

Minutes of the Prosperous Staffordshire Select Committee Meeting held on 15 December 2017

Present: Ian Parry (Chairman)

Attendance

Ann Beech	Bryan Jones
Maureen Compton	Rev. Preb. M. Metcalf
Keith Flunder	David Smith
Julia Jessel (Vice-Chairman)	Bernard Williams

Also in attendance: Mark Winnington

Apologies: Tina Clements, Simon Tagg, Paul Woodhead and Candice Yeomans

PART ONE

64. Declarations of Interest

There were none at this meeting.

65. Minutes of the Prosperous Staffordshire Select Committee held on 14 November 2017

RESOLVED - That the minutes of the meeting of the Prosperous Staffordshire Select Committee held on 14 November 2017 be confirmed and signed by the Chairman.

66. Economic Growth Capital and Development Programme

The Select Committee received a report and presentation on the work and progress of the Staffordshire County Council Economic Growth Programme.

Economic growth was a key priority for the County Council, directly contributing to the priority population outcomes for Staffordshire's people to be able to access more good jobs and the benefits of economic growth. Moreover, economic growth underpinned all of the Council's priority outcomes, helped to secure long term financial stability and was a key contributing factor in the wider determinants of health. Despite a strong reliance on sectors which could have been particularly vulnerable to the recent economic downturn, Staffordshire's economy had coped well, and claimant unemployment (at 1% 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.

The County Council was playing a key role in helping to achieve the ambitions of the Stoke on Trent and Staffordshire Local Enterprise Partnership (SSLEP), which was seeking to create 50,000 jobs and increase the Gross Value Added (GVA) of Stoke on Trent and Staffordshire by 50% over a ten year period. Overall employment in

Staffordshire had increased by around 19,000 jobs between 2011 and 2016, and the total economic output of Staffordshire (as measured by GVA) had increased by around 6.7% between 2011 and 2016 from £14.3 billion to £15.2 billion.

The total financial value of the Economic Growth Programme (including projects where initial work or interventions had been completed) was around £385 million, of which around £56 million was County Council investment. “Live” projects within the Programme currently totalled around £256 million, and were funded from a range of sources including the SSLEP (Growth Deal and City Deal funding), the County Council’s capital programme, and contributions from private sector developers. This represented an excellent level of funding leverage, with around £15.35 worth of funding secured from every £1 of County Council investment in the “live” projects of the Economic Growth Programme. Since the Programme commenced in 2014, eight employment generating projects with a total value of over £130 million had been completed to date, and their outcomes were now being tracked. Between them, these projects were anticipated to create over 13,000 jobs when they have been fully built out and developed. To date, around 5,600 jobs had been delivered on these sites, around 40% of their anticipated total long term employment potential. The residence of people working on these sites was related to their geographical location, connectivity and wider travel to work patterns. Alongside employment creation through physical infrastructure, the Programme had a strong focus on improving skills outcomes and attainment, and since the commencement of the Programme some 1,340 traineeships and apprenticeships had been delivered from the completed Advanced Manufacturing Hubs projects.

Members considered the details of two case studies which had been successfully delivered as part of the Programme, Redhill Business Park and Bericote Four Ashes.

Members questioned the effects that leaving the EU, and the possible loss of skilled people would have on Staffordshire. The Cabinet Member informed the Committee that he was quietly optimistic that Europe would continue to trade with the UK and that the low exchange rate on the pound created better results for manufacturing companies. Concern was expressed that a considerable number of young people moved out of the County to attend university, who then did not return to Staffordshire when they qualified. It was queried how these graduates could be attracted back to the County. The Cabinet Member responded that it was important to create and promote an environment where well qualified people would want to stay, with the provision of affordable housing, well paid employment opportunities and accessible transport. It was suggested that it would be more helpful to focus on creativity and basic core aptitudes, rather than career paths, given the ongoing technological changes providing opportunities to automate jobs. In relation to the question of upskilling the workforce, it was agreed that it was important to encourage people to recognise that school/university was not the end of learning/training.

In respect of the 19,000 increase in jobs between 2011-2016, a member queried what categories of employment these included and what proportion of these were considered to be better opportunities. It was confirmed that this figure included part-time employment, and that it was difficult to define “quality”. It was agreed that more information on this, and how jobs created are measured, will be brought back to the Select Committee.

Members queried whether there was a measurable, palpable demand for additional business parks. It was confirmed that there was, but that once the sites were made available the responsibility for filling them lay with developers such as St. Modwens.

In relation to overseas markets, members questioned the value of Trade Missions, suggesting that these achieved little in attracting investment, and that Exhibitions were a more successful vehicle for this. The Cabinet Member explained that the Property Garden Village at Swynnerton provided a good platform to showcase Staffordshire to a wider European audience. The Chairman commented that this was an investment on which taxpayers should be able to see a tangible return.

RESOLVED – That:

- a) The Committee note the work and progress of the Staffordshire County Council Economic Growth Programme; and
- b) More detailed information on the 19,000 increase in jobs between 2011-2016, and how jobs created are measured, be provided for the Committee.

67. EU Funding and European Social Funding

The Select Committee received a report and presentation on the work and progress of the Stoke on Trent and Staffordshire LEP (SSLEP) EU Funding programme.

The SSLEP EU Funding programme formed an important and integral part of the County Council's Economic Growth Programme. The County Council was a key stakeholder in the EU Funding programme through the delivery of its own funded projects and programmes and also working with key external partners such as District Councils, Keele and Staffordshire Universities, FE Colleges, the Chamber of Commerce, business support and training providers, private sector businesses and a wide range of other partners from the private and voluntary sector. The EU Funding programme was managed, on behalf of the SSLEP, on a day to day basis by the County Council's External Funding Manager, in partnership with Stoke on Trent City Council, working closely with the Department for Communities and Local Government, the Department for Work and Pensions (DWP) and the Department for Environment, Food and Rural Affairs. The governance of the EU Funding programme was provided via the SSLEP ESIF Committee which tracked the progress of key projects, oversees the financial and outcome progress of the programme overall and provides a view of the local strategic fit of all applications submitted at each bidding call. The Economic, Infrastructure and Skills Management Team received monthly updates on progress on the EU Funding programme and considered any matters of importance, by exception, that require attention and direction. This information was then summarised to the Senior Leadership Team and Cabinet on a monthly basis through the Transformation Programme and any issues escalated as and when necessary to corporate management and executive level for resolution.

Although EU Funding had been contributing to economic development and skills projects and programmes in Staffordshire for over 35 years, at nearly £137m the current level of EU Funding was by far the largest amount the area had ever seen. The European Regional Development Fund (ERDF) funding of £77m focused on business support, infrastructure and Low carbon. The (ESF) funding of £55m on skills, employment support and inclusion, and the European Agricultural Fund for Rural

Development (EAFRD) and LEADER funding of £5m on support for rural businesses. Despite BREXIT, all EU funding would still be contributing to the Economic Growth Programme beyond the date that the UK leaves the EU provided funding contracts are in place, even as far ahead as December 2023. Current levels of commitment of EU Funding in Stoke on Trent and Staffordshire were among the highest across the UK. Currently 73% or £99m was committed across all funds and there was confidence that the remaining £38m would be allocated, 12 months ahead of the BREXIT date (March 2019), with projects and programmes ready to come forward during 2018. Although commitment levels were high, spend and output profiles at a project and programme level must be maintained to ensure that EU Funding was retained. To date, just £7m of the £99m committed had been claimed. However, a number of significant grant claims were due this quarter and into 2018 from major EU supported projects including Keele University that would boost the amount of grant claimed and would help to keep the EU Funding programme on profile.

In relation to ERDF, this included a £17m investment at Keele University on the Smart Innovation Hub, Smart Energy Demonstrator and Research and Development Gateway. It also included a £10m investment in the Midlands Engine Investment Fund, and £8m being invested through business support and grant schemes including the Growth Hub, that will support over 4,300 businesses to start and grow.

Members were informed that £37m of ESF was contributing to skills and employment support programmes being delivered by the DWP, Skills Funding Agency and the Big Lottery. To date, over 8,000 beneficiaries across all areas of Stoke on Trent and Staffordshire had benefited from these programmes. A further £8m was supporting the Skills Hub proposal led by the Chamber of Commerce and Higher Skills Programme, to be delivered through Staffordshire and Keele Universities.

Under the EAFRD £1.9m had been made available in small grants supporting 26 rural businesses, and a further £30m was being made available for the EAFRD Rural Broadband Infrastructure Fund.

Members were informed that Stoke on Trent and Staffordshire's performance so far in committing and delivering EU Funding activities would place them well in preparing for future funding arrangements. Beyond the current programme one of the options to replace EU Funding was the government's plan for a UK Prosperity Fund. Stoke on Trent and Staffordshire partners would need to be ready and prepared for new funding opportunities to build upon the success of its EU programme track record. The government's recently published Industrial Strategy had made some references to future funding arrangements beyond BREXIT and a Green Paper on the Shared Prosperity Fund was to be published early in 2018.

Members raised a number of questions around the level of rigour which was applied to applications for funding, and stressed the importance of the need for measurable outcomes. They were informed that the process was underpinned by the LEP Strategic Plan and criteria, it was heavily regulated, and that the ultimate penalty was that the funding would be clawed back. Applicants were required to provide robust business cases. It was queried how the process did not contravene competition law, and members were assured that an important consideration of applications was the displacement effect. Members also questioned whether any County Council taxpayers

money was at risk, and were informed that the County Council's contribution to the process was in staff time.

It was suggested that it would be helpful for a further report to be brought back to the Committee around specific case studies, with details of the investment made and the benefits which this had brought about. Similarly, it would be helpful to look at an example of where an investment had been unsuccessful and the reasons for this.

RESOLVED – That:

- a) The Committee note the progress to date with committing EU Funding to support the Economic Growth Programme;
- b) That further updates be brought to the Committee on progress with the EU Funding programme, together with details of the preparations for continuing support from UK growth programmes once EU Funding is no longer available; and
- c) That case studies be brought to the meeting of the Select Committee to be held on 4 April 2018.

68. Work Programme

The Select Committee received a copy of their 2017/18 Work Programme. Members were informed that the Working Group on Elective Home Education had now been established, and would meet on 12 January 2018.

RESOLVED – That the Work Programme be noted.

Chairman