

### Review of the Assisted Areas

#### A response to Stage 2 of the consultation from Cumbria partners

##### 1. Introduction

- 1.1. Partners in Cumbria, bringing together Local Authorities, Enterprise Agencies and Regeneration Companies, are pleased to take the opportunity to respond to the second phase of this national consultation. Cumbria partners submitted a detailed response to Stage 1 of the consultation and are pleased to see that the draft proposals have gone some way to meeting our concerns.
- 1.2. Cumbria has previously benefited from Tier 2 status in parts of the county, and it is our belief that Assisted Area status is vital to the economic development of the county.
- 1.3. This response is based on discussions between a number of Cumbrian stakeholders, and should be seen as a synthesis of opinion in the county. Individual partners will also add their own, more specific, responses to the consultation

##### 2. General comments

- 2.1. Cumbria partners are supportive of the criteria used to identify the Assisted Areas, and believe that they reflect both need and opportunity. Clearly, there are problems in using data that are both current and available at a common geographic level. In our response to Stage 1, we supported the use of the finest geographic level practicable. We believe that identification at ward level is appropriate and allows us to construct a map that is useful and intelligent.
- 2.2. There is general support for the methodology of using the existing map as a basis. Whilst it is not necessarily the case that the criteria and data used in 1999/2000 are still current, there is some evidence that the needs represented in that map are still valid. Certainly, in West Cumbria and Furness, the areas most in need of Assisted Area designation are very similar to those identified in 2000. Cumbrian organisations spent 4 years of the recent programme period making the case for a higher level of grant rate in the West Cumbria and Furness Tier 2 area, on the basis that, as recognised by the European Commission "*The socio-economic conditions in ... the NUTS 3 area of West Cumbria .... in relation to the four indicators chosen by the UK ... in the regional aid map have worsened if compared to the rest of the country*"<sup>1</sup>. It is our belief that those conditions prevail.

##### 3. Specific comments on the draft map

- 3.1. Cumbria partners welcome the fact that the coverage across Cumbria is similar to that identified for the 2000-6 map. The area identified has significant investment opportunities in world-class companies of all sizes,

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<sup>1</sup> European Commission, Brussels, 4<sup>th</sup> August 2004, C(2004) 2953 fin. State Aid N177/04 UK Adjustments to the UK Regional Aid map 2000-2006

and Assisted Area designation will be an essential tool to support the growth of those companies

- 3.2. However, we are concerned by the loss of a significant amount of territory from the northern end of the area – from the north of Workington to Wigton in Allerdale District. In particular, we are concerned about the exclusion of 4 wards immediately adjacent to the north of the proposed area. These are the wards of **Seaton, Flimby, Ewanrigg** and **Netherhall**. The total population of these 4 wards is 13,359.
- 3.3. There appears to be no statistical case to support the exclusion of these wards. They contain some of the highest levels of deprivation in Cumbria. On each of the 4 measures used to construct the draft map, these 4 wards are all in the worst performing half in Cumbria. On most measures, most of these wards are in the worst performing quartile.
- 3.4. In addition to unquestionably high levels of deprivation, these wards contain significant investment opportunities that are important ingredients of the overall regeneration strategy for West Cumbria and Furness. These sites include the former RNAD site at Broughton Moor – the largest single area of derelict land in the NW. In addition, there are key industrial sites in the vicinity of Maryport Town (Glasson Industrial Estate in Netherhall ward, and Risehow Industrial estate in Ewanrigg ward) that are key sites for the location and growth of SMEs and larger companies that are a key part of the Cumbrian economy
- 3.5. In the 2000-5 period, 24 companies in the district of Allerdale accessed RSA or SFI. Six of those are based in the 4 wards we have identified in para. 3.2, and we have identified companies in those areas that will continue to show interest in SFI in the coming period, and which demonstrate the capacity for growth and for job creation.
- 3.6. This model of economic growth is commensurate with the strong support offered by the Government to West Cumbria and Furness. Firstly through the creation of an Urban Regeneration Company (West Lakes Renaissance), then through the instigation of the West Cumbria Strategic Forum and the development of a Masterplan for the area, Government has followed through on its commitment to 'West Cumbria-proof' policy interventions that may impact on the Cumbrian economy.
- 3.7. In addition, these wards around Maryport are included within the Furness and West Cumbria Housing Market Renewal area. The HMR programme will be delivered in conjunction with the URC programme in West Cumbria, and loss of Assisted Area status across part of the HMR area could create practical delivery problems.
- 3.8. Finally, the growth of West Cumbria and Furness is supported by the North West Development Agency in their Regional Economic Strategy. The need for additional coverage to the north of Workington has been identified by the NWDA and NWRA in their regional response to the draft map, in support of the RES policy priorities. The NWDA has committed £14.6 million of public funds to regeneration in the West Allerdale area, which will be used as a catalyst for private investment, for which, of course, Assisted Area designation is essential.
- 3.9. Cumbria partners are mindful of the severe constraints placed on the designation of Assisted Areas through the need to reduce overall national population coverage by 22.5%. However, it is felt that the proposed Assisted Area in West Cumbria and Furness is appropriate, and, because of the

geography of ward boundaries, further reductions to the area would be difficult to engineer without disrupting the contiguous nature of the area and the opportunities for company growth therein.

- 3.10. The European Commission Guidelines provide for special assistance to be given to newly created small enterprises in addition to regional investment aid to assist regions where there is very low levels of entrepreneurial activity; assistance up to 35% of eligible expenses is available in the first three years after a business is formed (section 6, paras. 84 to 91 refer). It is vitally important that UK government, in implementing the Guidelines, agrees to introduce this special support for new start SMEs in areas such as Cumbria where there is a tradition of employment in large firms and high risk in setting up new small start up businesses

#### **4. Conclusions**

- 4.1. The stage 2 consultation of 10 July proposes that the draft map reflects both need and opportunity. It is our belief that, in the main, this has been achieved
- 4.2. However, we also believe that local knowledge can contribute significantly to the debate, identifying anomalous omissions and assisting in the process of creating an intelligent map, that accurately reflects local and regional regeneration policy
- 4.3. It is with this in mind that we recommend the retention of the southern part of the proposed map in West Cumbria and Furness, and the inclusion of 4 additional wards as outlined in paragraph 3.2.
- 4.4. We believe that these minor changes would result in a considerably more workable Regional Aid regime to support the process of economic transformation in Cumbria