

Local Members Interest
N/A

Prosperous Staffordshire Select Committee - Thursday 17 September 2020

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 & 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.

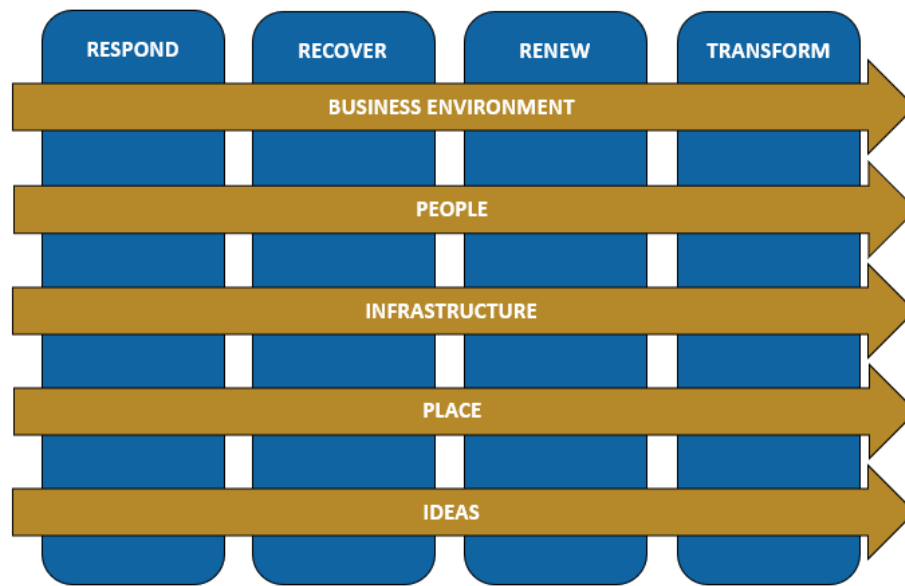
- c. Monitoring the County Council's performance in delivering the Strategy will be vital to ensuring we ultimately achieve its vision and aims. The Select Committee has an important role in scrutinising our performance over the duration of the Strategy.

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 issues that will be considered that cut across all the five 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 has begun to produce a new Economic Bulletin that we intend to publish 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 largely on a par with the rest of the country (circa 34%).
9. The claimant count in Staffordshire saw a slight rise of 705 between June 2020 and July 2020 to a total of 26,465 claimants and a rate change from 4.8% to 4.9% 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 (4.9%) compared to regionally (7.3%) and nationally (6.5%), 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 this is largely due to the considerable number of workers which remain on the Government-backed furlough scheme. However, there has to be some concern that over the coming months as the furlough scheme winds down and already announced potential job cuts become a reality there are likely to be more people that find themselves out of work.
12. Across the country the number of job vacancies has decreased since the crisis began and still remain well below levels seen a year earlier, although there are signs that the job market is starting to pick back up. We continue to see demand for roles in health, social care and distribution with clear emerging opportunities for job creation in digital (including online retail), construction (£900 million Getting Building Fund) and the green economy (including retrofitting homes to improve energy efficiency and electric cars).

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 and is being delivered by the Chambers of Commerce
 - c. 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
 - d. The County Council lead the development of a Countywide Redundancy Task Group where more than 20 national and local partners are working together to support businesses and employees with potential redundancies. Alongside this is the Redundancy and Recruitment Triage Service to help residents gain new

skills and employment and has been developed with the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) and delivered by the National Careers Service

- e. Delayed rent payments by cancelling direct debit collection at our Enterprise Centres for three months which potentially would have cost £310,000. However, most businesses continued to pay their rent and payment plans have been arranged with the others leaving an outstanding owed amount of less than £90,000, and
 - f. The planned progression of the extensions to the Enterprise Centres at Cannock Chase and Silverdale to increase the number of industrial units available for businesses.
14. These local interventions made by the County Council are in addition to an enhanced 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. £143m of Government grant being passed through to businesses by our Districts and Boroughs;
 - 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 measures put in place. The scheme currently pays employers a taxable grant worth 80 per cent of an employee's wage cost, up to £2,500 a month, plus the associated employer National Insurance and pension contributions. The scheme is being gradually withdrawn between the start of July and end of October.
 - c. The Government self-employed income support scheme which provides a taxable grant to self-employed individuals and members of partnerships. The grant is currently worth 80 per cent of average monthly profits in 2016-17, 2017-18 and 2018-19, again up to £2,500 a month, and was recently extended until August.
 - 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. Grant funding of either £10,000 or £25,000 for small businesses, depending on the rateable value of their properties.
 - f. 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 also 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. Further details of the funding to be allocated are set out in press release which can be found at this [web link](#).¹
18. 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 directly submitted by Staffordshire County Council 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. This funding will enable the extension to the highly successful i54 business park on the border of South Staffordshire and Wolverhampton. The existing i54 employment site has Enterprise Zone status and is home to 3,000 employees working at major companies including JLR, Moog, Eurofins and ERA
 - b. Shire Hall Regeneration - This project will see Grade II* Listed Shire Hall in Stafford repurposed for entrepreneurialism and business start-ups. The old library will be converted to a business incubator. Staffordshire County Council have their own Enterprise Centre team who are ready to manage the space, and discussions are underway with Staffordshire University to create a pathway for graduates to utilise the space. This project will complement a proposed Future High Streets Fund investment to renovate the existing building as a cultural venue for the town.
 - c. Staffordshire Local Sustainable Transport Package (LSTP) - This investment will provide 4.6km 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

¹ Stoke-on-Trent and Staffordshire Local Enterprise Partnership, Getting Building Fund.
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/906565/GBF_Stoke_and_Staffs.pdf

19. Whilst there will undoubtedly be a negative impact to the local economy in the short-term at least, our Strategy also 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

20. 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

21. 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. This includes the Education and Skills Strategy, scrutinised by the Committee in January 2020, and the Strategic Infrastructure Plan and Economic Growth Programme, both scrutinised by the Committee in October 2019.

Community Impact

22. 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 on a weekly basis 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 Recovery, Renewal and Transformation Strategy

Appendix 2 – Economic Bulletin – August 2020

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