



REPORT TO EXECUTIVE

PORTFOLIO AREA: ECONOMIC PROSPERITY

Date of Meeting: 19th December 2005

Public

Key Decision: Yes

Recorded in Forward Plan: No

Inside Policy Framework

Title: CUMBRIA VISION DRAFT STRATEGIC PLAN

Report of: DIRECTOR OF DEVELOPMENT SERVICES

Report reference: ECD.24/05

Summary:

The Cumbria Vision [CV] draft Strategic Plan sets out a programme to improve Cumbria's economy over a 10 year period. CV has been established to co-ordinate and improve the performance of economic development and to be the instrument that delivers the regional economic strategy in Cumbria. The Strategic Plan must secure the support of all sectors of the Cumbria Economy and win the confidence of the NWDA and Government. It will provide the context within which Carlisle Renaissance will develop.

Recommendations:

That the Council welcomes the Cumbria Vision Strategic Plan and looks forward to a close and constructive partnership with Cumbria Vision over the coming years.

It would wish to see the Plan strengthened by the consideration of the points set out in the report

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Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None

and Strengths identified.

- 3.2 It does not feel as if the Plan is written to engage the business community. For example, the list of achievements for 2006-07 [page26] is very introverted and process orientated. It includes no 'quick wins'.

- 3.3 The section on Partnership on page 50 onwards is largely a justification of public sector partnership arrangements with nothing relating to wider public engagement, other than references to the Chamber and the CTB. There is no commitment to a communications protocol. There is no acknowledgement of the community leadership role of the District Councils or of their role supporting the delivery of the CV agenda, particularly in relation to planning & economic development.
- 3.4 The Plan does not really define the qualitative outcomes CV expects to achieve. Page 27 has three measurable long term objectives, relating to GVA, average earnings, and worklessness. These are proxies for economic well-being but do not convey any sense of achievement.
- 3.5 The lists of bullet points on page 25 [listing what CV will do], needs to be expanded to illustrate how CV intends to make progress towards intended outcomes.
- 3.6 The Plan says little about how in practice Cumbria's economic development institutions need to change. Although the Plan confirms that "strategic leadership" as one of CV's key roles, the plan does not convey how this is to be exercised. There is no model of good practice or learning from elsewhere.
- 3.7 The plan does not include any information on whether additional resources will be needed to fulfil its objectives. What are CV's plans to attract additional resources? Bullet point 7 on page 26 [relating to the ring fencing of urban and rural funds in 2006-07] perhaps could be interpreted that after this period ring fencing may not apply. Clarification is needed.

4.0 COMMENTS ON SECTORAL PRIORITIES

- 4.1 Knowledge Industries and Enterprise Support [p.33]²
- Potentially some confusion with priority 6 - cultural and creative industries
 - Development of an Enterprise Culture not covered. Should be a major priority
 - There should be reference to Women's Enterprise.
 - No reference to the need to reform the mechanisms for the delivery of business support in Cumbria.

² page numbers refer to the edition of 31/10/05 version 0.11

4.2 Infrastructure, Transport and Housing [p.36]

- Poor access by road needs to be qualified. East-west is poor but not north-south
- Lack of Housing for 'inward migrants'. This is not clear. What does this mean?
- Infrastructure should include section on energy
- Section does not explain CV's role in relation to local, sub-regional and regional planning and transport policies where most issues identified in the CV plan are already covered.
- No reference to the link between employment land and infrastructure

4.3 Land, Agriculture and Food [p.38]

- Plan seems to take no account of the differences within Cumbria in relation to land availability. The RSS³ identifies 40 years supply of employment within Cumbria. What does the 'best use' of development land mean? Is this not the role of the Planning system?
- No acknowledgement in the plan of the capability [or otherwise] of the property market in achieving economic development objectives.

4.4 Tourism Image and the Environment [p.40]

- Bullet point 1 should read 'the quality of our Tourism accommodation, attractions *and events*.'
- Inadequate reference to the economic value of the quality of life, natural heritage, landscape and culture of Cumbria

4.5 Cultural and Creative Industries [P.41]

- The definition of culture seems too narrow. It should be broadened to recognise the role of culture as one of the underpinnings of economic activity. It should be part of the 'Cumbrian offer' - important in Carlisle's case if the City is to be successfully marketed to students.

4.6 Education and Skills [p.42]

- No mention of support for local initiatives to assist the development of the HE sector. [see comment on culture above]
- Developing the market for Graduate employment should be a priority.

³ Regional Spatial Strategy

5.0 COMMENTS ON GEOGRAPHICAL PRIORITIES

5.1 There are 3 geographical priorities identified in the plan, West Cumbria & Furness, Carlisle and Rural Cumbria. The recognition that different parts of the County have different needs is to be welcomed. There are no comments on the section on West Cumbria & Furness.

5.2 Carlisle [pp. 46-47]

- Given the period of the plan which has a time-scale up to 2016 is 'flood recovery' a key issue for the whole of that period? There needs to be some reference to flooding but possibly linked to Carlisle Renaissance
- In terms of key issues there should be a reference to growth in the 3rd. bullet point about strengthening the economic base.
- The assertion that there is a lack of availability of development sites in the City is incorrect in terms of overall supply. There is an issue about ownership for some types of development land. This is in any case a planning matter and the Local Plan covers these issues.
- In terms of the 'proposed approach' on page 47 there should be a specific reference to Carlisle Renaissance in the first bullet point relating to the proposed economic strategy. It also needs to be clear that the strategy will relate to the whole of Carlisle, not just the urban area.
- Also under 'Our proposed Approach' - it should be noted that there is a large amount of brown-field land being developed for employment use (the whole of Kingmoor Park). The loss of brown-field employment land within the inner urban areas is due to a combination of factors including, unsuitable sites and buildings, inadequate access and high land values due to shortage of housing land caused by restrictive RPG⁴ Housing targets. This is already being tackled through the planning process.
- There is no commitment to do any work relating to disadvantaged or sustainable communities.
- There is no reference to Tourism or the opportunities likely to be created by the Hadrian's Wall Plan. An additional 'key issue' is needed – *'Carlisle's aim to establish itself as an important tourism gateway and sub-regional retail centre of excellence'*.
- The lack of an adequate Enterprise/Business support agency in Carlisle is not mentioned.

⁴ Regional Planning Guidance

5.3 Rural Cumbria [pp 47-48]

- There appears to be a considerable overlap with the section on Land, Agriculture and Food.
- The action point about the M6 is welcome but needs clarification.
- Other than the reference to the M6 there does not seem to be any 'spatial' dimension to this priority to distinguish it from the sectoral priority on Land etc
- There should be some reference to community enterprises in rural areas as an alternative means of addressing service delivery and access issues.

6.0 CONCLUSIONS

- 6.1 Although the list of comments above appears negative, this is partly because the plan, in attempting to be succinct and concise, is written largely in bullet point format. While this is welcome, there are occasions where interpretation and clarification is needed.
- 6.2 It needs to be stronger on its intended objectives and achievements over the next year.
- 6.3 It needs to set out its vision and the opportunities for Cumbria more clearly.
- 6.4 It needs to be clearer and more positive on partnership and communication arrangements and to acknowledge the roles of partner agencies.
- 6.5 It also need to set out a clearer agenda to remove the confusion that exists in the way business support services are delivered in Cumbria.
- 6.6 The opportunity to discuss the above comments directly with the authors of the plan would be helpful.

7.0 CONSULTATION

- 7.1 Consultation to Date – Internal only
- 7.2 Consultation proposed - None

8.0 RECOMMENDATIONS

- 8.1 That the Council welcomes the Cumbria Vision Strategic Plan and looks forward to a close and constructive partnership with Cumbria Vision over the coming years.
- 8.2 It would wish to see the Plan strengthened by the consideration of the points set out in the report

9.0 REASONS FOR RECOMMENDATIONS

In order to support the role of Cumbria Vision

10.0 IMPLICATIONS

- Staffing/Resources – Not applicable
- Financial – Not applicable
- Legal – Not applicable
- Corporate – Not applicable
- Risk Management – Not applicable
- Equality Issues – Not applicable
- Environmental – Not applicable
- Crime and Disorder – Not applicable
- Impact on Customers – Not applicable

cumbriavision

Strategic Plan 2006 - 2016

31 October 2005

Version 0.11

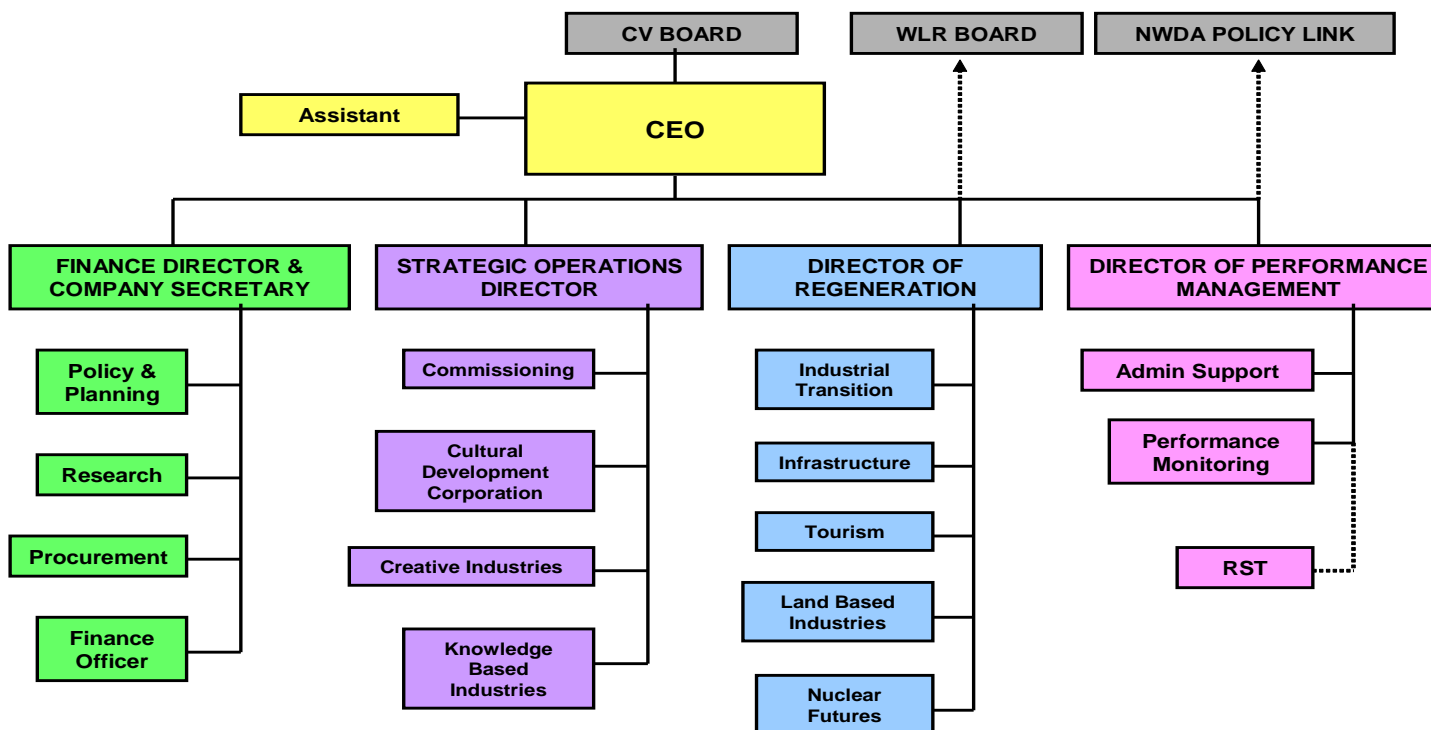


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Chairman's Introduction

The special attributes of Cumbria often go unnoticed. Yes, we have a beautiful landscape of which we are very proud, but there is much more to Cumbria than that. It was Cumbrian expertise that rescued Russian mariners from the depths of the Ocean when no one else in the World could respond. It is Cumbrian expertise that brings home the World Rally Championships, builds great ships and submarines, provides nuclear energy and waste handling and keeps Britain's household kitchens functioning with ever increasing efficiency.

We are a small community, distant from the centres of power, and occasionally misunderstood as a consequence. We face many challenges, from the loss of some of our crucial stabilising industries to the outward migration of our young people. We have a short window of opportunity in which to face up to these challenges. If we act together now we can create a strong, vibrant and successful Cumbrian economy that sustains our communities and protects our world class environment.

This business plan provides the hard evidence of the challenges faced by our economy and identifies our aspirations for the future. For the benefit of the Cumbrian communities, we have got to change and we have got to change together. Government has made it clear that they require one clear message from the Sub Region of Cumbria. They need to know that all proposals for change fit together in the context of Cumbria and they need to be confident that our resources are well directed and not duplicated.

Government Strategies exist on all the various strands of economic activity. The North West Regional Development Agency has just launched the new Regional Economic Strategy, Cumbria Strategic Partnership has produced Sustainable Cumbria and the Local Strategic Partnerships have their Strategic Documents. The context is clearly laid out. Now we have to do the business.

Cumbria Vision is a private sector organisation. Good practice in any private sector business is to:

- Identify where you want to be in 10 years time,
- Take stock of where you are now
- Identify your resources, and

- Identify and evaluate transformational activities which make you hit your 10 year target.

This Strategic Plan identifies where we want to be in 10 year's time. The 'Taking Stock' of our position and our resources will be available before the end of the consultation period. Then we will be in a position to receive and commission transformational activities which will take Cumbria to our target and produce a strong and vibrant economy, and an economic future for our children.

I am a great believer that our responsibility is to work in partnership with all the Cumbria organisations, to lead and to provide economic opportunity for Cumbrians and to ensure that everyone is skilled to be able to seize these opportunities.

The work we do is to benefit Cumbria. We need your response and we really want to listen. Please take the time to let us know your views and ambitions, which should be returned to us by 14 January 2006 at:

Cumbria Vision, Gillan Way, Penrith 40 Business Park, Penrith, Cumbria CA11 9BP,

or by email to chris.collier@cumbriavision.org.

Please do not feel that you must wait until 14th January to respond. We welcome early responses and will take comments into account as soon as they are made.

Executive Summary

To help you navigate the Strategy, we have provided throughout this summary, in brackets, the page number that will take you to the detailed information referred to.

This Strategy outlines the economic (p8) and strategic (p18) context for Cumbria and sets out our response. We plan to focus our activity on sectors and areas where transformational activity is both necessary and possible.

The seven key sectors are:

- Education and Skills (p28)
- Knowledge industries (including our manufacturing sector) and enterprise support (p22)
- Nuclear opportunities (p23)
- Infrastructure (p24)
- Land-based industries (p25)
- Tourism, image and the environment (p26)
- Cultural and creative industries (p27)

We have identified three geographical areas requiring special emphasis. They are:

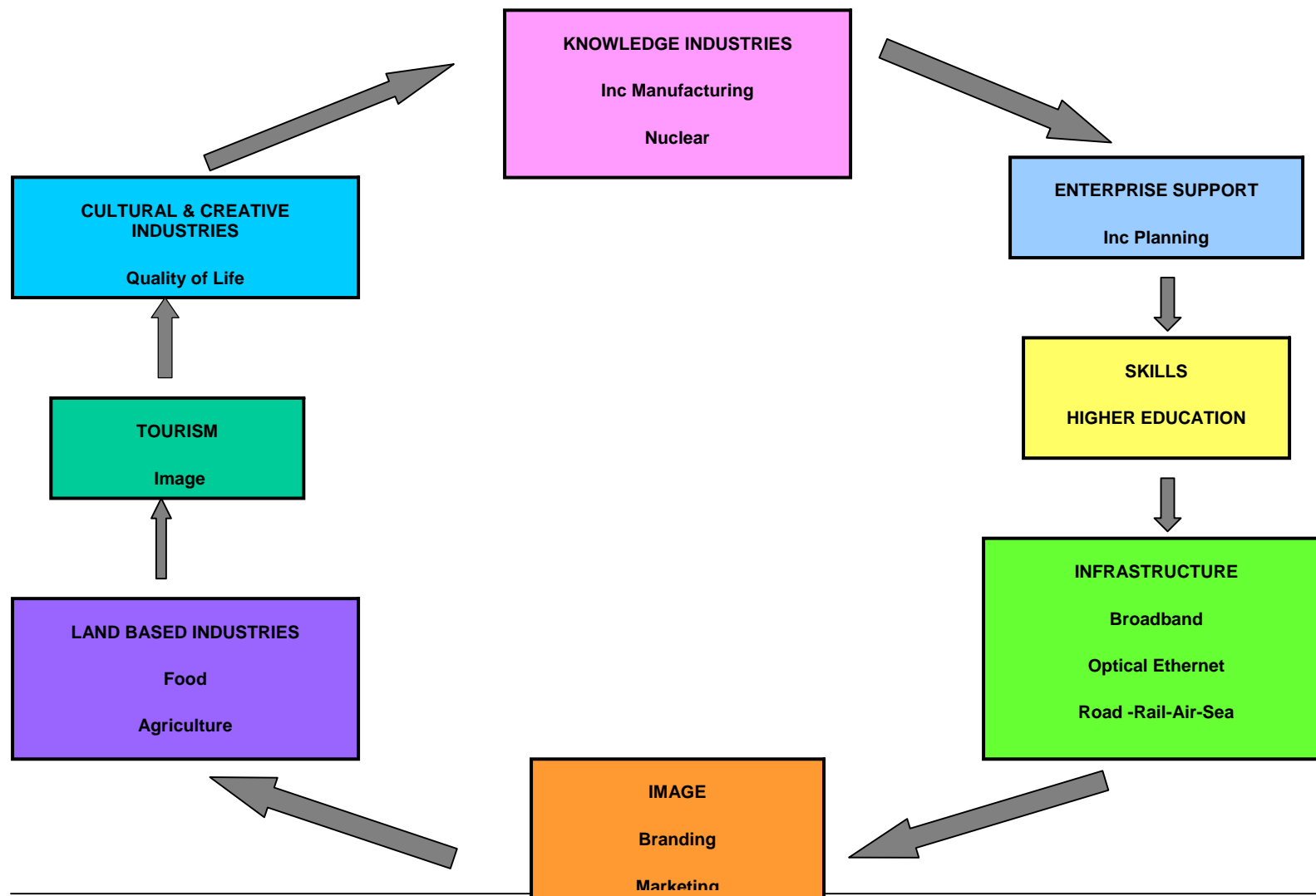
- Furness and West Cumbria (p29)
- Carlisle (p30)
- Rural Cumbria (p31)

The rural agenda is a cross cutting theme that requires dedicated attention but also impacts on many of the seven priority sectors.

The diagram below (p7) shows how all is connected to create the environment in which a strong economy grows to benefit a vibrant, healthy community. Our economic activity, including manufacturing, is based on knowledge, so is dependent upon specialist skills and education. The Cumbrian infrastructure, especially our digital technologies, must support knowledge transfer and so contribute to rebuilding our image to attract cutting edge and innovative new business. Our image is also heavily dependent upon the quality of our environment and the activity that takes place upon the land to maintain this, and, of course, our quality environment sustains a healthy tourism industry. Tourism thrives upon a world class cultural sector, which in turn provides the quality of life being sought by the kind of people we need to attract to work and invest in the intensely knowledge-based, high value jobs we are seeking to create and maintain. All is connected. If any part of the chain is weak, the whole will suffer.

It is Cumbria Vision's task to integrate the work of all partners to ensure that the chain remains intact and strong, to provide the environment in which Cumbrian communities can flourish and grow. We will do this through a rigorous, evidence-based approach to project selection and commissioning. As a starting point we have commissioned detailed baseline data on the Cumbrian economy which will be available by the end of October. We will consider all potential transformational projects on the basis of criteria such as impact on Gross Value Added, jobs (especially high value jobs) and the capacity to reduce worklessness. Given that the planned decommissioning of our nuclear power generation capacity at Sellafield has the potential to make Cumbria the poorest sub-region in Europe it is essential that we use an evidence based approach to target resources very directly to those activities that have the greatest capacity to transform the Cumbrian economy.

At Cumbria Vision we seek only to improve the wellbeing of the County. Cumbria has not always drawn down the help and support that it needs. By acting together we aim to make a significant improvement to the County and its sub regional parts and we will work with partners to achieve this. Our aim is to ensure that we are all well placed to benefit from the next European Union programme, the forthcoming Comprehensive Spending Review and the revised Regional Economic Strategy. But we will not wait on others to move our economy forward. We are already in discussions with significant private sector partners who are willing and able to invest in the future of Cumbria. It is the private sector that will provide the lead for Cumbria Vision. The ultimate goal is for a strong, sustainable economy that takes care of our community needs and protects our world class environment independent of public subsidy.



Cumbria – The Economic Context

Research commissioned by the Cumbria Economic Intelligence Partnership suggests that Cumbria, though slowly getting wealthier, is failing to share in much faster growth at regional and national level. Cumbria, in economic terms, is falling behind.

In 2002 the average wealth created per resident of Cumbria was only 74% of the national figure and 83% of the regional one. Cumbria had the slowest growth rate between 2001 and 2002 (+2.4%) of all 37 UK sub-regions. West Cumbria was the only one of the England's 104 'sub-sub-regions' to generate less wealth in absolute terms in 2002 than it did in 1998. There are a number of factors as to why the economic performance of Cumbria is so poor:

- In gross terms, three sectors predominate – public services with around 37,000 jobs, distribution (which includes hotels and restaurants) with around 60,000 jobs and manufacturing with around 38,000 jobs. Distribution and manufacturing are 'over represented' in Cumbria – in particular manufacturing employment is nearly one and a half times more significant to Cumbria than nationally
- Cumbria's relative dependence on manufacturing, especially BNFL at Sellafield and BAE Systems at Barrow, increases its vulnerability to political and commercial decisions in highly sensitive product areas, but also to job losses due to technical change and competition from lower cost overseas locations.
- Agriculture employs 13,000 people, yet its indirect contribution is substantially higher and this needs to be maximised. Furthermore agriculture has shaped Cumbria's landscape and its role in maintaining that landscape which then benefits the tourism sector is obvious. Agriculture's vulnerability to changing market pressures and changing subsidy regimes means that it is likely that farm incomes will remain depressed for the foreseeable future.
- Cumbria's economy is made up of a large number of small companies – 83% of firms employ less than 10 people and a very small number (40+) of large companies employing more than 250 people.
- Cumbria has relatively few jobs in the business and financial services sector – 10% of jobs are in this sector compared to 20% nationally. These sectors, including those businesses involved in ICT development and support, have been the major engine for economic growth in the UK over the past twenty years.

- Direct and indirect jobs supported by Sellafield generated 22% of Cumbria's total GVA. If no remedial activity takes place it is predicted that a loss of 8,000 jobs onsite will initiate an additional 5,800 job losses elsewhere in the economy and Cumbria's total GVA will drop by 15.1% (almost £1bn).

Unlike other areas, some of which also have a relatively strong manufacturing component in their economies, Cumbria has not had the infrastructure, location or concentration of population to reposition its economic profile in more productive directions. In 1995, for example, Cumbria's total GVA was close to that of Sheffield and Worcestershire and above that of Liverpool, Wiltshire and Somerset. By various means, those areas have grown their economies more successfully than has Cumbria.

The Cumbria Economic Assessment 2004 Report identifies Cumbria as having a "small firm economy", which potentially brings with it competitive weakness. This is because small firms tend to have limited capital and management skills, restricted markets, limited growth ambitions, low investment in training and limited promotional opportunities for staff. Small firms are rarely able to kick start the local economy by themselves. In addition Cumbria's labour supply is shaped by the demand for labour and skills – part time jobs are more frequent than average, skills are lower than average, qualifications are lower than average, wages tend to be low and housing is expensive in some parts of the County. So although Cumbria is a relatively low wealth generator in economic terms, this is to some extent ameliorated by:

- A reasonable level of employment. Wages may be lower on average but there is not a high level of unemployment, (although Barrow has one of the highest concentrations of worklessness in the North West). Indeed labour shortages in some parts of East and South Cumbria are causing firms to import labour (see below).
- Income earned by people working outside Cumbria. It is noticeable that South Lakeland and Eden, Cumbria's wealthier districts, not only have higher levels of employment than elsewhere and more people employed in managerial and professional jobs, but also residents are able to commute via the M6 to jobs in Lancashire etc.
- The pension and investment income of older retired people who move into Cumbria for lifestyle reasons, particularly South Lakeland and Eden.

Gross Value Added

The statistical position of the Cumbrian economy continues to worsen. In December 2004, the Office for National Statistics published the sub regional accounts for the UK. This information included details of the economic performance down to county level and below, provided in the form of Gross Added Value (GVA). This showed that although the Cumbrian economy has grown, it has slipped

further behind the national average. Between 1995 and 2002 GVA had grown nationally by 36%, but in Cumbria it had only grown by 11%. Alternatively, if we look at GVA in terms of per head of population, in Cumbria it grew overall by 13% per head of population, but had declined from 92% of the national average in 1995 to 74% of the national average in 2002. Only the Highlands and Islands, West Wales and the Welsh Valleys and Cornwall had a significantly lower GVA per head than Cumbria.

Table 1 GVA per head of population. Comparisons 1995 – 2002

GVA per head of population	1995 (£)	2002 (£)	% of UK Average	Change %
West Cumbria	9,473	10,319	68%	+8.9%
East Cumbria	10,444	12,140	79%	+16.2%
Cumbria	9,969	11,267	74%	+13.0%
North West	9,790	13,599	89%	+38.9%
United Kingdom	11,015	15,614	100%	+41.8%

Source: Office for National Statistics: Regional Accounts December 2004

The Gross Added Value statistics paint a bleak picture of the state of the economy in Cumbria. It is known that neither unemployment, which has exhibited a downward trend in Cumbria over the past few years, nor the total number of jobs in the county or the size of the working population, both of which have remained steady over the past few years lie behind the reduction in the GVA per head of population. The cause of the relative decline is far more likely to be as a result of the reduction, relative to other areas, in the number of jobs in high value added sectors such as manufacturing and a commensurate growth in low value added sectors such as retailing and call centres. There has also been an increase in the proportion of part time jobs in the county.

So to summarise, in Cumbria, GVA has grown more slowly than other parts of the Country and Europe and GDP has declined, as shown in the table below.

Table 2 Average Annual GDP Growth 1995 – 2001 EU sub regions in Decline (Source - European Commission)

European Union sub region	% Decline 1995 - 2001
Sud (Romania)	-2.3%
Sud – Est (Romania)	-2.0%
Centru (Romania)	-2.0%
Nord - Est (Romania)	-1.8%
Yuzhen Tsentralen (Bulgaria)	-1.7%
Sud - Vest (Romania)	-1.6%
Severozapad (Czech Republic)	-1.2%
Nord - Vest (Romania)	-1.2%
Berlin (Germany)	-1.0%
Cumbria (UK)	-0.9%
Moravskoslezsko (Czech Republic)	-0.7%
Guyane (France)	-0.4%
Vest (Romania)	-0.4%

To put the Cumbrian economy into a wider context, data from the European Commission, published in February 2004, shows that Cumbria is the only county showing economic decline in the UK (see Table 2). The challenges Cumbria faces are brought into sharp

focus when considering the economic performance across the recently extended European Union. Only Berlin and one sub region each in Bulgaria and the Czech Republic, together with parts of Romania, show economic decline as fast as Cumbria.

Unemployment

The Cumbria Economic Assessment 2004 noted that between 2002 and 2004 the total number of jobs increased by 8%, and unemployment in much of rural Cumbria remains low. Across Cumbria as a whole, official unemployment in June 2005 stood at 5,516 a rate of 1.9% of the workforce - significantly lower than the national average which stands at 2.3%.

Table 3: Unemployment by District – June 2005

DISTRICT	Male	% Rate	Female	% Rate	All Persons	% Rate
Allerdale	857	2.9%	286	1.1%	1,143	2.0%
Barrow in Furness	969	4.4%	243	1.2%	1,212	2.9%
Carlisle	1,018	3.2%	339	1.1%	1,357	2.2%
Copeland	890	3.9%	284	1.4%	1,174	2.8%
Eden	149	0.9%	54	0.4%	203	0.7%
South Lakeland	307	1.0%	120	0.4%	427	0.7%
CUMBRIA	4,190	2.7%	1,326	0.9%	5,516	1.9%
North West	76,343	3.5%	24,251	1.2%	100,594	2.4%

United Kingdom	637,506	3.3%	220,666	1.2%	858,172	2.3%
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There are, however, sharp contrasts between the east of the county, where rates of unemployment are extremely low, and the west of the county where they are higher as shown in Table 3 above. Eden (0.7%) and South Lakeland (0.7%) have some of the lowest unemployment rates in the UK. Carlisle (2.2%) is also below the national average. This has meant that in some parts of east Cumbria such as Carlisle, Penrith and Kendal the lack of labour supply has resulted in companies having to import labour to fill job vacancies. Cavaghan and Gray in Carlisle have been importing workers from Portugal for the past four years and since May 2004 have started to employ workers from Poland. The same is true at Oasis Centre Parcs in Whinfell Forest and Rheged Visitor Centre near Penrith.

However significant pockets of unemployment exist, especially in urban centres of West Cumbria and Furness - in Barrow (Barrow Island 7.7%), Whitehaven (Sandwith 5.9%) and Workington (Moss Bay 5.7%). These figures of claimant count tell only part of the story of worklessness. In the UK 22% of the working age population are economically inactive. In the North West the figure is higher, 23.8%, while in Cumbria it is 21.4%. Although this figure is lower than the UK average it masks areas where economic inactivity rates are high - 24.5% in Allerdale, 25.5% in Barrow and 23.5% in Copeland. One reason for these higher than average levels of economic inactivity is the number of people supported by benefits. In England and Wales 3.9% of the population receive Incapacity Benefit. In Cumbria 4.4% of the population claim benefits of this type while in Barrow it is 8.1% - more than twice the national average.

A Low Wage Economy

Considerable discussion surrounds the issue of incomes in Cumbria, much of the debate concerning the extent to which it is justified to regard the county as a “low wage” or “high wage” economy. The government’s official data is based on the Annual Survey of Hours and Earnings (ASHE), and the most recent information is for April 2004. Cumbria has mean gross weekly earnings (GWE) of £359.20, which is lower than the North West average of £391.60 and significantly lower than the England average of £427.40. However there are marked variations across the County. Mean Gross Weekly Earnings are lowest in Eden (£304.30) followed by Allerdale (£308.50). Despite its very low unemployment rate, South Lakeland (£347.70) experiences a GWE figure below the Cumbrian average. In fact, within the North West, Cumbria contains the districts with the lowest (Eden), second lowest (Allerdale) and fourth lowest (Carlisle, £326.00) earnings. This implies that full time jobs in the rural areas in the south of the county are relatively low paid – although household incomes may be much higher due to the influx of more wealthy retirees on pensions, and people taking on multiple jobs. By contrast GWE’s are highest in the more industrial districts of Barrow (£375.90) and especially Copeland (£487.70), which is clearly related to the high rates of pay in the manufacturing sector, particularly the nuclear sector. Mean gross weekly wages in Copeland are the highest in the North West and among the highest in the country.

The New Earnings Survey, which was replaced by the ASHE in 2004, indicates that average wages in the county are well below the national average and that the gap is widening. During 1999 the gross weekly earnings of employees within Cumbria was 87% of the national average and this had declined to 86% of the national average in 2003. This can be illustrated by the fact that an accountant earns £36,000 per year, and an average engineering professional £33,000, (professions which are in relative scarce supply in Cumbria) while a restaurant manager earns £22,000 and a hotel manager £21,000, professions which account for an above average proportion in Cumbria compared with the UK.

Prospects for Change

The Cumbria Economic Assessment 2004 asks what the prospect for growth is in the Cumbrian economy, and looks at potential growth scenarios:

- Economic growth through indigenous new enterprises - self employment in Cumbria (13% of all jobs) is higher than in England (12%) although VAT registration rates are lower in Cumbria. This implies that self employment in Cumbria is mainly in those occupations and services where wages are low (agriculture, catering, transport, personal services etc) and many self employed people especially in 'lifestyle businesses' keep turnover below the VAT threshold. Consultants BMG conclude that an 'entrepreneur-led' phase of economic growth is unlikely in Cumbria, however, there is an opportunity to exploit the growth potential of business sectors and to target support at those clusters where there is growth potential
 - Economic growth through population increase is also unlikely in Cumbria as population forecasts – given low birth-rates and tight housing controls – remain flat for the next two decades
 - Economic led growth through the development of Clusters has more possibilities. Cumbria has an above average representation in five sectors – energy (Sellafield), maritime (Barrow), agriculture, tourism and food and drink. All but agriculture conform to clusters identified in the NWDA's Regional Economic Strategy. In addition, recent work led by NWDA in partnership with Cumbria County Council and Rural Regeneration Cumbria has identified the potential for growth in the creative industries in Cumbria and has identified that outdoor recreation and education also has potential for growth.
 - Cumbria presents a labour market which in substantial part is operating at 'low skill equilibrium'. Cumbria has a workforce which is less highly qualified than elsewhere and has an economy which is less demanding than elsewhere.
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- Although its achievements in secondary education are comparable to other similar counties in the UK, young people usually go on to higher education outside the county because of the absence of a major HE institution. This outflow of the most academically able young people is not balanced by an equal in-flow, and is unlikely to because of the low level of graduate jobs in Cumbria.
- Economic growth through inward investment is also seen as unlikely, and while there have been some small success stories in regard to inward investment the overall judgment is that Cumbria will not be a major focus for inward investment due to its remoteness, transport infrastructure limitations and the absence of business agglomerations in strong business sectors. Arguably, this strengthens the case for targeting investment in indigenous SMEs in growth sectors.

The Cumbria Economic Assessment 2004 was unable to identify any obvious route towards reversing this trend of relative decline. Net new business creation occurs only at modest levels, the demographic forecast is for slow population growth, the skills profile of the county does not point towards skills-led growth, inward investment is muted and regional planning constraints limit the scope for economic development.

Cumbria's economy, therefore, faces a difficult choice. We can accept a low relative growth scenario, in which national growth continues to trickle down into Cumbria but not at a rate which prevents Cumbria's economy falling further behind, or we can attempt to generate a more dynamic wealth-creating environment. The evidence provides valuable information about where we must overcome obstacles and target our activity, but to reverse the trends and transform the Cumbrian economy will require a new, dynamic and integrated approach from all partners. We need a team to drive forward that approach. That is the primary purpose of Cumbria Vision.

Cumbria Vision – Purpose and Priorities

Cumbria Vision will transform Cumbria through integrated, transformational and sustainable economic development into a competitive, high added value, knowledge based, inclusive economy. Cumbria's current economic development activity is fragmented and insufficiently focused to be transformational.

Cumbria Vision will:

- Lead the economic component of Cumbria Strategic Partnership's activity
- Ensure delivery of the Regional Economic Strategy in Cumbria
- Lead the development of an evidence-based sub-regional economic strategy for Cumbria
- Manage the delivery of economic development and regeneration activity in Cumbria
- Maximise and manage the flow of external funding and investment into Cumbria, including NWDA and EU funds.
- Hold the range of economic and regeneration delivery agents to account within an agreed framework
- Promote the ambition of Cumbria at a regional, national, European and international level

To do this it will:

- work to create an environment in which Cumbrian business can flourish
 - commission research to inform decision-making
 - establish baseline data for the Cumbrian economy and monitor progress against the baseline
 - set investment and development priorities for Cumbria
-
- decide where public sector investment is required

- achieve greater integration between economic development and regeneration organisations based on the agreed priorities
- oversee, monitor and evaluate delivery of publicly funded projects, including NWDA's Strategic Investment Plan, the rural regeneration programme and the Urban Regeneration Company programme of activity for Barrow and West Cumbria.
- Seek to draw down additional funding for Cumbria wherever appropriate opportunities exist.
- look for efficiency savings that will release additional resources for programme delivery

Short Term Objectives

In 2006 – 2007 Cumbria Vision will:

1. Provide leadership on economic issues for Cumbria, ensuring that both rural and urban concerns are addressed
 2. Lead the development and implementation of an Economic Strategy for Cumbria that will transform the economic performance of the County and contribute to the economic wellbeing of the North West.
 3. Improve effectiveness by integrating the work of all partners engaged in economic development and regeneration activity across Cumbria.
 4. Integrate the work of Cumbria Vision, West Lakes Renaissance, Rural Regeneration Cumbria and NWDA sub-regional team
 5. Establish a company structure that satisfies all legal and accountability requirements and separates strategic activity from delivery.
 6. Ensure delivery of both the Regional economic priorities, as outlined in the Regional Economic Strategy, and the sub-regional delivery agenda with local buy-in.
 7. Ring-fence existing urban and rural regeneration funding for previously agreed areas.
 8. Deliver the current projects without loss of momentum
-
9. Increase outputs and outcomes through improved economy, efficiency and effectiveness.

Long Term Objectives

From 2006 – 2016 Cumbria Vision will seek to:

1. Grow Cumbria's GVA to match the North West average
2. Improve average earnings to match the North West level
3. Reduce worklessness to the North West average level

Strategic Fit – The Policy Context

Cumbria Vision will play a major role in transforming the economic performance of Cumbria. It is therefore important that its strategic plan and operational programme accords with the national, regional and sub regional policy framework.

National Policy Framework

The arrival of the **Nuclear Decommissioning Authority** in West Cumbria is a significant move for Cumbria. Issues to do with decommissioning and associated opportunities that may present themselves will feature strongly in the work of both Cumbria Vision and the West Cumbria Strategic Forum in the next ten years. Cumbria is well placed to work closely with Government on developing future policy and is ready to play its part.

In terms of the national policy framework “**Sustainable Communities: Building for the Future**” was published by ODPM in February 2003 and is the Government’s action plan for sustainable communities. The vision of the Plan is to create strong and sustainable communities, which are attractive places where people want to live and work. Cumbria Vision’s Strategic Plan recognizes the need ~~to create strong and sustainable communities, while protecting and enhancing the existing quality of the natural environment of Cumbria.~~

Bridging national and regional policy is the **Northern Way Growth Strategy**. “Moving Forward: The Northern Way” was published in September 2004 and highlights the Government’s and the three northern Regional Development Agencies proposals to bridge the £29 billion output gap between the north of England and the rest of the United Kingdom. The intention is to place the eight major city regions in the North including the three in the North West – Manchester, Liverpool and Central Lancashire at the heart of the drive to promote faster economic growth. It will do this by progressing the following investment priorities:

- Bring more people into employment
- Strengthen the North’s knowledge base and drive innovation
- Build a more entrepreneurial North
- Capture a larger share of global trade
- Meet employer skills needs
- Improve the North’s connectivity
- Create truly sustainable communities
- Market the North to the World

Cumbria Vision's Strategic Plan recognizes the need to create a prosperous North of England. We will work with the Northern Way Project Team to ensure that Cumbria plays its part in boosting the north's economic prosperity, achieving the necessary linkages with the eight city regions and increasing business productivity to help Cumbria move towards the UK's average GVA.

There are two areas in Cumbria where Government Ministers have recently taken a particular interest in developments, and where partners are charged with responding within the coming months:

1. In response to the known forthcoming job losses at Sellafield, Government has established the **West Cumbria Strategic Forum**, chaired by Alan Johnson MP, Secretary of State for the Department of Trade and Industry. Government across several departments is working with local and regional partners on a master plan for West Cumbria that will help the sub-region to deal with the challenges it faces. Cumbria Vision is an active participant in the master planning process and has provided dedicated resources to help local partners deliver the plan to Government by next spring.
2. **Carlisle Renaissance** has been formed following the floods in Carlisle in January 2005. The Deputy Prime Minister has visited the area and maintains an ongoing interest. Partners have developed a renaissance plan for the City that is based on its ambition to become a Learning City, important tourism gateway and sub-regional retail centre of excellence. Cumbria Vision is working with the partnership to secure progress and ensure close integration and strategic fit with the overall plan for Cumbria.

Regional Policy Framework

The **North West Regional Economic Strategy (RES)** was produced by the NWDA in 2003. The RES is being updated in 2005 and a consultation draft was published in July 2005. It has a clear vision "to transform England's North West through sustainable economic development". To achieve this five priorities are identified:

- Business - improve business performance to secure economic growth through innovation and enterprise, improve business start ups and survival rates, boost business growth and productivity rates, investment levels, inward investment and exports and international trade.
 - Skills and Employment – improve skills through the promotion of life long learning, dealing with skills shortages at basic, technical and higher levels and encouragement greater of engagement in further and higher education
-

- Regeneration – undertake the regeneration of both urban and rural areas to improve the infrastructure in order to provide people with decent places to live and to work which will help to attract further investment into these urban and rural areas
- Infrastructure – improve the region's infrastructure to enable businesses to effectively transfer people, goods and information within the region, the UK and overseas
- Quality of Life – improve the image of the North West as it is still poor and continues to provide barriers for business investment and the attraction of talented business people to help drive the region's economic performance.

The Regional Economic Strategy highlights the recent improved performance of the North West economy, whilst acknowledging that the GVA of the North West economy is still 12% lower than the average for England. Much of the improved economic performance has been due to a few high performing areas within the city regions such as Manchester and Liverpool. Cumbria Vision is pleased that the Regional Economic Strategy recognises that “Cumbria's economy faces particular challenges which this RES seeks to address” and that “the importance of the rural economy in the region is demonstrated by the fact that it accounts for 23% of the GVA of the North West and has 40% of all firms”. The priorities identified in the RES are clearly reflected in the Cumbria Vision strategy.

There are also strong links to the **North West Regional Assembly** and the emerging alignment between housing, transport, the Regional Economic Strategy and spatial planning. This is helpful progress. Whilst there is much in these issues that Cumbria has in common with the rest of the North West, there are also elements that are unique and Cumbria Vision will have a key role to play in working with policy makers to ensure these needs are recognised.

Sub Regional Policy Framework

Cumbria Vision is tasked with delivering the economic agenda of the **Cumbria Strategic Partnership**. In October 2004 Cumbria Strategic Partnership launched '**Sustainable Cumbria 2004 – 2024 – A Strategy for Growth and Progress in Cumbria**'. This sub regional strategy sets out a path to securing sustainable economic growth, social progress and environmental protection and enhancement in Cumbria over the next twenty years. This fits within the stated aim of the NWDA's Regional Economic Strategy – to secure sustainable economic development. The 'Sustainable Cumbria' strategy aims to secure a vision for Cumbria over the next twenty years which:

- celebrates its diversity, creativity and heritage

- engages everyone in the mainstream of community life
- retains and attracts the skilled and talented
- participates to the full as a competitive sub region
- strengthens its infrastructure
- makes a positive contribution to the wealth of the North West
- marries economic growth with social progress and environmental protection and enhancement.

To achieve this, the sub regional strategy has nine priorities for action. The priority objectives of the 'Sustainable Cumbria' Strategy to be delivered through Cumbria Vision and other partner organisations include to:

- provide leadership to uplift aspirations and to celebrate the distinctiveness of rural Cumbria
- help the creation of new rural start up businesses and assist the expansion and diversification of existing rural businesses
- develop high quality rural tourism initiatives including both high energy and low energy short breaks with dedicated marketing
- develop the agricultural sector through the provision of leadership, diversification and farmer cooperation and collective marketing
- promote, market and support the further development of Cumbria's food, clothing and craft products
- improve access to jobs, rural services and education opportunities
- promote the regeneration of Cumbria's market towns
- champion pilot programmes and challenges to ill fitting policies; promote change and forward looking policies through RRC.

The sub regional strategy for Cumbria will sit alongside the **Community Strategies** that have been prepared by the five **Local Strategic Partnerships** in Cumbria – West Cumbria, Carlisle, Eden, Barrow and South Lakeland. Cumbria Vision will work with the Cumbria Strategic Partnership and the five Local Strategic Partnerships to ensure that the economic performance of Cumbria improves in line with the aspirations of both Sustainable Cumbria and this Strategic Plan.

There is also a need to provide better co-ordination of existing economic and enterprise support services to ensure business needs are addressed. Cumbria Vision will have a role to play in bringing partners together to co-ordinate strategy and improve the quality, focus and targeting of delivery.

Key Sectoral Priorities 2006 - 2016

The Board of Cumbria Vision is responsible for agreeing the transformational activity that will be pursued in Cumbria, using an evidence-based approach. The seven key Sectoral priorities identified that will need sustained attention over the next ten years are as follows:

Key Sectoral Priority 1: Knowledge Industries and Enterprise Support

Key issues are:

- How to achieve sustainable industrial diversification generating high value jobs
- How to build on our world class expertise in areas such as nuclear, ship building, and underwater technology to grow our existing businesses across a wide range of sectors
- How to ensure the availability of timely, good quality and relevant business advice
- Dealing with issues such as labour and skills shortages, planning issues and associated problems that inhibit the capacity of industry to flourish
- The need for infrastructure improvements to make it possible to attract new industries

Our Proposed Approach:

- We will provide businesses with opportunities to tell us what their needs are
- We will ensure that our Business Plan is private sector-led and provides an environment in which business can flourish
- We will seek to encourage entrepreneurship and provide information, support and advice on new business opportunities
- ~~• We will work with partners to integrate business support activity and learn from exemplar organisations elsewhere in the UK~~
- We will develop and pursue strategies to secure road, rail and air access improvements

- We will work with Cumbria Digital Development Network to secure maximum leverage from digital technology improvements
- We will work with partners to support education and training to ensure that Cumbria has a skilled labour force and is equipped to make full use of the opportunities offered by broadband access, e-commerce and new technology
- We will seek to ensure a sufficient supply of brown field sites to satisfy the development needs of the County

Key Sectoral Priority 2: Nuclear Opportunities

Key issues are:

- How to make best use of the opportunities presented by the siting of the Nuclear Decommissioning Authority in West Cumbria and the associated activity that it could spawn
- How to establish a reputation for World class expertise in nuclear activity
- How to replace the jobs that will be lost as a result of nuclear decommissioning at Sellafield

Our Proposed Approach:

- We will work with partners to take a holistic, planned approach to developments associated with decommissioning activity, ensuring that opportunities are created for inward investment, supply chain development, and other related activity. This will include bidding for the National Nuclear Skills Academy, developing research facilities, a conference centre, hotels, housing for inward migrants, recreational and entertainment facilities and good access. We will work with public bodies and private developers to create an attractive environment in which people will want to live and work
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- We will seek out opportunities to learn from the best, provide facilities for innovative research and train our own young people
- We will work with partners to facilitate re-training, re-skilling and re-deployment of the existing workforce
- We will undertake activity to build West Cumbria's image and reputation as a world class Centre of Excellence for Environmental Restoration

Key Sectoral Priority 3: Infrastructure, Transport and Housing

Key issues are:

- Poor access to Cumbria by road, rail and air
- Poor access within Cumbria deters potential inward investors and creates difficulties for existing businesses
- Lack of availability of quality housing for inward migrants
- Lack of availability of low cost housing for local people

Our Proposed Approach:

- We will work with partners to identify infrastructure improvements to road, rail and air travel to and through Cumbria. We will develop the evidence required to support such developments and enable partners to agree a prioritised list. We will develop strategies to secure the agreed changes. Throughout this we will seek the assistance, participation and understanding of the Department for Transport in the context of a comprehensive regeneration strategy for Cumbria
 - Through West Lakes Renaissance we will develop the Housing Market Renewal Area
 - We will work with partners and private sector developers to identify opportunities for appropriate housing development at key locations
 - We will work to improve the average wage in Cumbria to a level that makes housing more affordable
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Key Sectoral Priority 4: Land, Agriculture and Food

Key issues are:

- Low farm incomes
- Skills shortages
- Access to markets
- Maintaining the quality of the landscape
- Availability of development land

Our Proposed Approach:

- We will work with partners to improve farm incomes and facilitate diversification where appropriate
 - We will work with partners to ensure the skills needs of rural businesses are met
 - We will support the development of a more effective and efficient food chain that keeps food local and provides a better return for farmers
 - By improving farm incomes we will make it possible for farmers to keep on farming, carrying out their important role in caring for the landscape and ensuring the effective management of the farmed environment
 - We will work with the private sector to ensure best use is made of available development land, in the context of the needs of Cumbria as a whole
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- We will undertake a review of the opportunities and challenges presented by Derwent Forest and engage private sector interests

Key Sectoral Priority 5: Tourism, Image and the Environment

Key issues are:

- The quality of our tourism accommodation and attractions
- The quality of Cumbria's public realm
- The public's knowledge, understanding and perceptions of Cumbria
- The need to maintain and enhance the quality of our environment

Our Proposed Approach:

- We will work with partners to secure improvements to our tourism infrastructure, including accommodation and attractions
- We will work with partners to improve the quality of investment in the public realm
- We will work with partners to secure new, iconic, market-led tourism infrastructure where appropriate
- We will develop a strategy to improve the image, knowledge and understanding of Cumbria and work with partners to promote the County and its sub-regions nationally for both tourism and inward investment purposes
- We will work with partners to ensure an integrated approach to care of the environment

Key Sectoral Priority 6: Cultural and Creative Industries

Key issues are:

- The strength of our cultural offer drives quality of life and attracts talented people to want to live in the County
- Our cultural attributes underpin a strong, healthy tourism offer
- The creative industries sector is fragmented so achieves less than it might
- There is potential for growth in this sector
- The low level of relevant skills is a constraint for knowledge-based industries

~~Our Proposed Approach:~~

- We will support the development of our cultural offer to meet the needs of a modern, vibrant society
- We will work with partners to develop the Creative Industries cluster and provide a support network
- We will work with partners to market and promote the County as a location for inward investment using the strength of the cultural offer as a key contributing part of Cumbria's image
- We will work with partners to ensure that Cumbria has the necessary skills to maximise the potential offered by new digital technologies

Key Sectoral Priority 7: Education and Skills

Key issues are:

- Cumbria has not had the benefits of its own University
- New skills are required to take advantage of new business opportunities coming to Cumbria
- 32% of businesses expect that their employees will require new or additional skills in the coming 12 months
- There are skills shortages around key clusters and at NVQ level 3 and above

Our Proposed Approach:

- We will support the work of the Cumbria Learning Skills Council
- We will support the NWDA initiative to develop a University for Cumbria
- We will work with partners on the development of a National Nuclear Skills Academy and a Nuclear Institute
- We will identify the main skills gaps experienced by businesses and work with the Combined Colleges and the proposed University to address these needs

Key Geographical Priorities

Three geographical priority areas have been identified that will need sustained attention over the next ten years. They are:

Key Geographical Priority 1: West Cumbria and Furness

Key issues are:

- Known job losses resulting from nuclear decommissioning at Sellafield
- Opportunities presented by the availability of large development sites such as Derwent Forest and Workington Corus
- The need for improved infrastructure to facilitate access to what is the remotest part of England. Evidence suggests that this is the fundamental reason for the failure of many past attempts to diversify the West Cumbrian and Furness economies.
- The need for increased Higher Education and skills
- The need to avoid over-dependence on a small number of large, and declining, industries
- The delivery of transformational capital projects
- The need to secure future ship building capacity in Cumbria

Our Proposed Approach:

- We will work with partners to produce and reach agreement on a strategy that prioritises infrastructure requirements
 - We will work with the West Cumbria Strategic Forum to develop and deliver a West Cumbria Master Plan
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- We will support access to University education and associated training at key locations in West Cumbria and Furness
- We will support industrial diversification, and work with partners to attract investment and establish the environment in which new businesses can flourish
- We will work with partners to build on the success of existing high quality businesses
- We will continue to deliver transformational capital projects through West Lakes Renaissance urban regeneration company

Key Geographical Priority 2: Carlisle

Key issues are:

- Flood recovery
 - Carlisle Renaissance
 - The need to strengthen the City's economic base
 - The need to create sustainable communities in the City's deprived wards
 - Carlisle's ambition to establish itself as a Learning City
 - Lack of availability of business development sites in the City
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- The need to improve movement into and around the City

Our Proposed Approach:

- We will support key stakeholders and partners, including the Carlisle LSP, to develop an economic strategy for the City. This will include retaining and developing high GVA businesses, developing cultural and creative industries and tackling worklessness
- We will seek to take full advantage of the opportunities of having a Carlisle hub for the University of Cumbria, including research, enterprise training and other spin offs
- We will support planned improvements in public realm in the City Centre and the development of key sites for mixed use
- We will encourage the release of brownfield sites across the City to the market for employment use
- We will support strategic infrastructure projects linked to the City such as an airport, enhanced rail links etc

Key Geographical Priority 3: Rural Cumbria

Key issues are:

- The need to maintain the UK's finest landscape, including parts that are of international renown. This unique resource can contribute to the economic wellbeing of the County.
- The need to secure sustainable farm incomes
- The need to improve the performance of our tourism industry
- The need to reduce hidden rural poverty
- The need to ensure that rural areas contribute to and benefit from the prosperity of urban areas, and to reduce the perceived urban/rural divide

Our Proposed Approach:

- We will continue to work with the farming community to improve access to markets, develop local ancillary services and ensure that farmers retain a greater share of the return from farm produce. This will include developing a more efficient and effective food chain. We will also work with partners to support appropriate farm diversification
- We will work with partners to secure implementation of the Renaissance of the Lake District initiative across all parts of Cumbria. This will involve enhancing the quality of accommodation, tourism attractions and the public realm. It will also require the consistent delivery of high profile national and international marketing campaigns
- We will work with partners to support the development of a diverse range of economic activity in rural areas, embracing knowledge-based and creative industries. We will work to provide the environment in which business needs are recognised and understood, and businesses can flourish
- We will work with partners to ensure that rural Cumbria captures the benefits offered by the M6 corridor

Working in Partnership

The sub-regional partnership in Cumbria comprises Cumbria Strategic Partnership (a private sector led organisation with members drawn from local authorities and partners involved in delivery of economic, environmental, social and community activity in Cumbria) and Cumbria Vision, the organisation responsible for the economic development element of the Cumbria Strategic Partnership's work in the County. Cumbria Vision will provide Cumbria Strategic Partnership with an annual Business Plan, and an annual report on performance. The relative roles and responsibilities for the Cumbria Strategic Partnership and Cumbria Vision with regard to economic development are shown below.

Cumbria Strategic Partnership will:

- Promote partnership coherence at sub-regional level, bringing together the major players in the public, private and not-for-profit sectors
- Develop appropriate structures for holistic accountability and democracy
- Link economic development to other strategic priorities through an over-arching sub-regional strategy and action planning process

Cumbria Vision will:

- Take an evidence-based approach to identifying the major economic priorities for Cumbria, and advise NWRDA on its investment plans accordingly
 - Ensure alignment between Cumbria's economic strategies and the Regional Economic Strategy
 - Provide strategic leadership and be the primary point of contact for NWRDA and regional partners on regional policy initiatives that could impact on the Cumbrian economy
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- Lead on the development of key regional and national policy interfaces and ensure the integration with other sub-regional policy

- Maximise the use of public sector resources by providing a strong strategic evidence base for investment decisions by a wide range of partners

- Ensure performance is monitored and results are used to inform future decision-making
- Identify gaps in delivery capacity across the sub-region and develop solutions
- Contribute to the tier 2 targets and tier 3 milestones in the NWRDA Corporate plan. Secure increased outputs through economy and efficiency savings generated by improved integration of programme delivery across Cumbria

West Lakes Renaissance

West Lakes Renaissance will become a subsidiary company of Cumbria Vision from 1 April 2006. It will remain an Urban Regeneration Company with its own Board, responsible for the agreed programme of major capital projects in Furness and West Cumbria. Cumbria Vision will be the only Member. It will develop its own Business Plan and performance targets, and will provide regular reports to Cumbria Vision Board on progress. Cumbria Vision will retain an item for West Lakes Renaissance on its Board agenda. North West Development Agency, as the primary funder, will retain the right of veto for the West Lakes Renaissance Business Plan.

West Lakes Renaissance will retain its delivery staff but core services will be shared with Cumbria Vision, thus securing the greatest possible resource for project delivery. Delivery staff will be fully engaged in an integrated plan for Cumbria, with clear responsibilities attributed to avoid overlap or inappropriate gaps. The £182 million resources already agreed for the West Lakes Renaissance programme will be ring-fenced.

Rural Regeneration Cumbria

Although Rural Regeneration Cumbria will cease to exist from the 1 April 2006, the resources allocated to rural programmes will be retained and, we anticipate, extended beyond the lifetime of the current programme. We will continue to have strong rural representatives on the Board of Cumbria Vision.

North West Regional Development Agency

Cumbria Vision will be the sub-regional delivery partner for North West Regional Development Agency. The NWDA sub-regional team for Cumbria will integrate with Cumbria Vision and officers will be seconded to the Cumbria Vision team with effect from 1 April 2006. There will also be a close working relationship with other officers from NWDA's regional team including the Rural Team, Enterprise Officers, the Tourism team and Marketing.

NWDA will be a Member and will have a Director on the Board of Cumbria Vision. The Chief Executive of NWRDA will be invited to attend Board meetings as an observer. Cumbria Vision will be accountable to NWDA. A Performance Management Plan will be agreed between the Agency and Cumbria Vision, and regular reporting will ensue.

Government Office North West

Government has recognised the need for a special focus on Cumbria, particularly in areas such as Barrow, West Cumbria and Carlisle. A number of Governmental departments are working closely with partners in the County to address specific needs and priorities. Government Office North West, as the Government's representative in the region, is looking to Cumbria Vision to provide the single voice for regeneration that is needed to compete effectively for resources against other sub-regions. This is especially important in the run up to the next comprehensive spending review, when Cumbria must be ready with detailed and well evidenced plans for transformational projects to be included in Government's thinking. We will continue to work closely with Government Office North West to ensure that we are fully prepared.

Cumbria County Council

The interface with Cumbria County Council will take place at several levels. Firstly, Cumbria County Council will be a member of Cumbria Vision. There will be two Board directors nominated by the County Council, and the Chief Executive will attend Board meetings in his capacity as the representative of the accountable body.

There are a number of economic development activities carried out by the County Council that will impact on the work of Cumbria Vision. Specifically:

(a) Site Development and Land Reclamation Projects

A key activity in delivering the transformation of Cumbria's economy is to make sure that the right sites and premises are available on time to stimulate economic growth. The County Council team has over twenty year's experience of land reclamation of all types of derelict land. The business plan assumes that they will continue to be the sole provider of this activity, working in close partnership with Cumbria Vision and West Lakes Renaissance. There are two key reasons why this is in Cumbria Vision's best interests. Firstly, the County Council has the experience and technical expertise, including a secure contract for technical support with Capita Symons Ltd. Secondly, correctly handled, this work will not incur VAT. Cumbria Vision will be responsible for setting the strategic direction and allocating resources.

(b) Marketing

Cumbria County Council is absorbing Cumbria Inward Investment Agency Ltd into its organisational structures. CIIA has been the largest single organisation involved in attracting new inward investment to Cumbria. The County Council is offering to integrate the work of CIIA with Cumbria Vision as the core of its marketing function. Cumbria Vision welcomes that offer and will be working to develop a marketing strategy with the staff of CIIA in the coming months. A marketing strategy will need to cover the following areas:

- Building awareness of Cumbria's strengths
- Ensuring that the activities of Cumbria Vision and its strategic partners are positively recognised by Cumbrians
- Ensuring that Cumbrians know how to benefit from the transformational projects which we are developing
- Attracting new investment and jobs to Cumbria.

(c) Accountable Body Function

The County Council's Regeneration Support Team carries out an essential role in appraising and monitoring regeneration projects. However, monitoring and grant claims checking can happen at a number of local, sub-regional, regional, national and international levels depending on the funding package. Cumbria Vision and partners plan to review these functions and devise a scheme that provides rigorous review, satisfies the needs of all appropriate bodies and avoids unnecessary work. The Regeneration Support Team will play an important part in this. The team currently provides a support function, manages the substantial financial risks of claw back and manages the cash flow associated with substantial funding programmes.

Cumbria's Six District Councils

All six District Councils are invited to be Members of Cumbria Vision. There are three District Council-nominated Board directors, appointed by agreement amongst the six. They will ensure that the interests of the three Districts not present on the Board are represented. In addition, the Board meetings will rotate around the County and Leaders and Chief Executives of the host Council will be invited to meet Board members over lunch. All District Councils will receive copies of the Board papers and there will be the opportunity for regular briefing meetings with the Chief Executive of Cumbria Vision. The nature of the work of Cumbria Vision is such that there will be regular, on going, joint working with various officers of the Councils, in particular economic development and planning officers.

Cumbria Tourist Board and Chamber of Commerce

Cumbria Vision is to be private sector led, and must have a thorough understanding of the needs of business if it is to be successful. Organisations such as the Tourist Board and the Chamber of Commerce have extensive private sector membership and a close working relationship with business. Whenever possible Cumbria Vision will make use of these links to listen to businesses and forge close working ties.

Business Link and Associated Enterprise Agencies

The importance of effective, timely and accurate business support cannot be understated if the Cumbrian economy is to succeed. The changing environment in which business in Cumbria must operate requires a step change in our business support activity. Cumbria Vision will work with the Enterprise Agencies and North West Regional Development Agency to ensure that we can meet the future needs of business economically, efficiently and effectively. The Enterprise Agencies and others will be invited to join the Project Advisory Group, chaired by the Chief Executive of Cumbria Vision, to help formulate investment options to be presented to the Board of Cumbria Vision.

Cumbria Learning Skills Council

The skills agenda has been identified as one of the seven essential priorities for Cumbria. Change is happening rapidly in the form of plans for a University for Cumbria, a bid to site the National Nuclear Skills Academy in Cumbria, the desire for a Handford Institute – type facility in Cumbria and the on-going programme of improved integration between the Colleges of Further Education. The Learning Skills Council has indicated a willingness to lead on this priority, to participate in the Project Advisory Group and to keep the Board and officers of Cumbria Vision involved and informed as required.

Delivery Arrangements

This section sets out the proposed management arrangements for Cumbria Vision. It describes the proposed Board and administrative arrangements.

Memorandum and Articles of Association

A draft Memorandum and Articles of Association is being drawn up in consultation with North West Development Agency and West Lakes Renaissance. Key points to note are:

- Cumbria Vision will be a Company Limited by Guarantee
 - It will have one subsidiary company, West Lakes Renaissance
 - North West Development Agency will be a funder and a Founder Member
 - Cumbria Vision will lead economic development activity across the County of Cumbria
 - West Lakes Renaissance will deliver the agreed programme in the specific geographical area designated for Urban Regeneration Company status
 - There will be one, integrated Business Plan for economic development in Cumbria, led by Cumbria Vision but compiled jointly by partners including West Lakes Renaissance and Cumbria County Council. It will include the Business Plan developed by the Board of West Lakes Renaissance for West Cumbria and Furness.
 - North West Development Agency as the major funder, will have the right of veto over both the Cumbria Vision and the West Lakes Renaissance Business Plans
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- Funding for West Lakes Renaissance is ring-fenced, as is the funding allocated for a rural programme, formerly managed by Rural Regeneration Cumbria.

Cumbria Vision Board

A shadow Board has been established. It is private sector-led, with a Chairman appointed by NWDA. In addition it comprises two County Councillors, three representatives of the six district councils (chosen annually by the district councils), one representative of NWDA, the Chairmen of Cumbria Strategic Partnership, Rural Regeneration Cumbria and West Lakes Renaissance plus five other private sector representatives. Private sector representatives have been selected for their individual potential to contribute to the work of the Board, and to ensure that there is a good sectoral and geographical representation across the County.

Board composition reflects the following areas of expertise:

- Political experience
 - General management skills
 - Project development skills
 - Programme management skills
 - Financial and Accountancy expertise
 - Legal skills
 - Expertise in both large and small businesses
 - Communications, press and media skills
 - Sectoral expertise, including:
 - Nuclear opportunities
 - Knowledge-based industries
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- Agriculture

- Leisure and Tourism

Three observers have been invited to Board meetings on behalf of North West Development Agency, Government Office North West and Cumbria County Council in its capacity as Accountable Body.

The Board's Role

The Board's main purposes are:

- To approve Business and Operating Plans
- To advise NWRDA on the investment priorities for Cumbria, using an evidence-based approach
- To ensure satisfactory accounting and financial procedures are in place
- To monitor the performance of investments against plans
- To approve the appointment of senior executive staff
- To achieve transformational change for Cumbria

To achieve the necessary improvements to the Cumbrian economy, investment decisions will need to be focused on transformational projects. The Board will use its sub-groups and partners such as the Regeneration Support Team to ensure rigorous scrutiny of investment options. All such scrutiny will be based around detailed supporting evidence of demand, outputs and impacts, provided by both the applicant (where appropriate) and its own in-house research facility. External research will be commissioned where necessary. Board members will use fact-finding visits, away-days, presentations and scrutiny of documents to maintain a proper understanding of the needs of all parts of the County and the projects under consideration. Much of the focus of the Board will be on working with partners to commission large-scale transformational projects. Separate arrangements will be in place to respond to funding applications for smaller scale projects via a Project Management Sub-Group of Board members. All agreed projects will be reported to the Board.

The Board will regularly review progress on the programme of activity and will manage its project portfolio to ensure best use of resources. It will build delivery capacity where necessary by appointing suitably skilled project managers (architects, planners, project managers etc) as appropriate, on short term contracts.

Members

Cumbria Vision will be a private sector - led organisation. It is proposed that the members of the Company will be the Cumbrian Local Authorities and NWDA supported by the private sector board members. Their responsibilities will be to receive the Annual Report and to agree the Business Plan.

Urban Regeneration Company

Cumbria Vision has a County-wide responsibility for economic regeneration. There will be one subsidiary company, West Lakes Renaissance, which will have Urban Regeneration Company status. West Lakes Renaissance will be responsible for the Urban Regeneration Company programme already agreed and ring-fenced for Barrow and West Cumbria, with a life-time value of £182 million.

West Lakes Renaissance will provide an annual business plan with clear delivery targets. Cumbria Vision will be responsible for monitoring performance against the delivery plan, which will be reported on separately to the Cumbria Vision Board.

Sub-Groups

The Board will conduct its business through three sub-groups:

- Resources
- Strategy
- Project Management

Draft Terms of Reference for the three sub-groups are shown at Annex A. Sub-groups will meet in advance of the full Board meetings and their activities will be reported to the Board.

Procurement

Cumbria Vision staff engaged in procurement activity will comply with the requirements of the NWDA's Financial Memorandum and Procurement Policy which seeks to:

- Achieve value for money based upon consideration of initial and "Whole life" costs
- Secure compliance with the law and Treasury Procurement Guidelines
- Ensure fairness in the award of all orders and contracts
- Provide documentary evidence for management, project evaluation, feedback and audit
- Safeguard against allegations of corruption

We will also ensure compliance with the County Council's procurement systems, as the Accountable Body.

The structure of Procurement will be reviewed on a rolling basis to ensure that it continues to reflect the capacity required to meet the priorities and objectives of this Business Plan, the NWDA and wider government initiatives.

Project Funding

In most cases Cumbria Vision will satisfy its objectives through third party organisations. Through the sub-groups, it will monitor and evaluate the performance of these delivery bodies.

Cumbria Vision, and its subsidiary Company, West Lakes Renaissance, will facilitate funding by appropriate combinations of contracts, grants, loans and equity participation:

Where a contract or a grant has been made, Cumbria Vision will employ or sub contract personnel or consultants to ensure the conditions are satisfied prospectively and retrospectively. In the case of a capital build project, for example, an architect may be employed to monitor and evaluate delivery on a consultancy basis.

When a loan is arranged, legal and financial expertise will be employed to assist with developing the terms and conditions of the loan. Equity investment would require appropriate managerial control of the delivery body, e.g. a place on the Board.

Over the course of the next year we will look at the best models for facilitating funding and will learn by the experience of other facilitating bodies.

Operational Organisation

It is intended that there will be a base for staff at key geographical locations around the County. For Cumbria Vision these will be in Carlisle, Penrith and Kendal. It is anticipated that West Lakes Renaissance will continue to maintain a base in Barrow and Whitehaven, and develop an additional site in Allerdale.

Programme managers will be appointed to lead activity based on the key themes for Cumbria, as shown in the organisation chart below. They will have a County-wide remit, but will be based at the appropriate sub-regional offices around the County. For example:

Infrastructure	-	Carlisle
Land-based industries	-	Penrith
Tourism	-	Kendal

For the Skills theme it is anticipated that the Learning Skills Council will provide the lead, based in Workington.

The Programme Manager's primary responsibility is to provide developmental advice in their area of expertise, manage delivery of the Strategic Investment Plan, integrate associated programme activity to increase effectiveness, and promote innovation and excellence. Programme Managers will provide the conduit through which all sub-regional regeneration companies and organisations can integrate their activity and access the Cumbria Vision Board. The subsidiary company will continue to have its own programme managers working specifically on the URC capital programme, but participating in integrated delivery team meetings to ensure that Barrow and West Cumbria benefit from County-wide initiatives where appropriate. Where there is a risk of duplication clear plans will be formulated with responsibility for action attributed to the most appropriate individuals.

It has been noted that one of the most common complaints heard from Businesses is that they are confused about where to go to for advice, given the number of advisory agencies available. Economic advisory and delivery bodies will be encouraged to co-locate or use these bases when necessary, in order that a more seamless and integrated service can be provided in a truly customer-led style.

Project Advisory Group

To service the Project Management sub-group, a Project Advisory Group will be formed comprising programme managers and lead officers for all agencies involved in delivery of economic regeneration throughout Cumbria chaired by the Chief Executive of Cumbria Vision. Its primary purpose will be to agree options for integrated economic development activity using the evidence available to demonstrate impact and contribution to targets. These options will be presented to the Board's Project Management Sub-Group for decision, prior to being put forward to the Board.

Staffing: General

An indicative organisation chart is shown at Annex B. A detailed job-sizing exercise is being carried out and Person Specifications and job descriptions will be developed for each post. Posts will be advertised and filled, based on merit, from within the organisations to be merged. Only if there are no suitable internal candidates will external recruitment take place. Training will be provided for internal candidates who fall short of the standards required but demonstrate the capacity to reach it within agreed timescales. Discussions will take place with staff and appropriate Trades Union to ensure that the needs of staff are taken into account.

Staffing: Senior management team

A senior management team will comprise the Chairman, Chief Executive, Company Secretary, Strategic Operations Director, Director for Regeneration and Director of Performance Management. In addition to their designated role within the Company, this team will ensure that the major projects are driven through, from visioning, feasibility study, appraisal and procurement to Board decision, commissioning and delivery. They will ensure that Cumbria is in a state of readiness to bid opportunistically for funding, and will seek to remove obstacles to progress. The team will work closely with the private sector, and with public sector partners, and will engage appropriate expertise when necessary.

Staffing: Strategy and Performance Unit

A Strategy and Performance Unit will ensure separation between performance monitoring and delivery. Specifically it will:

- Maintain detailed financial records and budgetary control, working closely with the accountable body
- Ensure that key national, regional and local policies and strategies are taken into account in the work of the Company
- Ensure that the Company fulfils its legal and statutory responsibilities
- Appraise new project applications and advise the Project Management Sub-Group
- Commission strategic programmes and projects as guided by the Board

- Monitor and scrutinise programme delivery for both the main Cumbria Vision Company and its subsidiary, West Lakes Renaissance
- Monitor Cumbria Vision's performance against agreed targets
- Comply with and advise on public procurement policies and procedures
- Provide a research function to ensure a strong evidence base for the Board's investment decisions
- Produce the Annual Report and regular reports for the Board and NWDA
- Work with partners to develop the Cumbria sub-regional economic development strategy

It will service and report to both the Strategy and Resources Sub-Groups.

Staffing – Delivery team

Following the job-sizing exercise, programme managers will be appointed based around the key Sectoral themes shown in the organisation chart at Annex C. They will be responsible for:

- Having cutting-edge expertise in their thematic area(s)
- Keeping in touch with all new development in those thematic areas across the County
- Integrating activity where appropriate both with external organisations and internally between thematic areas

- Facilitating good networking where it would be useful
- Maintaining an understanding of all other activity in order that inter-sectoral gains can be made where possible
- Advising the Board when required
- Spotting new developmental opportunities and working to secure delivery
- Overseeing delivery of Cumbria Vision – funded projects, including ensuring rigorous performance management

In addition, the Sectoral Manager may be required to manage a local office or lead the delivery of a large, partnership project

A Director for Regeneration will be appointed to manage delivery overall and ensure co-ordination across the spectrum of delivery

Monitoring and Evaluation

Monitoring systems will be developed at three levels:

- As a basis for regular review of Cumbria Vision's operational effectiveness.
- As a basis of West Lakes Renaissance's operational effectiveness
- To assess the effectiveness of delivery of funded projects

Economic baseline data for Cumbria has been commissioned and will be available at the end of October. Cumbria Vision and West Lakes Renaissance activities will be assessed against relevant baseline data.

A task group has been formed comprising Cumbria Vision, West Lakes Renaissance, Rural Regeneration Cumbria, NWDA and Cumbria County Council. The group will develop a monitoring and evaluation scheme that satisfies the needs of the Cumbria Vision Board and embraces the requirements of all potential funders, including NWDA, Europe and DEFRA. It will seek to minimize complexity and make information available in a timely and easily assimilated fashion. Terms of Reference for the Group are shown at Annex D. A process map is also being developed to assist the process.

Monitoring will include:

- Financial probity and regularity
- Economy, efficiency and effectiveness using input, process and output measures
- Impact measures

The Cumbria Vision Board, through its Project Management Sub-Group, will receive regular reports on progress with delivery activities, including progress with key projects. All projects agreed or commissioned will have undergone an assessment of impact on GVA, jobs (including high value jobs), worklessness and any other measures deemed to be appropriate. Spending profiles will be clearly identified and progress against the profiles will be monitored. Input, process and output measures will be identified based upon detailed project-level information and analyses.

In time, top-down analysis will consider changes to Cumbria's strategic indicators and assess the extent to which changes in these indicators can be attributed to Cumbria Vision.

Financial Schedule

Current NWDA Funding Commitments (£m)

2006/7	2007/8	2008/8	2009/10	2010/11	2011/12	2012/13	2013/14
59.1	31.8	31.1	22.2	20.3	17.4	17.1	19

Ring fenced funding £m (included in the commitments shown above)

	2006/7	2007/8	2008/9	2009/10	2010/11	2011/12	2012/13	2013/14
Rural	13.2	8.9						
WLR	17.8	19	31.1	22.2	20.3	17.4	17.1	19
Total	31	27.9	31.1	22.2	20.3	17.4	17.1	19

Note: No income/expenditure regarding NWDA properties in Cumbria has been included in this schedule. These tables show current spending commitments.

Output Schedule

Key outputs to be achieved by current funded programmes (RRC and WLR)

Jobs created / safeguarded	Learning opportunities leading to formal qualification	Hectares of brownfield land reclaimed	New businesses created / attracted to the region	Private sector investment (£M)	New / improved business use floor space (Sq m)
11,772	4,281	284	1,599	186.6	1,125,503

Note: The above figures show the projected total outputs of the current RRC and WLR programmes. Data for other projects within the NWDA Strategic Investment Plan is being collated. The RRC “businesses created” figure of >1,000 is being validated at present.

Annex A (i)

Resources Sub-Group

Terms of Reference

The purpose of the group is to manage the resources of the Board, including finances, staffing and premises. Specifically it will:

- Ensure the Board fulfils its statutory and legal obligations
 - Secure economy, efficiency and effectiveness in use of the Board's resources
 - Bring to the Board's attention any duplication or gaps in performance between organisations and agencies resulting in inefficiencies
 - Ensure that the Board takes advantage of all appropriate funding opportunities
 - Monitor the performance and of the Board and its subsidiary company
-
- Receive financial reports and accounts at regular intervals
 - Ensure the Board's financial regulations are up to date and applied

- Oversee production of the annual report
- Act as the Board's audit and remuneration committee
- Receive a report on staff performance annually
- Ensure the Board has all appropriate Personnel Policies in place
- Act as the Board's Appeals Committee
- Undertake regular reviews of the premises strategy to ensure best value is achieved
- Report as required on the Board's performance to NWDA and Cumbria County Council

Annex A (ii)

Strategy Sub-Group

Terms of Reference

This group will ensure that the Board's strategic objectives are achieved. Specifically it will:

- Ensure that the Board revisits its strategic objectives at appropriate intervals, and in response to any changes in circumstances
 - Set the Board's performance targets with the agreement of NWDA
 - Set the criteria against which projects will be assessed and monitor implementation
 - Ensure an appropriate balance between commissioning transformational activity and responding to bids by setting out clear strategy guidance for officers based on Board decisions
 - Develop the procedure for receiving, logging and expediting bids to a client-friendly but rigorous standard
 - Monitor the Company's delivery of regional and sub-regional economic strategy in Cumbria including the Regional Economic Strategy and Sustainable Cumbria
 - Contribute to the development of strategy that could impact on the Cumbrian economy, including national, regional and sub-regional strategy
 - Ensure that strategy or policy which disadvantages Cumbria is brought to the attention of appropriate bodies and/or politicians
-

Annex A (iii)

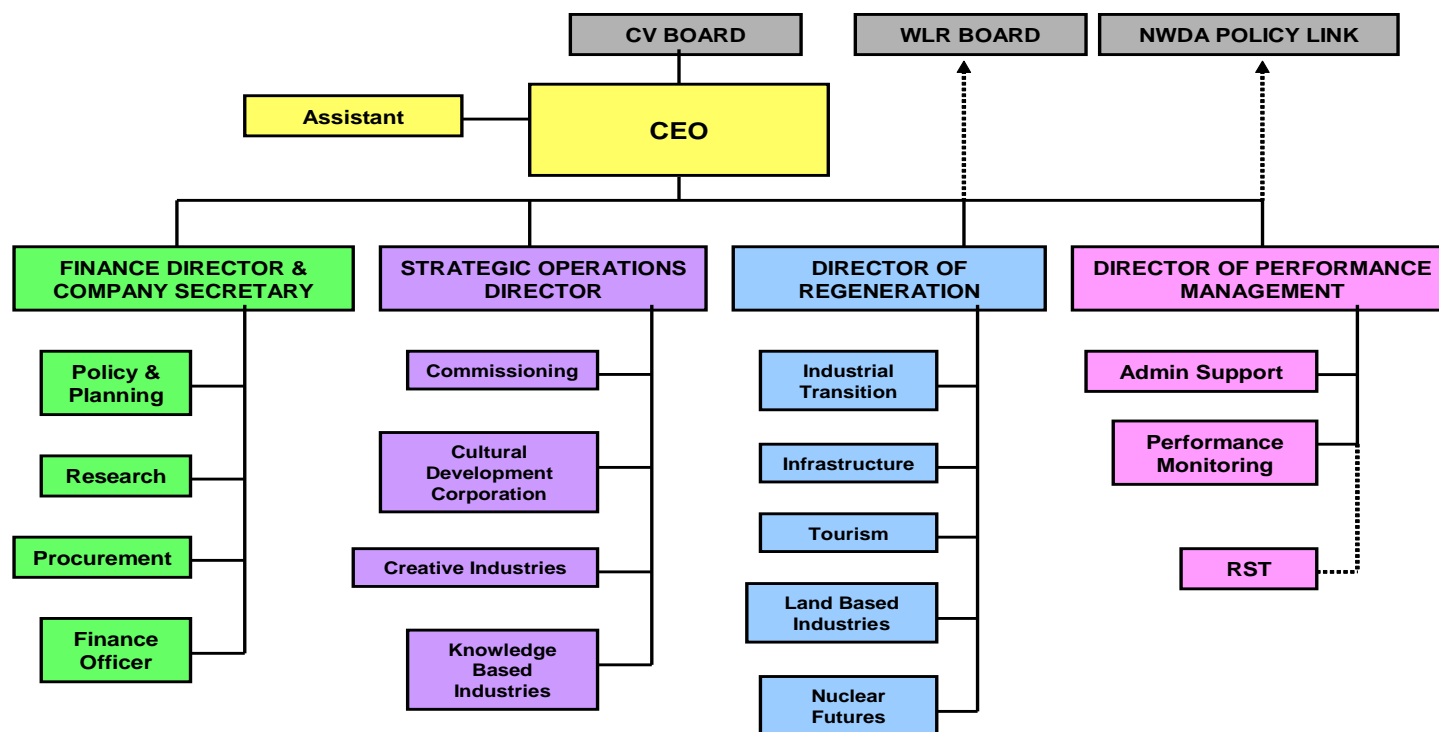
Programme Management Sub-Group

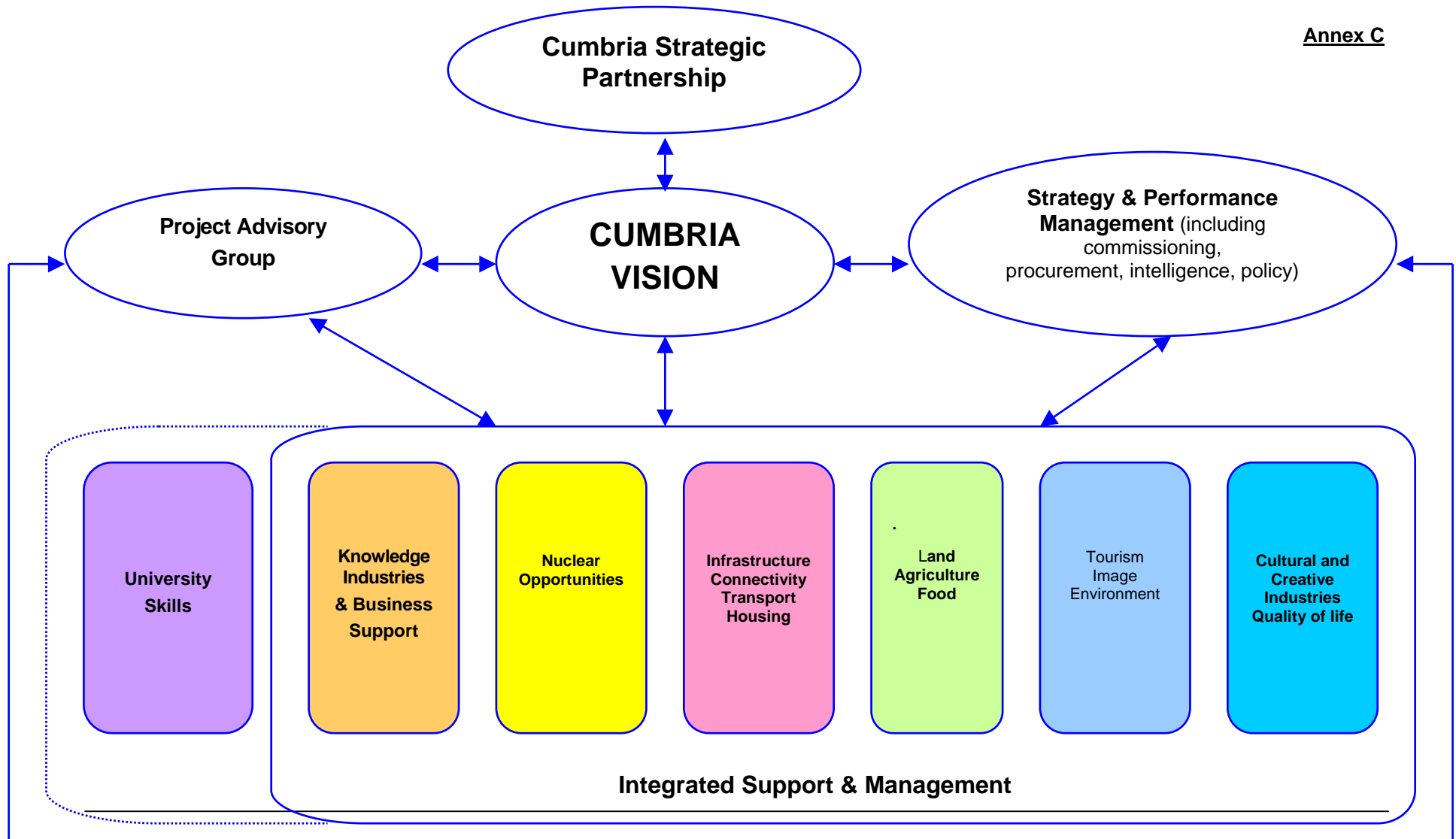
Terms of Reference

The purpose of this group is to oversee the delivery of transformational projects in Cumbria. Specifically it will:

- Oversee the commissioning and delivery of transformational activity as agreed by the Board
- Receive bids for funds to support projects
- Assess bids against the agreed criteria and make funding decisions
- Receive regular reports on the progress of funded projects
- Draw the Board's attention to under-performing project and recommend remedial action
- Commission and receive research to demonstrate the impact of Cumbria Vision-led projects

Annex B





Annex D

CUMBRIA VISION PERFORMANCE MANAGEMENT TASK GROUP

Objective

To produce a unified performance management system for all Cumbria Vision (including West Lakes Renaissance) regeneration programmes/projects which will deliver:

- Timely, accurate and appropriate management information
- full compliance with all audit requirements
- effective allocation of responsibilities between organisations
- efficient allocation of resources within organisations
- Minimal complexity for the client

Approach

- Collate information on current policies, procedures and systems within WLR, RRC, CCC and NWDA (Penrith).
 - Establish management information requirements for Cumbria Vision.
 - Establish all relevant audit requirements.
 - Review the efficacy of using System K as the IT support for the unified system.
 - Map the current processes in all organisations.
-
- Map proposed processes.

- Propose allocation of responsibilities between organisations.
- Propose resource requirements within organisations.
- Develop a standard approach to funding allocation

Membership

John Over (WLR/RRC)

Richard Pealing (RRC)

Allan Haile (CCC)

Gillian Elliot (CCC)

Karen Spriggs (NWDA)

Diane Armstrong (WLR)

David Reay (CCC) QA Audit

Costs

All organisations will be responsible for their own staff costs and expenses.

Consultancy support for process and data flow mapping will be required and funding for this will be provided by Cumbria Vision.

Timescale

To be decided at first meeting.