

Local Members Interest
N/A

Prosperous Staffordshire Select Committee - Thursday 03 October 2019

Economic Growth Programme Update

Recommendations

I recommend that:

- a. The Select Committee scrutinises the work and progress of the Staffordshire County Council Economic Growth Programme.
- b. 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?

1. This 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. Please note that six monthly updates in relation to the Economic Growth Programme were requested at the triangulation meeting on 17th October 2018. The previous report was heard by the Committee at its meeting on 1st March 2019.
2. The paper is accompanied by additional material 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 as per the recommendations above.

Report

Background

3. More and better jobs mean more money in residents' pockets – the essential basis for better health, prosperity and connected communities that can act on locally important issues themselves.
4. **Creating the right conditions for 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.

Macro-Economic situation

5. 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.
6. While there is some uncertainty in relation to the potential impacts that the UK's impending departure from the European Union may have on the performance of the local economy, the Staffordshire economy continues to perform with relative strength.
7. In relation to EU funding and any successor programmes, recent government briefings on the forthcoming UK Shared Prosperity Fund (UKSPF) have confirmed that European funding programmes will continue for the full term (up to and including December 2023) and that the EU expects full commitment of allocations at a UK and Local Enterprise Partnership (LEP) level. Government will be recommencing consultations with LEPs to ensure a smooth transition from EU programmes to the UKSPF set to be launched in 2021. Guidance on the UKSPF is expected later this year 2019 and it is anticipated that the emerging Local Industrial Strategy will shape the response to and influence the level of funding available from the UKSPF.
8. As of June 2019, Claimant Count unemployment stands at 1.8% of the working age population and has persistently remained well below the averages of Great Britain and the West Midlands Region (which stood at 2.8% and 3.5% respectively at June 2019).
9. In encouraging creating the right conditions for economic growth, Staffordshire County Council is directly playing its part 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 beginning in 2014.
10. The National Statistics datasets which capture change in employment and Gross Value Added, are only updated on an annual basis, with the next annual updates being due in December 2018. In future reports to the Prosperous Staffordshire Select Committee there will be a further opportunity to update the wider macro-economic context of the local economy.
11. Therefore, the situation remains that in 2017 (the latest available data year) there were a total of 346,000 employee jobs in the Staffordshire County area. The total employment growth in Staffordshire increased by around 35,300 jobs during the period between 2011 and 2017. The total Gross Value Added of Staffordshire County in 2017 stands at £16.9 billion.
12. Members of the Committee are reminded that there are relatively strong proportions of employment in Staffordshire County in Manufacturing (13.0% compared to 11.6% in the West Midlands and 8.2% in Great Britain) and Construction (5.5% compared to 4.3% in the West Midlands and 4.8% in Great

Britain). With wider uncertainty around the macro-economic context at present it will be important to monitor the health of these sectors moving forward.

13. Nevertheless, Staffordshire has an overall well-balanced economy, which does not over rely on any single sector. Notably, the proportions of employment from the private sector are also greater than the West Midlands Region and England respectively.

Creating the right conditions for economic growth

14. In creating the right conditions for businesses to grow and thrive, whilst promoting a mixed and balanced economy our experience has shown that having a pipeline of good portfolio of quality employment sites and premises is very important in being able to meet the demanding requirements of end users who often have very narrow windows of opportunity. Being in a good position to bring forward new land and premises is also very important in being able to access potential Government funding opportunities which often emerge at very short notice.
15. This is well evidenced through our track record of developing similar projects across Staffordshire and the experience of our inward investment service, which identifies that having a good supply of 'shovel ready', serviced development sites and ready to occupy buildings is crucial in securing high quality investment.
16. Beyond the physical infrastructure of development sites, we also recognise the importance of a well skilled and adaptable workforce and other infrastructure such as broadband. We are already considering how we can meet aspirational targets for "Fibre to the Premises" broadband technology and looking towards other technologies which will help maintain and enhance our competitive advantage. These and other issues are captured within our emerging Strategic Infrastructure Plan which seeks to understand the cumulative impact of growth and the infrastructure required to support it.
17. Staffordshire County Council brings these activities together in a coordinated manner through the Economic Growth Programme, which is recognised as a key priority within the organisation's Delivery Plan.
18. Progress, performance and relevant escalations are reported to the County Council's Senior Leadership Team and Informal Cabinet on a monthly basis through the wider reporting on the Delivery Plan. Information is also provided to relevant Select Committees and externally to the Stoke-on-Trent and Staffordshire Local Enterprise Partnership, which is subsequently reported through to Government Departments – in particular – Business, Energy and Industrial Strategy, Ministry of Housing, Communities and Local Government and Department for Transport.

Economic Growth Programme Key Facts

19. The current total financial value of the Economic Growth Programme (including projects where initial work or interventions have been completed) is around £477.6 million (of which £81.9 million relates to direct capital investment by

Staffordshire County Council). The majority of this investment covers the period up to 2024, with a significant amount of funding planned to be disbursed by April 2021.

20. 'Live' projects within the Economic Growth Programme currently total around £296 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 current investment for these 'live' projects amounts to around £32.1 million).
21. This represents funding leverage of around £9.22 worth of funding secured for every £1 of Staffordshire County Council investment in the current 'live' projects of the Economic Growth Programme. This is a reduction from the £13.65 worth of funding secured from for every £1 of Staffordshire County Council investment identified in the previous report to this committee and is as a result of several "live" projects to which Staffordshire County Council are making a funding contribution now entering the programme.
22. Since the Economic Growth Programme commenced in 2014, 16 employment generating projects with a total value of around £194 million have been completed to date, and their outcomes are tracked. Between them, these projects are anticipated to create over 22,500 jobs when they have been fully built out and developed.
23. To date around 7,089 jobs have been delivered or committed on these sites (around 31% of their anticipated total long-term employment potential), reinforcing Staffordshire County Council's contribution towards meeting the SSLEP's employment creation and economic output targets.
24. In addition to job creation, the Economic Growth Programme has a strong focus on enabling the delivery of homes in Staffordshire. Some 2,300 homes have been delivered or committed as a result of interventions included within the 'live' and 'completed' projects of the programme. This is a significant increase on the housing figures recorded from 12 months ago and is largely due to the completion of several developer funded "Section 278" projects which have unlocked housing development (notably including at Hydrant Way / Tixall Road in Stafford).
25. A total of some 12,400 houses are planned to be delivered through current and completed interventions which are included within the programme.
26. Since the Economic Growth Programme was previously considered by the Prosperous Staffordshire Committee in March 2019 there has been positive movement in relation to several projects.
 - a. Speculative development at the Liberty Park site in Lichfield is well underway and due for practical completion in November 2019, with strong interest from end users in the units being constructed.

- b. The IC 5 development at Keele University Science and Business Park is now fully occupied, with end users employing 162 people against an estimated total of 120 when the business case for the project was proposed.
 - c. A speculative unit at the Four Ashes Park site has been occupied by aerial platform specialist Haulotte. The employment outcomes for the site are to be confirmed. A further speculative unit of 450,000 square feet is available for immediate occupation at the site.
 - d. The first unit at Meaford Business Park is now occupied by metal pipe and hose manufacturer Arctrend, with up to 80 jobs delivered and committed.
 - e. The renewed planning application for the Chatterley Valley West site in Newcastle-under-Lyme district was approved in July 2019, with the site developer Harworth Group looking to commence significant earthworks contracts soon.
 - f. At plot C of the existing i54 site, Morris Site Machinery have announced that they will move to a new 60,000 square feet facility, with construction due to begin in Autumn 2019. The company are looking to expand their current operations and currently employ around 30 people, which is expected to increase at the new facility.
 - g. The enabling works for i54 Western Extension commenced on 24th June, with the construction of the site access road following on and now underway.
27. A number of developer led "Section 278" highway access schemes delivered through the Infrastructure + partnership are also contributing to employment generation and housing commitments and completions. Notably the civil engineering works at the McArthur Glen Designer Outlet Village in Cannock are due for completion in Spring 2020.
28. As well as their employment outcomes, these priority sites make an important contribution to the wider economy through increased local spending, and the financial sustainability of the County Council and other organisations through business rates receipts and Council Tax contributions.
29. The completed employment sites referred to above will currently generate total annual estimated business rates of around £10.3m of which 50% is currently returned to central government. Total business rates from the full pipeline of projects within the Economic Growth Programme are estimated to be in the region of some £30m per annum (of which 50% is currently returned to central government).
30. As well as employment creation through physical infrastructure, the Economic Growth Programme has a strong focus on improving skills outcomes and attainment. We have led on the development of the skills strategy through the LEP and delivered much of its commissioning and delivery on skills.

31. This includes developing and commissioning its £58m ESF programme that has already engaged over 18,200 residents improving their skills and job prospects and benefitting thousands of local employers. To date over 7,770 beneficiaries have either progressed into work, education, training, apprenticeships, or been upskilled to improve skill levels and productivity. The improvement and growth in skill levels is growing faster across the SSLEP area compared to nationally. There are now relatively fewer people with no qualifications than nationally and a relatively faster growth rate in people gaining qualifications in the SSLEP area, which is narrowing the skills gap. We have also led the LEP skills capital programme securing millions of pounds of investment through successive City and Growth Deals.
32. This has resulted in a much needed increase in skills in advanced manufacturing, engineering and construction through the development of the Advanced Manufacturing & Engineering Hub projects. The £13.2m Hub provides state of the art facilities and equipment over 6 sites and has already supported over 7,300 learners since the project was launched in 2014.
33. In addition, with LEP support we are investing a further £4.8 million in equipment to increase STEM (Science, Technology, Engineering and Mathematics) skills in the economy through the Skills Equipment Fund. Projects at Perkins Engines, Newcastle & Stafford College Group, Stoke-on-Trent College, South Staffordshire College and Staffordshire University have successfully applied for this funding which will help to secure a further 1,700 apprenticeships and further education learners.
34. During October 2019, the Skills Hub for Growth will go live with an official launch planned during November. A project manager and 3 skills advisers have been recruited to provide support to the Skills Hub for Growth.

Potential Economic Growth Programme Outputs and Outcomes

35. The majority of the outputs and outcomes of projects currently identified in the Economic Growth Programme are expected to be realised by around 2025, however as new projects enter the programme this is likely to be extended further into the future.
36. Taking planned projects within the Economic Growth Programme into account, the following potential outputs could be realised over the lifetime of the programme:
 - a. Approximately 20,000 further jobs
 - b. Infrastructure improvements to help deliver 15,600 homes as an initial target
 - c. 96% of premises connected to Superfast Broadband (and ambitions to develop a much greater share of premises which are accessed by Fibre to the Premises technology)
 - d. 15,000 apprentices, traineeships and FE learners to be supported through the Advanced Manufacturing Hub and Skills Equipment Fund activities
 - e. Around 3,000 employers engaged in training through the LEP ESF programmes

- f. 26,800 people engaged in training programmes through the LEP ESF programmes and the Locality project
37. 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. The figures quoted in this report are based on best estimates using recognised methodology, the details of which have been explained previously to the Prosperous Staffordshire Select Committee.
38. It should also be noted that 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 assisting in the delivery of often costly off-site infrastructure. Taking a proactive role in unlocking such sites is vitally important in locations like Staffordshire as it helps to overcome the viability and delivery issues which can otherwise stagnate development, and allows the Staffordshire economy to remain competitive at the regional, national and international level.
39. This approach has been effective in creating the right conditions for private sector businesses to move on to employment sites and into business premises. Although there is some influence over the nature and type of end use (and the jobs that these can generate) through the planning system, the final employment figures generated will depend on the end users of the sites.

Conclusion

40. 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. 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 other key local stakeholders.
41. We are also identifying further opportunities to increase growth of housing and prosperity in Staffordshire and are progressing well in discussions with Homes England to identify potential areas of mutually beneficial working.
42. A key priority for the future will be to encourage further growth in higher value added sectors, meeting the County Council's ambitions for creating 'better jobs' while ensuring that there is a mixed and balanced economy in Staffordshire. All of this needs to be combined with a competitive and broad skills profile among local communities, able to support this growth, giving everyone the best opportunities to fulfil their economic potential.

Link to Strategic Plan

43. 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'.

Link to Other Overview and Scrutiny Activity

44. The Economic Growth Programme pulls together priority economic projects from across Staffordshire County Council.
45. The Prosperous Staffordshire Select Committee's work plan includes topics within the programme including Skills and Employability matters, the EU funding programme, development of Strategic Infrastructure Plan and the County Council's approach to housing.

Community Impact

46. 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.

List of Background Documents/Appendices:

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

Contact Details

Report Commissioner: Jonathan Vining
Job Title: Economic Growth Programme Manager
Telephone No.: 01785 277353
E-Mail Address: jonathan.vining@staffordshire.gov.uk