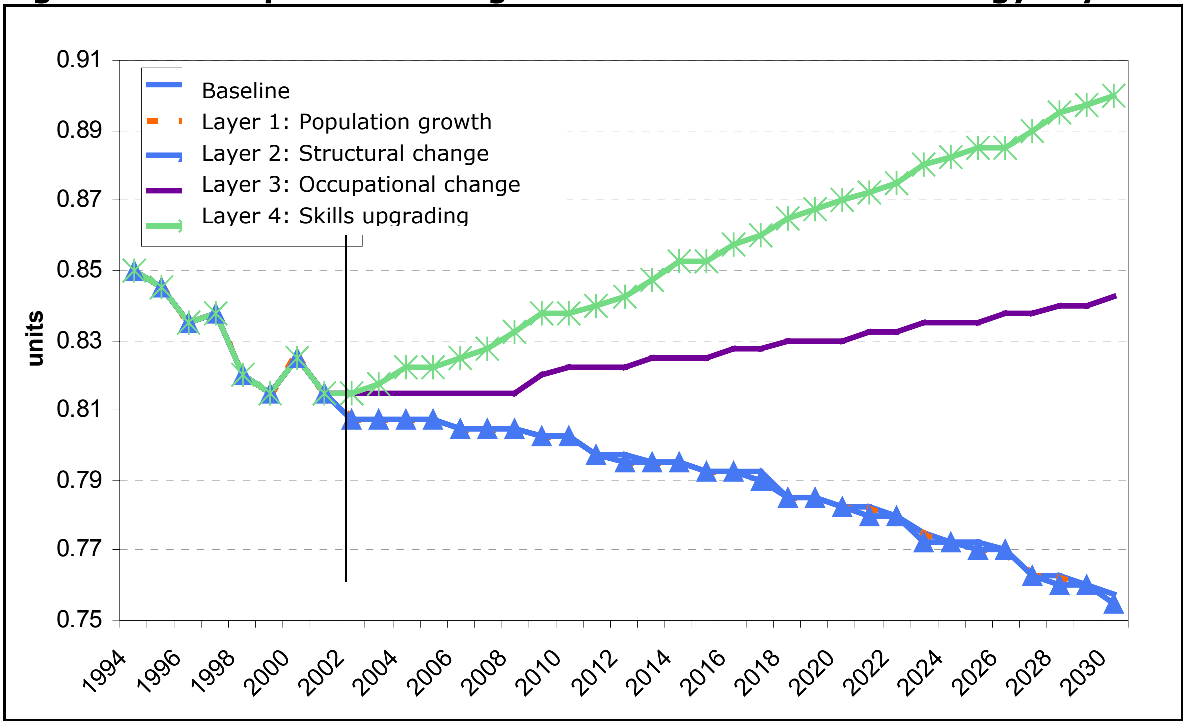
2) Diversify the economy (attract more knowledge-based industries);

3) Change the occupational structure (create more senior and professional occupations); and

4) Upgrade the skills of the workforce;

D1.16 ***Figure D1.4*** models the cumulative impact of each layer on average earnings in the Black Country economy over the next 30 years. These projections are built from a 'business as usual' scenario where the new housing proposed under RSS does not happen. The model shows that population growth (Layer 1) and structural employment change (Layer 2) make little difference to relative earnings alone and will fail to reverse decline. Only with the addition of occupational change (Layer 3) and skills upgrading (Layer 4) will the income target be achieved.

Figure D1.4: Impact on average incomes of economic strategy 'layers'



Source: GHK, 2005

D1.17 Thus, the key conclusion is that only by achieving **change in all four layers together** will the income target be achieved. The scale of the challenge ahead at each layer is discussed in more detail below.

Economy - Layer 1: Population Growth

D1.18 There are very few examples of local economies experiencing economic growth while population is declining. The more talented people that leave the area, the more income, expenditure, and employment leaks out of the Black Country.

D1.19 Population growth has the effect of inducing additional employment in a number of local service sector industries, which are driven by population size, consumer expenditure and total employment. To calculate local services employment, the model uses population projections derived from housing targets in the Regional Spatial Strategy[5].

D1.20 Figure D1.4 shows that the new jobs derived through population growth per se will do little to change the occupational mix since few will be in higher earning, managerial and professional occupations. Thus, there will be little impact on residents' relative wages.

Economy - Layer 2: Structural Change: Attracting knowledge-based Sectors

D1.21 Building on population growth, the second layer models the impact of structural change. The Black Country needs to be able to provide high value, knowledge-based employment for the Black Country's enlarged population. To do so, we must diversify our economy, embracing those high value-added sectors, particularly in the service sector, which are currently under-represented.

D1.22 The Economic Study estimates the need to create a total of 160,000 gross new jobs by 2031 to achieve our growth aspirations, 94,000 net after accounting for a loss of 66,000 jobs in manufacturing. As many of these new jobs as possible need to be in highly skilled, well-paid industries. Comparable figures for 2021 are 105,000 gross, 52,000 net.

D1.23 98,000 new jobs will be required in services – in sectors such as financial and business services, communications and public administration (61,000 by 2021); plus 16,000 will be needed in logistics (10,400 by 2021) and a further 8,000 in retail (5,600 by 2021). In manufacturing we will retain and attract as many high value companies as possible, whilst managing the inevitable decline in total jobs. Manufacturing will remain an important part of the Black Country economy with at least 47,000 jobs in 2031 (61,000 by 2021). The remaining 40,000 jobs (28,000 by 2021) to achieve our target will be filled by local population serving employment in sectors such as health, education and personal services.

D1.24 Returning to ***Figure D1.4***, while attracting new industries to the Black Country is essential, it will not be sufficient to raise income levels. For example, new service sector based activity may only provide low skilled, low paid employment, but also we need our new industries to provide more senior, highly skilled, well-paid occupations. For example, in the case of administration jobs, higher level occupations would be required as well as of back-office activities.

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[5] See 'The Black Country Model and Scenarios for Economic Development', Technical Appendix 1, GHK, 2005.

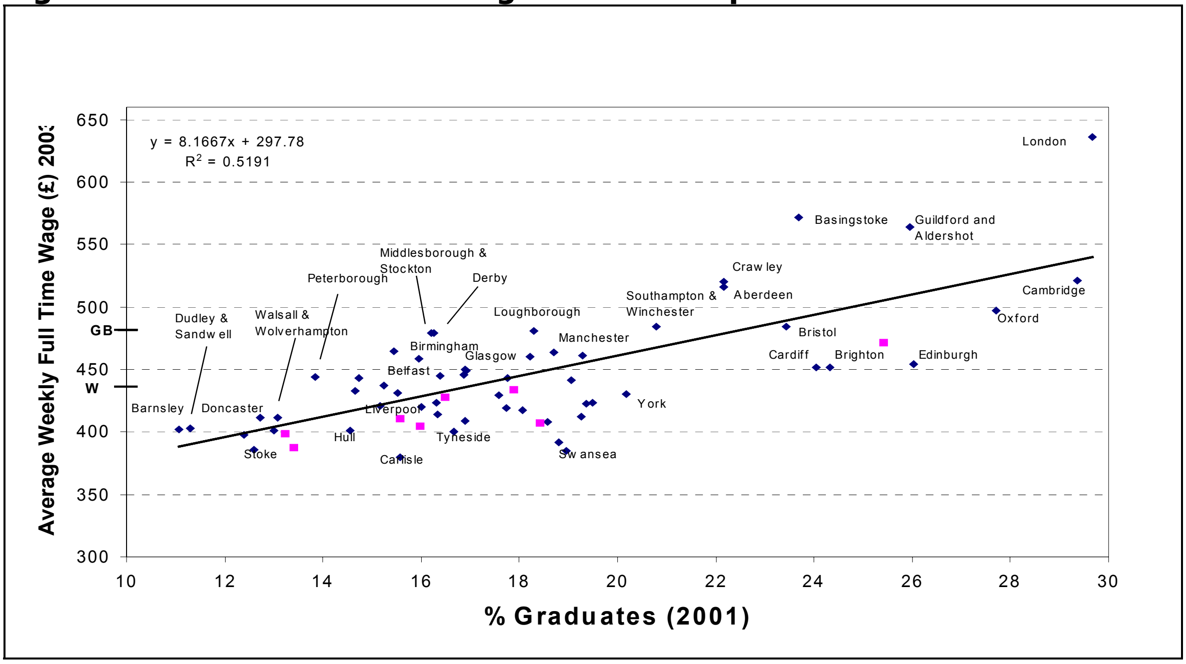
Economy - Layer 3: Occupational Change: More Managers and Professionals

D1.25 This Layer models an uplift in the proportions of managers and professionals in the Black Country while retaining the sectoral mix in Layer 2. The model suggests a 15% increase in the proportion of managerial and professional jobs is required compared to the baseline. Unsurprisingly, the change in occupational structure improves wage levels quite significantly, as illustrated in ***Figure D1.4***. This in turn will raise consumer spending and create additional employment. The future Black Country economy in 2031 should have 66,000 (+41,000 by 2021) more knowledge-based jobs, i.e. managers, professional and associate professionals.

Economy - Layer 4: Upgrading the Skills of the Workforce

D1.26 The final layer estimates the change in skills and qualifications needed to underpin wage growth in each occupation and sector. To illustrate, ***Figure D1.5*** shows the relationship between the proportion of graduates and average wages across the main labour markets of the UK. The Black Country boroughs have among the lowest percentages of graduates in their workforces of any UK area.

Figure D1.5: Graduate: Earnings Relationship in UK Labour Markets



Source: GHK, 2005/ NES 2003, Census 2001

D1.27 ***Section D5*** outlines the plans for addressing the education and skills challenges in the Black Country. The required increase in skills according to GHK is equivalent to raising the share of graduates in the workforce from 12% to 16%. Only by securing this final layer of change will we succeed in achieving our earnings target. This skill enhancement though has to be across the board – the Economic Study suggests that, if the Black Country presented skill levels equivalent to the national average, then 100,000 more people should have obtained some form of qualification who currently have not done so and 60,000 more Black Country people would have a degree or equivalent qualification. (Census 2001/GHK 2005). If the Black Country economy is going to generate the incomes aspired to in the Black Country Vision, this scale of skill enhancement will need to be achieved.

MAKING IT HAPPEN: CREATING A KNOWLEDGE-BASED ECONOMY

D1.28 The economic consultants have set out some clear policy implications which emerge from the layered model above (include reference). The promotion of knowledge-led business must made throughout the Black Country. Most importantly, the Black Country economy needs to secure a step change in **workforce development** and in the quality of the **environment**. A high quality, 'greener', physical environment will be vital if the Black Country is to attract and retain high value companies and their employees.

D1.29 The Long Term Economic and Employment Strategy for the Black Country set out by the economic consultants proposed **three key strands** for development of a ***Black Country Economic Action Plan***:

1. ***Attract the Future*** – supporting knowledge business growth.
2. ***B-Connected*** – to knowledge and markets through quality transport and IT infrastructure.
3. ***Create Spaces*** – quality environments and space for business across all sectors.

Enabling actions proposed by the economic consultants for each of the three key strands of the Black Country Economic Plan:
1. Attract the Future: Working with the public services, social enterprises and businesses to: • Identify pillar companies and support expansion of value added activity. • Facilitate inward investment in higher value activities. • Target cultural and creative industries as source of wealth creation and social capital. • Encourage higher skilled and higher paid workers to live and work in the Black Country. ***In summary*** - attracting and retaining value added businesses.

2. B-Connected

- Improving community and business connectivity to generate added value through multiple activity to:
- Create a population which is empowered to participate in the new economy.
- Encourage business formation in knowledge and creative industries.
- Build and align social capital around a knowledge driven economy.
- Promote innovation and entrepreneurial values.
- Improve the accessibility and physical connectivity of the Black Country, both within and beyond the sub-region.

In summary- to embrace the knowledge economy by focusing on:

- People: Long-term education and training.
- Technology: knowledge management and innovation.

3. Create Space

Creating the right spaces attractive to activities required to achieve income generation in Black Country in terms of:

- The spaces where creative and knowledge activities are fostered, such as through incubation hubs and cultural assets.
- The spaces where knowledge, high value and wealth enhancing activities will locate and can grow, such as through provision of grow on spaces for incubation, technology parks and new live/work environments, utilising key Black Country physical assets of canal, heritage sites and buildings.

In summary- the creation of a 21st Century Environment.

This requires action on:

- Environmental renewal across the Black Country.
- Land assembly to create new spaces.
- Focus on arts and leisure provision.

D1.30 **Eight key programmes** will be developed to take forward Economic Development:

Hardware:
1. Strategic Centres Investment Plans.
2. Creation of quality employment sites.
3. New Colleges in Centres.
4. New Landscape Flagship developments, arts and leisure provision.
Software:
1. Promotion of knowledge in strategic business sectors.
2. Skills development in strategic (larger) employers.
3. Education Progression in the Black Country.
4. Creating knowledge, tapping knowledge, supporting innovation and incubation.

D1.31 To support these programmes ***'pillar companies'*** have been identified to work with in the Black Country – companies that will drive the change towards higher value added activity and reduce the £2.6bn output gap. These firms are seen as not only larger companies, but also fast growing businesses and new businesses exploiting new technologies – all of whom are willing to consider how they can contribute to, and benefit from, the Black Country Strategy. The Black Country Observatory and Black Country Investment have worked with partners to identify these companies (Black Country FTSE 150). How to achieve best support and assist, as appropriate, in aiding the on-going growth and development of these companies is being explored. The aim is to ensure their growth in terms of GVA together with developing export potential to make positive contributions to reversing the current Black Country productivity deficit.

D1.32 The Black Country Diversification and Modernisation Strategy provides a detailed sectoral analysis of the Black Country economy and group sectors into three categories: expanders (sectors with projected increasing employment, output and productivity), adjusters (sectors with projected falls in employment but increasing output and productivity) and shrinkers (those sectors with projected reduction in both output and employment).

D1.33 GHK developed this analysis further and advised that in terms of sectoral focus that there should be a particular, though not exclusive focus, on strategic business sectors, reflecting the Regional Economic Strategy, the Black Country Diversification and Modernisation Strategy, analysis of existing/emerging business concentrations and local knowledge creation, particularly through the University of Wolverhampton. The sectors proposed as foci for support are:

- Advanced Engineering
- Logistics
- Building technologies
- Environmental technologies
- Creative industries
- Transport technologies
- ICT
- Medical technologies
- Polymers and plastics
- Financial and Business services

D1.34 The Diversification and Modernisation Strategy does advocate a balanced diversification and modernisation strategy, which recognises the potential for value creation across a wide range of the economy. This is reinforced by GHK who advise that priority should be given where it can be shown that the activity will lead to a material change in the level of value added, sustainable over the medium-term (say 10 years), irrespective of the sector. This is in line with regional thinking and the focus on business support to "**winners**" irrespective of the sector.

D1.35 The radical scale and nature of the transformational change emerging from the Black Country Study provides itself a stimulus towards developing technological and business expertise to deliver that transformation with opportunities for subsequent 'export' elsewhere, notably in building, transport, environmental technologies and creative industries.

D1.36 A key component of the Economic Action Plan is the development of a ***Black Country Incubation Strategy***[6] which has been underway since February 2005. This Strategy will guide the approach to incubation and the creation of new knowledge-led businesses over the next 10 years, reflecting our commitment to increasing entrepreneurship and productivity as a means to help reduce the £2.6bn productivity gap (as set out in ***Appendix A2***). This recognises that the incubation process will play a key supporting role, increasing demand for commercial workspace and creating higher paid employment opportunities for the local population. Implementation of this Strategy is directed at creating 17,000 new jobs over 30 years.

D1.37 **The Incubation Strategy proposes four strategic programmes:**

1) **Unlocking existing incubation potential** – such as enhancing the effectiveness of existing business support as an integrated Black Country service with strengthened interface between Wolverhampton University and our Colleges and businesses and

[6] Black Country Incubation Strategy, SQW Limited, April 2005.

provision of 'grow-on' space for successful firms.

2) **Developing new Incubation environments** – a portfolio of property based and 'virtual' business support services.

3) **Targeting sectors and technologies** – including Black Country priority sectors of transport technologies, ICT, medical technologies, advanced engineering, polymers & plastics, logistics, building technologies, environmental technologies and creative industries.

4) **Changing the culture** – encouraging more entrepreneurial spirit within Black Country resident, business and business support communities to bring forward ideas with greater opportunities to develop them – working with schools, businesses and students.

D1.38 An Action Plan is being prepared in consultation with AWM, the Regional Development Agency. Proposals include Wolverhampton Science Park Phase IV, a Business and Learning Campus in Walsall Town Centre, a Black Country Performance Arts Centre as part of Wolverhampton University's Community University Campus in Walsall and proposals for an Innovation Centre in Dudley.

D1.39 The University of Wolverhampton will have a major role to play in supporting the development of technology-led business economy. It already plays a leading role through the growth of Wolverhampton Science Park and proposals to the north of Wolverhampton for a Technology Park, known as i54. There will be a strengthening of connections between the University's research expertise and business, such as its lead on materials technologies. There will also be greater efforts to extend the range of research and development expertise not only in the University but also in Black Country Colleges and in the attraction of new Research Institutes to the Black Country.

D1.40 It is vital therefore that the whole of the Black Country and its businesses are seen as **integral to Birmingham City Region as a Science City** with greater efforts to connect business with the knowledge university based knowledge creation and opportunities to develop their own knowledge base through research and development facilities. Through the implementation of our Incubation Strategy a more pro-active support network should be established to enable Black Country entrepreneurship and business to contribute to reducing the current £2.6bn productivity gap ***(see Appendix A2)***. Consideration will need to be given therefore through the upcoming review of the Regional Economic Strategy to the effectiveness of the existing arrangements for High Technology Corridors to deliver effective connectivity between Black Country business and entrepreneurs to knowledge expertise in Birmingham and regional universities. To deliver the proposed Economic Strategy, the Black Country needs to be seen as a whole (but with a focus in spatial terms on the four proposed Employment Land Investment Corridors set out below) as a Technology-led Business and Enterprise Zone with policies and an action plan to support.

Where will we focus long-term investment to support the growth of the knowledge economy?

D1.41 First, to **expand the knowledge base of our centres,** making them the primary locations for new high value-added office-based services, enterprise and R&D. Second, to create more **high quality employment sites** in physical environments fit for modern business. Third, to focus investment in Schools, Colleges and Universities to create a **21st Century Workforce**.

1. Town centres: home to more knowledge-based companies

D1.42 To compete on a national and international stage, the Black Country needs to function as a single economic area. Only by doing so will it effectively harness the economic potential of over one million people. Working together will enable the area to create a far stronger Black Country-wide offer to inward investors.

D1.43 The four strategic centres – Wolverhampton, Walsall, West Bromwich and Brierley Hill/Merry Hill – will drive economic growth. Both the Centres Study and Economic Study highlighted the need to substantially increase the scale and quality of **office space** in these centres to attract knowledge-based services.

D1.44 The Economic and Employment Land Capacity studies indicated a global requirement for major additional office floorspace of 1.45m. sq. m up to 2031 (0.85m sq m to 2021) with emphasis on Centres locations. Building on our current strengths, the initial focus will be Wolverhampton City Centre and Brierley Hill Waterfront - both of which have in recent years proved attractive to the market. Developers have expressed a preference for initially focusing investment in these areas to establish confidence in the Black Country office market and trigger transformation elsewhere.

D1.45 To improve the knowledge capacity of our centres, they will also become the primary locations for growth of **enterprise** and **innovation**. The Incubation Strategy highlights that key elements of knowledge creation, entrepreneurship and incubation should be located in our Centres. To raise levels of innovation needs better connections between knowledge creation and business. Investment will be focused in the University and Colleges within centres, developing the specialisms identified in the Black Country Study. The proposals for a Business and Learning Centre in Walsall Town Centre illustrate this.

D1.46 Finally, the core **retail and leisure** functions of our centres need strengthening both of which are increasingly important sources of employment and economic growth in modern economies. The Centres and Economy studies have reinforced the need for these activities to be focused on the four strategic centres in order to stem the current leakage of expenditure. If the Black Country is to retain its market share, these studies estimate the need for 374,000 sq metres of non-food retail floorspace to 2031, supporting around 6,000 new jobs. Further detail on the strategy for centres is outlined in ***Chapter D2***.

2. High quality employment sites in environments fit for modern business

D1.47 'Fit for purpose', attractive, high quality employment sites both within and outside our centres must be provided. The Economic and Employment Land Capacity studies estimate the need for 1,600 ha of high quality employment land to 2031, transforming former poor quality industrial areas (1,000 ha to 2021). This is the scale of investment in employment land outside of strategic centres required to deliver the Black Country Economic Strategy. These sites need to be readily accessible to the national freight network (road and rail). Sustainable modes of transport will also be needed to connect them to residential areas and the local pool of labour.

D1.48 Knowledge-based industries and the people that work in them will only be attracted to the Black Country if high quality sites are provided to meet their business and lifestyle requirements. These requirements are often highly specialised but for most firms there are some fundamentals we need to get right, including: connectivity by public and private transport, quality of the public realm, and access to local amenities. One of the key findings of the Economic and Housing studies was that in order to embrace the knowledge economy, we must improve the overall **quality of the environment** in the Black Country.

D1.49 In recognition of the needs of different companies, environments of the highest quality for the accommodation and growth of knowledge-based businesses will need to be provided on new **high quality technology parks**. Technology Parks provide a high profile, quality environment and premises (including incubation space), sometimes with shared services and business support, with sufficient space to enable knowledge based businesses to expand on the same site over time. We do not propose the development of Bl(a) office based business parks – our focus for Bl(a) offices is firmly on our four strategic centres. A key purpose of these Technology Parks will be to expand the research and development capabilities of the whole sub-region, complementing the role of Wolverhampton Science Park (WSP). Characteristics of these Technology Parks should include a high profile site with excellent car and public transport accessibility, links to technology and a knowledge base and to incubation facilities. The image of the site and the attractiveness of its environment are critical. Increasingly a range of services are sought by occupiers including retail, leisure as well as access to meeting rooms and broadband connectivity. Office development will therefore be an integral part of the mix of development. The Consortium needs to exploit the economic potential of our Science and Technology Parks by increasing the rate of technology transfer, creating business opportunities and jobs. In addition, they should be sources of enterprise - certain types of incubation provision require out-of-centre locations. Of course, the scale and location of new developments will need to be carefully planned to complement Centres development. These Technology Parks could be developed in conjunction with the creation of new quality residential environments. This potential will be examined

D1.50 The Black Country has a tradition for world-class performance in manufacturing. Retention and expansion of the number of **high value manufacturing** companies in the sub-region is integral to the Economic Strategy proposed by consultants, albeit acknowledging that market forces mean the sector as a whole is likely to employ some 65,000 fewer people by 2031 (52,000 fewer at 2021). Other regional economic forecasts undertaken by Cambridge Econometrics imply that decline in the manufacturing workforce in the Black Country may not be so steep as that modelled specifically for the Black Country by Oxford Economic Forecasts as part of the Black Country Economic Study led by GHK. West Midlands Enterprise have calculated that the alternative scenario is a loss of 45,000 manufacturing jobs to 2031 (30,000 to 2021). It would be prudent, therefore, to ensure that land use planning will accommodate a range of employment land need for manufacturing and that trends are closely monitored. In order to create a competitive manufacturing sector, we need to provide high quality industrial sites. In parallel, there will be a continuing surplus of poorer quality industrial land. This will allow for a 'shakeout' of such land to facilitate provision of new housing in a much improved environment.

D1.51 Due to its location, the Black Country is highly attractive to the logistics sector. To attract further growth we need to provide more high quality locations to accommodate up to 17,000 new jobs in **logistics** by 2031. These will need to provide ready access to the motorway (5-10 minutes reliable journey time) and be in an environment which is attractive to workers and provides investor confidence. The Regional Logistics Study states that locations with access to a rail connection are also desirable.

D1.52 Overall, the Employment Land Capacity Study estimates that to grow the logistics sector by 18,000 jobs requires an additional 245 ha of land by 2031 (160 ha to 2021). To accommodate this scale of growth we will consider the designation of **'Logistics Parks'** in the Black Country. These may typically be 20-25 ha in size as advised by the Employment Land Study. Their identification would be brought forward through the development plan process, with their location being carefully considered so as to avoid exacerbating congestion. Walsall Urban Regeneration Company has already identified land at Darlaston in proximity to M6 Junction 10 as one focus for logistics development.

D1.53 The need for, and location of, regional logistics sites (defined as in the order of 50 ha or more) will be addressed in the RSS Phase Two Revision. The Regional Logistics Study has identified the North Black Country/South Staffordshire area as one of the four best regional logistics locations in the region that is for sites with a minimum scale of development of 50 ha, but which the market is typically building out at in excess of 100/120 ha. The provision of such a site would make a major contribution to the economy of the Black Country, but the Employment Land Capacity Study demonstrates that the provision of such a large site, with both rail and motorway connections and its requirement for 24 hour operating, is unlikely to be capable of accommodation within the Black Country itself. They suggest therefore consideration of provision in the environs of the Black Country with access to the Black Country labour market.

The RSS Phase Two Revision will need to consider this relationship in deciding where best to locate regional scale logistics facilities.

3. A workforce for the 21st Century

D1.54 Knowledge-based companies will only be attracted to the Black Country if there is a much deeper pool of highly skilled labour. To strengthen the workforce local people need to be equipped with the skills and qualifications needed to succeed in the modern economy. This will necessitate variable actions across communities in recognition of their differential skill base. In addition, to retain and attract more highly qualified A/B income groups to the Black Country – those currently most likely to leave the area. The strategy for addressing education and training needs in the Black Country is outlined in ***Chapter D5***.

D1.55 Attracting highly skilled, well-paid people from outside the Black Country to live and work in our economy will require delivery on almost all aspects of the Black Country Study. The demands of this demographic mean that delivery of the right mix of mid-market and high-market housing, a quality leisure, retail and cultural offer, a first class education system, and much more. Strategy for addressing housing needs in the Black Country is set out in ***Chapter D3***.

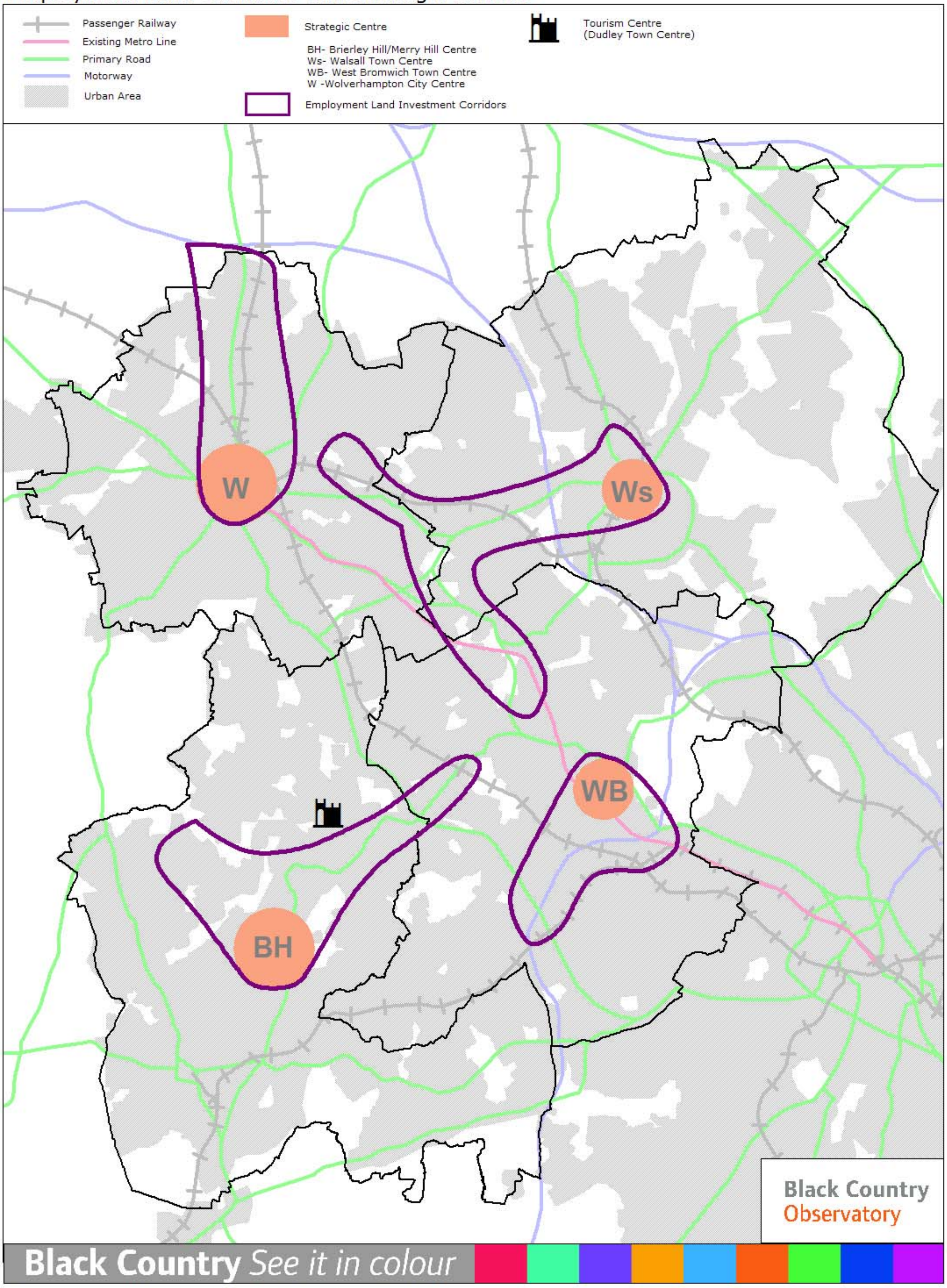
PRIORITIES FOR ACTION

Where will the transformation of the Black Country economy begin over the next five to ten years?

D1.56 Strategy is to focus investment on the growth and transformation of the Black Country's **four strategic centres** and on **four employment land investment corridors (*Map D1.1*).** The identification of these areas has been informed by the recommendation of the GHK led Economic Strategy to focus economic transformation on the key centres and by the GVA led Employment Land Capacity Study which identified the deficiency of high quality employment land for knowledge business and the potential localities for its provision. Further market based advice was sought from consultants Bucknall Austin[7] regarding the best market opportunity areas in the Black Country.

[7] Accommodating Technology and Service Related Companies in the Black Country, Bucknall Austin, Charles Monck & Associates, September 2005.

Map D1.1 Black Country Study Economic Strategy to 2031 Investment Foci
Employment Land Corridors and Strategic Centres



The Four Strategic Centres will be the foci for office growth and retail floorspace (comparison goods), coupled with leisure and development of 'city living'. They are:

1) Wolverhampton City Centre.

2) Walsall Town Centre.

3) West Bromwich Town Centre.

4) Brierley Hill/Merry Hill (proposed for designation as a Strategic Centre through the RSS Phase 1 Review).[1]

D1.57 ***The Four Employment Land Investment Corridors*** will be the foci for the provision of high quality, accessible employment land for knowledge driven manufacturing, logistics and technology-led incubation and growth companies. Each Corridor will be linked to a Strategic Centre and to the national motorway network. They are, as indicated diagrammatically in ***Map D1.1***:

1. Wolverhampton Stafford Road Employment Corridor (incorporating the existing Wolverhampton Science Park and the proposed i54 Technology Park) ***(Black Country North)***.

2. Walsall – Darlaston – Neachells – Wednesbury Employment Corridor (incorporating Darlaston SDA, Black Country Route/New Road & Hill Top) ***(Black Country Central)***.

3. Pensnett – Brierley Hill – Dudley – Dudley Port Employment Corridor (incorporating the Pensnett Estate and the Dudley to Brierley Hill Metro Corridor) ***(Black Country West)***.

4. Oldbury – West Bromwich Employment Corridor (incorporating M5 Junctions 1 and 2 and Sandwell & Dudley west coast mainline station) ***(Black Country East)***.

D1.58 Draft revisions to RSS policies are proposed to facilitate the implementation of this strategy, notably through revision to PA11 to designate Brierley Hill/Merry Hill as a Strategic Centre and the inclusion of the Employment Land Corridors in the new proposed Black Country urban renaissance policy, UR1A. The extent of Strategic Centres and the proposed Employment Land Investment Corridors is the subject of the ongoing statutory planning process through Core Strategy and Local Development Documents. A robust and transformational landscape, land use planning, transport and design framework will be prepared to guide investment decisions for each of these areas.

D1.59 Based on the evidence from the Black Country capacity studies and consultants' strategic advice, by 2031 growth of some 77,000 jobs in the four strategic centres (46,000 to 2021) with a further 50,000 jobs in the four Employment Land Investment Corridors (22,000 to 2021) can be accomodated. ***Table D1.3*** below sets out indicative distribution and potential phasing of that provision. The distribution of retail comparison goods

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5 Accommodating Technology and Service Related Companies in the Black Country Bucknall Austin, Charles Monck & Associates, September 2005

floorspace and of office floorspace set out in this table has been the subject of joint development and agreement between the four local planning authorities. The data for the Employment Land Corridors is indicative of the potential scale of development which could be accommodated based on the Black Country Employment Land Capacity Study. These figures are subject to further joint planning review and agreement between the four Black Country Local Planning Authorities.

Table D1.3 Accommodating Employment Growth: Centres and Employment Land Investment Corridors

Ref	Locations for Growth and Quality Enhancement	Phase I (to 5 years) to 2011	Phase II (5–15 years) 2011 - 2021	Phase III (15+ years) 2021 - 2031	Total Capacity *1 2003 – 2031
	Black Country Key Centres *1:				
W	Woverhampton City Centre Expansion: - Retail Development - Office Development	57,000m2	- 187,000m2	26,000m2 138,000m2	83,000m2 325,000m2
	Wolverhampton Centre Proposed Jobs Growth		*11,500*	*7,900*	*19,400*
Ws	Walsall Town Centre Expansion: - Retail Development - Office Development	23,000m2 36,000m2	22,000m2 151,000m2	23,000m2 138,000m2	68,000m2 325,000m2
	Walsall Centre Proposed Jobs Growth		*11,400*	*7,700*	*19,100*
WB	West Bromwich Town Centre Expansion: - Retail Development - Office Development	19,000m2 27,000m2	16,000m2 160,000m2	18,000m2 138,000m2	53,000m2 325,000m2
	West Bromwich Centre Proposed Jobs Growth		*11,100*	*7,700*	*18,800*
BH	Brierley Hill/Merry Hill New Centre and Expansion: - Retail Development *2 - Office development	- 13km2 off	51,000m2 174,000m2	29,000m2 138,000m2	80,000m2 325,000m2
	Brierley Hill Centre Proposed Jobs Growth		*11,500*	*7,900*	*19,400*
	Total Strategic Centres Proposed Jobs Growth		***45,500***	***31,200***	***76,700***
	Black Country Employment Land Investment Corridors *3:				
	Total Investment Corridor Indicative Jobs Growth *4 **EC1- Black Country North Corridor** (Wolverhampton - Stafford Road) **EC2- Black Country Central Corridor** (Walsall - Darlaston – Neachells - Wednesbury Corridor i.e. Black Country Route/New Road) **EC3- Black Country West Corridor** (Pensnett/Dudley/Brierley hill) **EC4- Black Country East Corridor** (Oldbury/West Bromwich)	**3*	***21,700***	***28,100***	***49,800***
	Other Local Centres and Employment Land Opportunity Areas (e.g. N. Aldridge, & Coombes Wood, Dudley) **and Mixed Use outside Empl Land Investment Corridors** (including commitments off-centre) **Indicative Jobs Growth**	**3*	***12,800***	***21,500***	***34,300***
	TOTAL BLACK COUNTRY JOBS GROWTH (GROSS)	**3*	***80,000***	***80,800***	***160,800***

*1 Data reflects split of retail and office growth Centres/Off-Centre & between Strategic Centres agreed by Leaders. Retail (A1, % A2) 75% strategic centres, 25% other. Offices (B1a, % A2) – 100% Strategic Centres (after allowing for off-Centre commitments). Figures adjusted to take account of retailing as set out in Regional Centres report. Retail = floor space for comparison goods shopping only.

*2 It is proposed that retail comparison goods floor space development be limited to 36,000m2 to 2016 to facilitate balanced development of the four strategic centres.

*3 Indicative Jobs Growth figures are all sectors (manufacturing, logistics, services and retail) – based on GVA Employment Land Capacity Study and mapping of PRISM 'Preferred Strategy' data input. All jobs growth figures include both phases I and II covering the whole period to 2021.

*4 Includes 6,700 committed jobs located outside Wolverhampton, but serving BC (e.g. i54).

NB. GHK Economic Strategy for BCS identifies a need for accommodating 160,000 new jobs (gross) 2003 to 2031 (+103,000 pro rata to 2021). The GVA Employment Land Capacity Study identified that a element of land provision for logistics jobs serving the BC economy would need to provided on the periphery of the BC. The Preferred Strategy identifies a desire for provision of a Regional Logistics Park to the north of the BC but accessible to the BC labour market.

Note there remains a potential phasing issue re 'undersupply' in 2003-2021 (capacity identified for +80,000 jobs cf Economic Strategy need for +103,000 jobs).

The proposed strategy of distribution of employment provision set out in this schedule and the accompanying map describes where provision will be made for growth for both new jobs and employment restructuring.

The GHK Economic Strategy, based on Oxford Forecasting, predicted a NET loss of 65,000 manufacturing jobs. Analysis has also been undertaken of alternative regional economic forecasts by Cambridge Econometrics which suggested a smaller though also dramatic continuing decline of manufacturing jobs – this identified an alternative scenario of 45,000 jobs loss (i.e 20,000 fewer than the Oxford forecast).

The Preferred Strategy proposed would allow for flexibility to accommodate that range manufacturing job decline of scenarios. The Strategy does not PLAN for the loss of manufacturing jobs by removing land available for such employment to the scale of these scenarios. It does though recognise that this change will occur and that there will also be a need for provision of quality employment land for new jobs in the manufacturing sector. The Preferred Strategy therefore proposes employment land restructuring which transfers some employment land to housing and creates new employment land.

The Housing Growth map and schedule sets out the housing strategy of concentration of housing growth on Centres and Corridors. This is based on capacity analysis which would indicates the transfer of some 1,700 ha of employment land to residential led mixed use to 2031 (1,100 ha to 2021). Consultants have calculated that the gross loss of existing jobs from such a transfer of land would be 27,800 from 2003 to 2031 (14,500 from 2003-2021). Many of these areas are already in decline. However, this process will be managed to ensure that individual companies affected by this transfer are provided alternative quality sites to relocate within the Black Country.

Some 2,200 ha of existing employment land is retained in the Preferred Strategy. The Strategy proposes focusing on enhancement of the quality of that retained land where it is located in the proposed Employment Land investment Corridors. In other locations it would be expected that a mixture of redevelopment and decline in employment densities would take place as per economic trends. The Strategy assumes that this will equate to a net decline in manufacturing jobs on retained employment land of between 17,000 and 37,000 jobs (i.e. the range of manufacturing job loss trends of 45,000 to 65,000, less the 28,000 job losses estimated from the process of employment land transfer to housing). This will require monitoring.

D1.60 Within each corridor and centre, we have identified key projects where we will prioritise initial investment. Our intention is for these projects to generate immediate signals to the market that the Black Country economy is a place for high value companies to do business.

Investment in Strategic Centres

D1.61 We have identified the following schemes for immediate action to accelerate the growth of retail, leisure and office-based employment within our strategic town centres.

Strategic Centre	Key Schemes
Wolverhampton City Centre	• Implement planned retail core expansion (46,000sqm) • Prepare Masterplan for expansion of City Centre to accommodate growth & maximise the potential of the mainline station locality
Walsall Town Centre	• Implement Walsall URC Masterplan • Walsall Business & Learning Centre • Review Centre Masterplan to accommodate growth
West Bromwich Town Centre	• Implement Tesco-led retail expansion (19,000 sqm) • THE pUBLIC cultural & learning centre • Sandwell Central College • Implement RegenCo Masterplan for office expansion • Review Centre Masterplan to accommodate growth
Brierley Hill/Merry Hill New Centre	• Secure Strategic Centre status • Implement Brierley Hill Partnership Masterplan • Complete Metro connection and other public transport accessibility • Implement revised car parking regime

D1.62 The Strategy proposes that Dudley Town Centre will no longer be designated as a Strategic Centre. However, it will continue to play an important economic role within the Black Country – the Strategy proposes expansion of its role as the focal point of an integrated Black Country tourism offer, such as by making enhancements to the town centre and by exploiting the potential of Wren's Nest Nature Reserve, Dudley Castle Zoo and the Black Country Living Museum.

Employment Land Investment Corridors

D1.63 Outside Centres, the Strategy proposes the location of high value logistics, manufacturing and new science/technology parks along key employment corridors. These Corridors, as the foci for investment in creation of quality employment land, will require the preparation of masterplans and action plans to assemble land, transform the environment and guide investment in land, buildings and infrastructure. The following schemes have already been identified to lead out change in these corridors to provide quality employment land opportunities for knowledge led business.

Corridor	Key Schemes
Black Country North	• I54 Technology Park and MIS • Wolverhampton Science Park Phase IV
Black Country Central	• Darlaston SDA Logistics Park (Walsall URC) • Hill Top Environmental Technology Park (RegenCo)
Black Country West	• Dudley Innovation Centre
Black Country East	• Junction 1 Business Centre (West Bromwich Centre expansion) (RegenCo) • Sandwell & Dudley Station Business Centre (West Bromwich Centre expansion) (RegenCo)

D1.64 Integrated with the planning for these areas will be the identification of a location for the development of a new Research Institute/Science Park in the south/eastern part of the Black Country to complement the planned investments in science and technology led investment in Enterprise Black

Country North (as part of the Black Country and Telford High Technology Corridor).

D1.65 Demand for logistics sites in the Black Country is likely to outstrip supply, we will therefore encourage and work with the rest of the region, through the draft revision to RSS policies, to identify 1-2 sites (depending on size) to the north of the sub-region to locate large scale operations. These sites would be linked to the Black Country's labour market.

Other Locations in the Black Country

D1.66 Focusing investment on the centres and employment land investment corridors does not mean ignoring environmental improvement and economic investment potential in other parts of the Black Country. The Black Country is particularly characterised by a wide variety of **town and district centres** around which traditionally Black Country communities have developed. Investment in these centres will be encouraged of a scale and type which reflects their character and traditional shopping and service roles together with serving housing growth corridors set out in ***Chapter D3***. This will complement the focus of economic growth on the four strategic centres. Additionally, there are other **existing employment land locations** outside the Corridors which will continue to provide land and buildings to meet the range of employment needs set out in the economic and employment land studies, in particular for manufacturing and logistics. Examples of these include North Aldridge in Walsall and Coombes Wood in Dudley. These will be identified through the Black Country and Borough planning processes and policies put in place to protect and enhance employment land provision in line with Black Country needs.