

Local Members' Interest
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## **Prosperous Staffordshire Select Committee – 15<sup>th</sup> December 2017**

### **Economic Growth Capital and Development Programme**

#### **Recommendations**

1. That the Select Committee scrutinises the work and progress of the Staffordshire County Council Economic Growth Programme.
2. That the Select Committee comments on and considers aspects for further scrutiny.

#### **Report of Cllr Mark Winnington, Cabinet Member for Economic Growth**

### **Summary**

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

3. This brief paper has been prepared at the request of the Prosperous Staffordshire Select Committee to provide an update on the work and progress of the Staffordshire County Council Economic Growth Programme.
4. The paper is accompanied by a presentation which gives further detail around the progress of specific projects, and is designed as a basis against which the Prosperous Staffordshire Select Committee may wish to frame its scrutiny.

### **Report**

#### **Background**

5. More and better jobs means more money in residents' pockets – the essential basis for better health, prosperity and connected communities that are able to act on locally important issues themselves.
6. **Economic growth is a key priority for Staffordshire County Council**, directly contributing to the priority population outcome for Staffordshire's people to be able to access more good jobs and the benefits of economic growth. Moreover, economic growth underpins all of our priority outcomes, helps to secure long term financial stability and is a key contributing factor in the wider determinants of health.
7. At the macro-economic level Staffordshire's economy continues to restructure and adapt to the challenges of the wider economic conditions of the UK as a whole and global economic circumstances.
8. Despite a strong reliance on sectors which could have been particularly vulnerable to the recent economic downturn, Staffordshire's economy has coped well, and claimant unemployment (at 1.0% of the working age population in October 2017)

in particular has remained well below the averages of Great Britain (1.9%) and the West Midlands Region (2.3%) in the same period.

9. The number of micro and small enterprises (under 49 employees) are growing in number and make up around 96% of all businesses in Staffordshire, however, medium and larger businesses (with 50 or more employees) account for around 55% of total employment in the County. Our approaches to making sure that Staffordshire is Right for Business therefore needs to be proportionate to the business audience we are considering.
10. Staffordshire County Council is playing a key role in helping to achieve the ambitions of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) which is seeking to create 50,000 jobs and increase the Gross Value Added (GVA) of Stoke-on-Trent and Staffordshire by 50% over a 10 year period. The SSLEP annual report for 2017 is included as an appendix to this paper for the information of the committee.
11. Overall employment in Staffordshire increased by around 19,000 jobs between 2011 and 2016, and the total economic output of Staffordshire (as measured by Gross Value Added (GVA)) increased by around 6.7% between 2011 and 2016 from £14.3 billion to £15.2 billion.
12. The Gross Value Added Per Head of Population increased by around 5.1% in this same period, and continues to lag behind the average of the UK as a whole, at around 69.6% of the UK average. There are a number of reasons for this, including an economy which has a proportionally lower share of high value added employment, the effects of out commuting and the lower than average workplace wages of Staffordshire compared to other parts of the country.
13. Resident based earnings in Staffordshire, however, are continuing to grow and the most recent 2017 data shows that the gross weekly pay of full time workers in Staffordshire is £533 compared to £553 for Great Britain as a whole. This compares favourably to that of the West Midlands Region (£517 per week) and should be considered against the fact that the Great Britain figure is partly influenced by the effects of inflated wages in London.
14. Staffordshire County Council continues to develop and support interventions to support economic growth, ranging from business support programmes such as the Stoke-on-Trent and Staffordshire Growth Hub which has helped more than 4,300 companies find the support they need to start up or grow since 2014, and our business centred 'red carpet' approach to business to ensure that Staffordshire maintains a competitive advantage in attracting new investment and maintaining the strength of existing economic base.
15. In creating the right conditions for businesses to grow and thrive, and promoting a mixed and balanced economy our experience has shown that having a pipeline of good quality employment sites is very important in being able to access potential Government funding opportunities which often emerge at very short notice. Our track record of developing similar projects across Staffordshire and evidence from our inward investment service also identifies that having a good supply of 'shovel

ready', serviced development sites and ready to occupy buildings is crucial in attracting high quality investment.

16. Staffordshire County Council brings these activities together in a co-ordinated way through the Economic Growth Programme which forms part of the organisation's wider transformation programme.
17. The Economic Growth Programme is managed on a day to day basis by the Economic Growth Programme Manager (with each project having its own project management arrangements in place) and provides a framework to manage resources, issues and risks, track key benefits and co-ordinate core messages relating to economic growth in Staffordshire.
18. The Economy, Infrastructure and Skills Directorate Management Team considers the Economic Growth Programme on a monthly basis, the issues and exceptions of the Economic Growth Programme, dealing with these in the most appropriate manner, and where necessary escalating them to corporate management and executive level for resolution.
19. Progress, performance and escalations are reported to the County Council's Senior Leadership Team and Informal Cabinet on a monthly basis through the wider Transformation Programme. Information is also provided to Select Committees, and externally to the Stoke-on-Trent and Staffordshire Local Enterprise Partnership's Governance mechanisms and for subsequent reporting to Government.

### **Economic Growth Programme Key Facts**

20. The Economic Growth Programme covers all aspects of economic growth activity in which Staffordshire County Council has a direct involvement, with reporting structured through each of the Economy, Infrastructure and Skills Commissioners:
  - a. Commissioner for Business and Enterprise
  - b. Commissioner for Built County and Highways
  - c. Commissioner for Skills and Employability
  - d. Commissioner for Transport, Connectivity and Waste
21. The total financial value of the Economic Growth Programme (including projects where initial work or interventions have completed) is around £383 million (of which around £56 million is Staffordshire County Council investment).
22. 'Live' projects within the Economic Growth Programme currently total around £256 million and are funded from a range of sources including via the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (Growth Deal and City Deal funding), EU funding, Staffordshire County Council's capital programme, and contributions from private sector developers. (Staffordshire County Council's investment for these live projects amounts to around £16.7 million).

23. This represents an excellent level of funding leverage, with around £15.35 worth of funding secured from for every £1 of Staffordshire County Council investment in the 'live' projects of the Economic Growth Programme.
24. Since the Economic Growth Programme commenced in 2014, 8 employment generating projects with a total value of over £130 million have been completed to date, and their outcomes are now being tracked. Between them, these projects are anticipated to create over 13,000 jobs when they have been fully built out and developed.
25. To date around 5,600 jobs have been delivered on these sites (around 40% of their anticipated total long term employment potential). The residence of people working on these sites is related to their geographical location, connectivity and wider travel to work patterns.
26. Our research has found that at sites in central locations such as Staffordshire Technology Park, almost 100% of employees are residents of Staffordshire or Stoke-on-Trent, a similar pattern is evident at Keele University Science and Technology Park. At locations such as i54 South Staffordshire, which are closer to the boundary of the county, the proportion of employees who are resident in Staffordshire is somewhat lower at around 20%.
27. As well as through their employment outcomes, these sites make an important contribution to the economy, and the financial sustainability of the County Council and other organisations through business rate receipts.
28. The completed employment sites referred to above currently generate around £9 million worth of total business rates per annum (of which 50% is currently returned back to central government). The total business rates receipts for projects which have been delivered, and those that are planned and in the pipeline for development could be in the region of £31 million per annum (of which 50% is currently returned back to central government).
29. Alongside employment creation through physical infrastructure, the Economic Growth Programme has a strong focus on improving skills outcomes and attainment, and since the commencement of the programme, some 1,340 traineeship and apprenticeships have been delivered from the completed Advanced Manufacturing Hubs projects.

### **Potential Economic Growth Programme Outputs and Outcomes**

30. The majority of the outputs and outcomes of projects currently included within the Economic Growth Programme are expected to be realised by around 2025 (however as new projects enter the programme their outputs and outcomes may extend further into the future).
31. Taking into account the projects currently included within the Economic Growth Programme the following potential outputs could be realised over the lifetime of the programme:

- a. A further 17,000 jobs
  - b. Infrastructure improvements to help deliver 15,600 houses
  - c. 96% of premises connected to Superfast Broadband
  - d. 3,100 apprenticeships and traineeships delivered
  - e. 3,250 employers engaged in training
  - f. 26,500 people to be engaged in training programmes
32. It should be noted that employment estimates should be treated with some caution and are likely to vary depending on the end users of the sites in question. (In a number of recent investments the primary role for Staffordshire County Council has been to unlock longstanding employment land in the ownership of private developers through the provision of often costly off site infrastructure. This has been effective in creating the right conditions for private sector businesses to move on to employment sites and into business premises).
33. Further details relating to the successes of some of the individual projects within the Economic Growth Programme are included within the presentation accompanying this report.

## **Conclusion**

34. Staffordshire County Council's ambitious Economic Growth Programme is continuing to play a crucial role in Staffordshire's ongoing economic improvement. Claimant unemployment rates continue to be persistently below the averages for the West Midlands and Great Britain, and this success story is likely to continue as Staffordshire County Council works in partnership to deliver priority projects with the Stoke-on-Trent and Staffordshire Local Enterprise Partnership and the Education Trust.
35. The key priority for the future will be to encourage further growth in higher value added sectors, creating 'better jobs' while ensuring that there is a mixed and balanced economy in Staffordshire, with the skills profile among local communities able to support this growth, giving everyone the best opportunities to fulfil their economic potential.
36. **Link to Strategic Plan** – the Economic Growth Programme directly supports the Strategic Plan priority outcome for Staffordshire's people to 'access more good jobs and the benefits of economic growth'. It also indirectly supports the priority outcomes for people to 'feel healthier and more independent', and 'safer, happier and more supported'.
37. **Link to Other Overview and Scrutiny Activity** – the Economic Growth Programme pulls together priority economic projects from across Staffordshire County Council.
38. The Prosperous Staffordshire Select Committee's draft work plan includes topics within the programme to be covered in more detail including Superfast Staffordshire, The Economic Capital Programme, Skills and Employability and the EU funding programme and its future following the referendum to leave the European Union.

39. **Community Impact** – This report provides an update on economic growth in Staffordshire, and is not proposing a change to any County Council policy or service. As such a full assessment of community impact is not relevant. However, the overall benefits of the Economic Growth Programme including increased employment and skills among the local population, and their wider contributions to quality of life are deemed to represent overall positive impact to the local community.

**Appendix A** – Table of Selected Key Projects – please note that this table does not contain all projects at this point in time due to the confidential/commercial nature of certain projects. As such the totals in this table do not sum to the figures outlined earlier in this report.

**Appendix B** – Stoke-on-Trent and Staffordshire Local Enterprise Partnership, 2017 Annual Report

**Appendix C** – Presentation (to follow) – Staffordshire County Council Economic Growth Programme, for discussion at Select Committee meeting

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