

Local Members Interest
N/A

Prosperous Staffordshire Select Committee - Friday 15 January 2021

Economic Recovery, Renewal & Transformation – Quarterly Update

Recommendations

I recommend that:

- a. The Select Committee considers the quarterly update provided on progress made against the Staffordshire Economic Recovery, Renewal & Transformation Strategy.
- b. The Select Committee considers the interventions already made by the County Council and partner organisations and recommends further interventions to be considered by Cabinet that the Committee believes would help to enable the successful delivery of the Strategy.
- c. Relevant Cabinet Members bring updates on delivery of the strategy to this Committee for scrutiny every 3 months.

Report of the Deputy Leader and Cabinet Member for Economy and Skills

Summary

What is the Select Committee being asked to do and why?

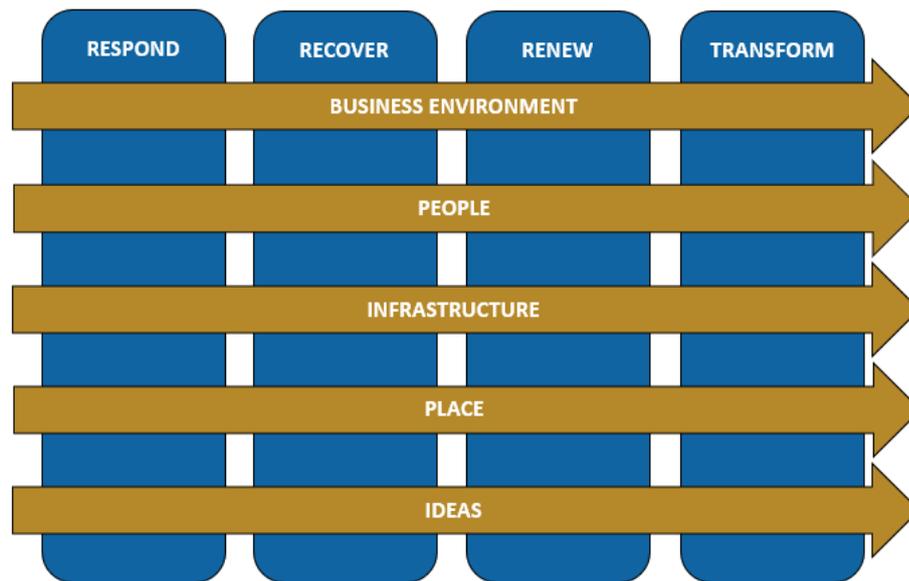
1. The purpose of this report is to:
 - a. Provide the Select Committee with an opportunity to consider and comment upon progress made in relation to the Economic, Recovery, Renewal & Transformation Strategy. The unprecedented nature of the COVID-19 crisis has meant that the County Council has had to react quickly to support our businesses and residents. The Strategy is flexible enough to be able to respond to the range of scenarios that may become the reality over the coming months and years. It is therefore a 'living document' that may be updated as required through it's timeline. This is therefore an opportunity for the Select Committee to help to shape the Strategy and County Council's plans for the local economy over the next five years.
 - b. The successful delivery of the Strategy in achieving the vision and aims that it sets out will be dependent on many factors, not least the identification and delivery of appropriate projects and programmes. A range of interventions have already been made by the County Council, Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP), HM Government and other partners to respond to the immediate crisis whilst the development of the supporting delivery plan(s) for the Strategy is ongoing.

- c. Monitoring the County Council's performance in delivering the Strategy will be vital to ensuring we ultimately achieve its vision and aims. The Select Committee has an important role in scrutinising our performance over the duration of the Strategy.

Report

Background

2. Connected; competitive; complementary; collaborative – are the key terms that define our area. Located at the heart of the UK, the vibrant corridors and urban centres of the connected county of Staffordshire form a growing economic powerhouse. The COVID-19 crisis has impacted this growth, but our Economic Recovery, Renewal and Transformation Strategy outlines our ambitious and achievable plans as to how we will mitigate the impacts of the crisis and take advantage of opportunities that have arisen to transform the local economy. Alongside our outstanding natural assets, unparalleled connectivity, vast cultural and leisure offer and varied housing offer, this will enable us to ensure that we remain amongst the best places to live, work and invest in the country.
3. Our Economic Recovery, Renewal and Transformation Strategy was agreed by Cabinet and scrutinised by the Prosperous Select Committee in June 2020. At that time, the impact of the crisis on the economy was unclear and that very much remains the case. Therefore, it is important that our Strategy and associated delivery plan(s) are flexible enough to respond to whatever situation becomes a reality over the coming months and years.
4. A detailed 'live' assessment of the impact of the crisis is being updated frequently and has informed the development of our Economic Recovery, Renewal & Transformation Strategy and continues to inform the development of interventions / projects / programmes. The Strategy sets out our priorities for the next five years through four non-linear phases:
 - a. **Respond** – support our businesses and residents through the COVID-19 crisis.
 - b. **Recover** – create the conditions to support our businesses and residents to return-to-work as soon as possible.
 - c. **Renew** – continue to progress those priorities that will play an important role in achieving our ambitions to develop the local economy beyond the current crisis.
 - d. **Transform** – utilise the opportunities presented by the current economic conditions by supporting the transformation of the local economy to be digital, clean and higher-value.
5. The five economic themes of **business environment**, **people**, **infrastructure**, **place** and **ideas** that form the integral part of our Strategic Plan and the national and local industrial strategies remain relevant, but the strategic priorities aligned to these themes have been reconsidered in response to the COVID-19 crisis and possible prolonged economic downturn. The Strategy therefore sets out our revised strategic priorities for each of these themes across the four non-linear phases as set out in the framework below.



6. There are several key issues to consider that cut across all of the themes including the need to meet carbon-neutral targets, supporting inclusive growth to ensure all our residents benefit from the development of the local economy including within urban and rural areas and communicating and engaging effectively with our businesses and residents, thereby creating a strong Staffordshire identity. Our Strategy is fundamentally based on the principles of achieving sustainable growth and we are also keen to underpin future growth within our businesses, places and through the skills of people with the latest innovations in digital technology and infrastructure such as 5G and other emerging technologies.
7. We will need to continue to review and refresh our existing activities against the priorities of the Economic Recovery, Renewal and Transformation Strategy whilst new programmes will need to be developed where there are gaps.

Current state of the Staffordshire Economy

8. To effectively respond to the challenges we face we must be able to see behind the headlines and understand the full picture that can often be so revealing and helpful in terms responding appropriately with pace. To this end, Staffordshire County Council continues to produce a new Economic Bulletin that we are currently publishing on a monthly basis to coincide with the release of data on the main Government economic support measure (i.e. Universal Credit, Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme). Overall, the proportion of working age Staffordshire residents on one of these Government support schemes is estimated to be just over 15%, slightly lower than the national average of almost 18% as greater numbers of Staffordshire residents have returned to work.
9. The claimant count in Staffordshire saw a slight decrease of 525 between September 2020 and October 2020 to a total of 25,595 claimants and a rate change from 4.9% to 4.8% of the working age population - however, not all will be out of work. Whilst there have been some announcements of potential redundancies, due to the move to Universal Credit claimant count figures now also include those that

have had a lower income through Covid-19, including furloughed staff and part time employees, short-term layoffs and self-employed that have paused or ceased operating

10. The claimant count rate is still relatively low in Staffordshire (4.8%) compared to regionally (7.3%) and nationally (6.3%), however, it is young people, the lowest paid (including those in manual occupations, more routine or less skilled jobs) and part-time workers who continue to feel the impact of the economic shock the most.
11. Although unemployment and those claiming benefits has not surged further over more recent months and has more recently declined, there remains a considerable number of employees furloughed within the county (29,300). Whilst the furlough scheme has been extended to the spring, there must be concern that as the health emergency comes to an end and economic support measures are reduced or stopped, there is a risk that we will see higher levels of unemployment with the Office for Budget Responsibility predicting that nationally a further one million people may be unemployed by mid-2021.
12. A real positive in recent months has been a significant uplift in recruitment with job vacancies in Staffordshire increasing by 15% between September and October equivalent to over 2,500 more job vacancies, above the growth seen both regionally (13%) and nationally (11%).

Ongoing / completed interventions

13. Our response to the crisis is already well underway in Staffordshire with a number of interventions directly undertaken by the County Council with the aim of supporting businesses and individuals. These include:
 - a. The £0.500m Staffordshire County Council emergency grants scheme which has helped over 200 micro-businesses so far survive the crisis by providing them with a grant of up to £1000 to help pay outstanding supplier bills
 - b. A new £0.360m Staffordshire County Council Start-up support scheme for those who are looking to start a business in a priority sector. The targets are 1000 engagements with pre-start individuals, 300 participants on the course and 200 new businesses established in a year. It was launched on 1st July for 1 to 1's with applicants and webinars/classes starting in September. It is being delivered by the Chambers of Commerce and 116 individuals have been signed up to date by 23rd November 2020.
 - c. A new pilot Start-Up Loans scheme providing new businesses with loans of between £3,000 and £5,000 at no interest and no fees. The sum is to be repaid after 12 months and is open to those who complete the Staffordshire Start up or partner organisation's course. £100,000 has been allocated to the scheme which was launched at the beginning of November.
 - d. A Partnership with the Federation of Small Business (FSB), County Council and all 8 District and Borough Councils to provide business support to very small employers. This scheme will be jointly funded and administered through the

District and Borough Councils providing legal, financial and other advice such as H&S to businesses which employ between 1 and 4 people. At the time of writing this Partnership scheme is under development and will be launched in the new year.

- e. A £90,000 PPE Starter Pack Programme which helped 2000 micro businesses to get back on their feet by providing a listed of trusted PPE suppliers and a small pack of 30 masks and gloves.
- f. The County Council established the Countywide Redundancy Task Group in June 2020 that continues to meet weekly with good attendance from 23 partner organisations. It brings together the County Council, City Council, Districts/Borough Councils, Department for Work and Pensions (DWP) Jobcentre Plus, BEIS, Chambers, FSB and other national agencies and local partners. The main focus is to support the co-ordination of the services to help to redeploy, retrain, reskill, upskill and signpost people to new employment opportunities ensuring support is available to the individuals affected and their families. Ensuring a menu of support will be made available to the employer and its employees through existing programmes such as DWP Rapid Response Service, National Careers Service and the European Social Fund funded Skills Support for Redundancy contract. To date we have logged 62 businesses making a potential 6,930 redundancies, with 45 of these businesses submitting a HR1 form via the Insolvency Service, of which 40 have taken up the local offer of support. The next key activity that the Group is implementing is a series of virtual jobs/careers fairs with the first social media coverage commencing in early December focussing on promoting opportunities in the construction sector and this will be closely followed by the health and social care sector.
- g. The County Council on behalf of Stoke-on-Trent and Staffordshire LEP, led on setting up the Redundancy and Recruitment Triage Service, that went live in April 2020, and supports businesses and employees facing redundancies, and is delivered by the National Careers Service West Midlands. The service will match those recently made redundant with new work in those sectors currently experiencing growth. Whilst to date there have been no direct referrals of businesses or individuals to the Triage service, there have been 75 individuals supported by the service that have been referred by DWP JCP. This service is funded via the main National Careers Service (NCS) contract awarded by the Employment and Skills Funding Agency (ESFA). In addition, the government has provided an additional £32 million of national funding over the next 2 years for the NCS; and locally NCS is recruiting for 26 additional advisers overall across the West Midlands, of which 6 will be allocated to Staffordshire area. Comprehensive local marketing and communications activity for the Triage service has seen 7,768 visitors so far to the Council and LEP websites (5,123 from business and 2,645 from individuals).
- h. A bespoke student start-up programme for young entrepreneurs called 'Ignite your Entrepreneur' has been developed and approved by Cabinet. Delivered in an engaging and interactive way through an online platform, dedicated resources and with ongoing professional support. It will be a county-wide initiative designed to encourage young people to understand the basics of entrepreneurialism and

enterprise. The programme aims to engage 4,000 students through a dedicated programme leading to 300 engaged online with 100 taking the intensive 5-day programme with a target of 20 business starts in year one.

- i. The next step in promoting Staffordshire as an excellent place to start a business is the creation of a Start Up Prospectus. Our objective will be to showcase Staffordshire as a great place to start a business, providing detail of all the schemes and support available, and highlighting some of the fantastic work/life balance opportunities in the County. The intention is that it is an outward looking showcase of all the work the County Council and key partners are doing together such as Staffordshire and Keele Universities, City and District Councils, the Chambers of Commerce and the Prince's Trust to promote business start-ups.
 - j. The cancellation of direct debit collections for rent payments at our Enterprise Centres for three months to assist businesses with cash flow and would potentially would have cost £310,000. However, most businesses continued to pay their rent via BACS payment and payment plans have been arranged with the others leaving an outstanding owed amount of less than £30,000, and
 - k. The progression of the extensions to the Enterprise Centres at Cannock Chase and Silverdale to increase the number of small industrial units available for businesses. An investment shared by the LEP and the County Council has provided £870,000 for these projects due to complete in March 2021.
14. These local interventions made by the County Council brought together and communicated in a targeted way to businesses and key stakeholders through an enhanced ongoing communications campaign 'Staffordshire Means Back to Business' and further measures put in place by partner organisations including the SSLEP, the SSLEP Growth Hub and HM Government. Some of the main interventions made so far include:
- a. The original grant funding, paid through rate collection authorities, of either £10,000 or £25,000 for small businesses, depending on the rateable value of their properties has been revisited for businesses forced to close. In addition, the Additional Restrictions Grant has been introduced which will provide the 8 rate collection authorities in Staffordshire with a one-off lump sum of £xm in total to fund additional business support. It is envisaged this will primarily take the form of discretionary grants to businesses that don't qualify for help under the other scheme. The County Council is working closely to support partners in the distribution of this grant.
 - b. The Government Coronavirus Job Retention Scheme (CJRS) which has enabled many businesses to furlough their employees whilst they are unable to operate due to lockdown or Tier measures put in place. The scheme has been extended to the end of March 2021.
 - c. The Government self-employed income support scheme which provides a taxable grant to self-employed individuals and members of partnerships.

- d. Coronavirus business interruption loan scheme and the Covid Corporate Financing Facility for the provision of loans to businesses, provided by commercial lenders with 80 percent of the loan guaranteed by the Government.
- e. A 12-month business rates holiday announced by the Government for all retail, hospitality, leisure and nursery businesses.

Getting Building Fund

- 15. The Government formally announced allocations made through its £900 million Getting Building Fund on 4th August 2020. Applications were made by each Local Enterprise Partnership in England, with the SSLEP allocated a total of £23.7 million for projects across Staffordshire and Stoke-on-Trent which are expected to directly create 2,440 jobs (with additional jobs being safeguarded and created in construction).
- 16. The funding is expected to unlock 115,000m² of commercial floor space and 2,000m² of learning floor space, assist 1,150 new learners and 290 businesses and enable the delivery of 4.6km of new sustainable travel infrastructure to promote active modes of travel.
- 17. A selection of successful projects have been selected on a partnership basis from across the SSLEP area many of which will involve the County Council in an enabling of delivery capacity. Projects which have been led by Staffordshire County Council, and an update on latest progress include:
 - a. i54 Western Extension - This project will support the remediation and full servicing of 60 acres of previously contaminated land to create high quality employment floor space. The site is anticipated to create the conditions for up to 1700 jobs following completion of the infrastructure and plot preparation work in summer 2021. A business case to secure a planned grant of £3m from the Getting Building Fund is due for consideration by SSLEP Strategic Programme Management Group (SPMG) on 1st December 2020.
 - b. Shire Hall Regeneration - A £1.6m grant from the Getting Building Fund is about to be agreed by the SSLEP SPMG (on 1st December) to create the Business Hub in the former library area of Shire Hall. This forms part of the £7m investment plan to repurpose the Grade II* listed building. Progress is being made to issue the client brief for a design and refurbishment contract which will be advertised early December. In line with the County Council's framework arrangements the contract is to be offered to Entrust to provide an inspirational design to create a minimum of 21 high quality office units with meeting rooms, breakout space and associated welfare facilities, capable of attracting digital and professional services businesses keen to locate at a prestigious venue. Market testing undertaken by CWE consultants have confirmed significant demand for the workspace and facilities being created. The project is due to welcome businesses in April 2022.

- c. The Skills & Employability team are developing 5 skills projects under the SSLEP's Getting Building Fund. The 3, £1.7m projects featured on the priority list include, a Digital Skills Academy, a Construction Industry Digital Technologies project and a Creative & Digital Skills project. The 2, £2.8m projects on the contingency list include, the development of an Automation & Robotics Suite and a Future Skills Hub. In total the 5 projects are targeted to deliver a growth of over 300 Apprentices and support 225 new learners in their first year of operation. The business cases for the 5 skills projects are to be considered by the SSLEP SPMG on 1st December 20
- d. Staffordshire Local Sustainable Transport Package (LSTP) - This investment will provide 3.6km of walking / cycling infrastructure in Tamworth, Biddulph, Burton, Uttoxeter, Burntwood and Eccleshall, facilitating a green recovery and continuing the rediscovery of active travel seen throughout the COVID-19 pandemic. The LSTP is a good example of the early work we are undertaking to ensure a sustainable and green recovery, which will encourage improved health, wellbeing and wider connectivity among our communities.

Conclusion

- 18. Whilst there will undoubtedly be a negative impact to the local economy, our Strategy recognises that many opportunities have arisen that we need to grasp to hasten the development of the Staffordshire economy, such as the increase in homeworking and positive environmental impacts. Delivering our Strategy and taking full advantage of these opportunities will further enable the Staffordshire economy to **renew** and ultimately **transform** into a place where clean, productive businesses are created and thrive whilst existing business are supported to fully participate in the new economy.

Link to Strategic Plan

- 19. The Strategy primarily relates to the 'access to more good jobs and share the benefits of economic growth' Strategic Plan priority and all the associated priorities. However, there are aspects of the Strategy that cut-across all the Strategic Plan priorities with increased prosperity in the County having the potential to have positive impacts on resident's health, safety and happiness.

Link to Other Overview and Scrutiny Activity

- 20. Due to the cross-cutting nature of the Covid 19 response, recovery, renewal and transformation strategy there will be close links to a wide range of Overview and Scrutiny activities. A range of activity that the County Council has progressed over the last couple of years will remain important to the delivery of the Strategy, although may need to be refreshed in response to the COVID-19 crisis.

Community Impact

- 21. The impact of the COVID-19 crisis has the potential to affect some demographic groups and locations more than others, although this is a situation that evolves rapidly and with some uncertainty. Inclusive growth is a theme that cuts across all

the strategy and the aim is therefore for all residents to benefit from its delivery. A 'live' evidence base is being updated regularly to monitor the impact and a strategic priority within the Strategy is to support affected groups, allowing the County Council to respond accordingly.

List of Background Documents/Appendices:

Appendix 1 – Economic Bulletin – November 2020

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