

Local Members Interest
N/A

Prosperous Overview and Scrutiny Committee - Wednesday 19 October 2022

Staffordshire County Council's Economic Strategy – Delivery Update

Recommendation(s)

I recommend that the Committee:

- a. Considers the update on progress made in the delivery of the County Councils Economic Strategy since its consideration by the Committee in March 2022.
- b. 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 Economic Strategy.
- c. Invites the Deputy Leader and Cabinet Member for Economy and Skills to bring an update on delivery of the Strategy to this Committee for scrutiny every six months.

Report of Cllr Philip White, Deputy Leader and Cabinet Member for Economy and Skills

Summary

What is the Overview and Scrutiny Committee being asked to do and why?

1. The purpose of this report is to provide the Committee with an opportunity to consider and comment upon progress made in the delivery of the Economic Strategy, and supporting strategies and delivery plans, since it was considered by the Committee earlier in the year.

2. The successful delivery of the Economic Strategy in achieving its vision and aims remains dependent on many factors, not least the identification and delivery of appropriate projects and programmes. Following the successful delivery of our Economic Recovery, Renewal and Transformation Strategy in responding to and recovering from the global pandemic, work has continued to deliver our longer-term ambitions for the local economy, including those projects and programmes outlined within this report.
3. Monitoring the County Council's performance in delivering the Economic Strategy will be vital to ensuring we ultimately achieve our ambitions. The Committee has an important role in scrutinising our performance over the duration of the strategy, up to 2030.

Report

Background

4. The Committee considered and input into the County Council's new Economic Strategy in March 2022, following which we undertook a 4-week public consultation exercise alongside our Rural Economic Strategy to allow our residents, businesses, and stakeholders to help shape our future priorities and programmes.
5. Feedback received from the consultations, through both online forms and directly from communications received from and meetings held with stakeholders, was overall supportive of the priorities set out within both strategies. The ambitions that most people and organisations believed it would be most important to achieve in the Economic and Rural Economic Strategies respectively are to work with our partners to regenerate our town centres, and to improve rural digital connectivity.
6. Following the delivery of our Economic Recovery, Renewal and Transformation Strategy, we have of course continued to work to deliver our ambitions for the local economy as is detailed within this report. The current economic climate, detailed further within the next section, will clearly present challenges to the local, national, and regional economies in the short-term, with the Bank of England now predicting that we will enter recession this year.
7. Whilst this should not be underestimated and we will continue to ensure that we support our local businesses and residents where we can, our longer-term focus remains on those priorities set out within the Economic Strategy. Interventions put in place by the County Council, and local and national stakeholders, to support the economy through the forthcoming economic downturn should therefore be viewed as relatively short-term

measures to enable us to continue to work towards the delivery of our Economic Strategy and our vision for the local economy up to 2030. Any such interventions will be set out within the Economic Strategy Delivery Plan (appendix), a live document that aligns to our Corporate Delivery Plan, will be regularly reviewed, and reported to the Committee through these ongoing updates.

Summary economic headlines

8. Global events continue to impact on the economy, primarily the war in Ukraine and the related increases in fuel and energy prices. To try and keep inflation under control, the Bank of England has increased interest rates for the first time in many years with such increases set to continue and increasing the cost of borrowing and servicing debt. These global issues will impact the Staffordshire economy for some time, with it now being widely expected that the UK economy will enter recession this year and remain in contraction for some time.
9. Clearly the impacts of these issues within Staffordshire are impossible to predict and will depend on many factors including any local and national support measures that are put in place. Indeed, the vast support to limit the impact of energy price rises is expected to somewhat limit inflation, although this will still be at a level significantly higher than would have been expected not so long ago.
10. These issues have the potential to impact our ability to deliver some of our Economic Strategy priorities in the short-term, although some of the priorities will come even more strongly into focus. A period of recession will reduce spending and therefore may have further impacts on at least some of our town centres. Whilst this is undoubtedly a challenge, it emphasises the continued need to support the regeneration of the towns.
11. Although vacancy rates in Staffordshire remain very high and unemployment low versus regional and national averages, we may see increases in unemployment in some areas and therefore support for people to secure employment, upskill or start their own business will be more important than ever. Securing investment within the county will of course be vital to creating those conditions to support new businesses and jobs, whilst continual focus on those nationally significant transformational projects, including the A50, A500 and A38 corridors, will be needed to create the dynamic, innovative, high-value local economy that we are striving to achieve. The clean energy opportunities along the A50 / A500 corridor, as an example, have the potential to play a huge role in the UK's future energy supply and security and the ambition to be a net exporter of energy by 2040.

12. Net zero will need to remain at the forefront of our minds. Businesses will be considering how they can limit the impact of energy price rises and therefore our highly successful Staffordshire Business Environment Network (sben) will be more relevant than it ever has been in its 30-year history. Through sben we will of course continue to help businesses on their journey towards net zero.

Summary of Recent Activity

Priority: Town Centre / High Street Regeneration

Ambition: By 2030, we will tackle the challenges faced by many of our town centres and strive to create places that we can be proud of.

13. Significant activity continues to be progressed on the regeneration of town and local centres across the county. This primarily relates to the delivery of Government programmes including Future High Streets Fund, Town Deals, and more recently the successful Levelling Up Fund bid in Cannock. Much of this funding is being directed through our District / Borough Council partners, but the County Council has a significant role to play, and we are fully engaged with and supporting the development of business cases and delivery of multiple projects across Staffordshire.
14. Recently we have been engaged with partners on the development of bids for round two of the Levelling Up Fund, with bids submitted at the beginning of August for projects in East Staffordshire, Lichfield, Newcastle-under-Lyme, Stafford, Staffordshire Moorlands and Tamworth. The County Council has also submitted its own bid focused on the development of the county's Major Road Network and improving connectivity between and to Burton, Cannock, and Stafford. Successful bids are expected to be announced in the Autumn, with any successful bids having the potential to generate significant further activity.
15. During summer 2022 we have been progressing work related to the appointment of a Development Partner for the Eastgate Regeneration programme in Stafford town centre. Following the appointment of external legal and commercial advisors, we will be preparing procurement documentation during Autumn 2022 with the intention of approaching the developer market in early 2023 and appointment of a Development Partner in late spring/early summer 2023. Alongside, and complementing other key regeneration initiatives in Stafford town centre (Staffordshire History Centre, Stafford Gateway, and the Future High Streets Fund programme), the Eastgate programme can transform a series of underused / vacant buildings and premises at a key location

bridging the traditional town centre and the Riverside shopping development.

Higher skilled, higher paid workforce

Ambition: By 2030, we will address the low levels of skills across some parts of the county and support more of our residents to gain the high-level skills needed to take advantage of many better paid job opportunities.

16. We have recently launched our Staffordshire Jobs and Careers jobs brokerage service, the objective of which is to support Staffordshire residents into work through the management and delivery of free recruitment and support services to businesses; achieved through a bespoke tailored service to match and screen potential candidates. A digital 'Staffordshire Jobs & Careers' platform has been developed and forms part of the service to provide a quick and easy way to find employment and/or training opportunities.
17. We also continue to deliver our Apprenticeship 500 programme which was developed with our partners in response to the fall in apprenticeship numbers due to the pandemic, an issue seen across the country. As a direct result of the County Council's actions, with the support of partners, to date 205 businesses have taken on over 400 Apprentices through with support of the programme.
18. Ignite is our countywide initiative designed to encourage young people in their final year at college, to understand the basics of entrepreneurialism and enterprise. Ignite aims to invest in the innovation, energy, and entrepreneurial spirit that the next generation have, to enhance their ability to help themselves through giving them the know-how they need to have more options and lead the world of work. To date over 12,000 college students across Staffordshire have received focused training to set up their own business through the Ignite programme.
19. We also continue to support our skills providers in the development of their facilities, and there are more than 20 skills related capital projects currently in the pipeline across Staffordshire. This includes the delivery of the new £13m Institute of Technology, led by Newcastle and Stafford Colleges Group, which will widen the participation in those science, technology, engineering, and mathematics subjects that will play an important role in our wider ambitions for the local economy, particularly enabling our residents to take advantage of higher paid job opportunities.

20. A great deal of skills related activity also continues to be progressed aligned to local capital projects. Many of the regeneration projects being progressed across the county, such as the town centre programmes and large-scale site developments including West Midlands Interchange, include an element of funding for skills programmes secured from the development to upskill and increase local employment opportunities, enabling residents to benefit from investment in their communities.
21. The County Council has responsibility for the delivery of Multiply, a £4.2 million programme to support people in developing their numeracy skills, regardless of age or profession. Residents will be able to be able to learn through online and locally delivered courses, with the programmes due to be launched in the Autumn. We will continue to monitor and report on progress of delivery of the programme and will update the Committee through these updates.
22. We also continue to deliver adult learning programmes via the Community Learning Framework (2019–23), providing informal and formal learning opportunities for adults and their families to support them to gain the skills they need to progress into volunteering, employment, and further learning. The provision engages approximately 3,000 learners annually.

Supporting start-up and step-up businesses

Ambition: By 2030, we will create the conditions to allow more people to start and grow their business within Staffordshire, thereby addressing our relatively low levels of business start-ups across large parts of the county.

23. The County Council has recently commissioned independent research as to how we may best support start-up and step-up (trading for 2 to 5 years) businesses within the county. We have continued to successfully work with pre-starts and start-ups, including through our Get Started and Start-Up Loan schemes. Get Started has a target of supporting 120 new businesses to start within the county by March 2023, whilst the loan scheme is a £100,000 revolving pot that will continue to be reinvested to help more people start their own businesses. However, support for step-ups has been identified as a gap. We are currently considering our response and will be developing a new Start-Up and Step-Up Delivery Plan that will set out how we will support these businesses moving forwards.
24. The County Council continues to invest in high-quality business premises to support businesses to start, grow and invest within the county. We have recently opened our new business centre in the Shire

Hall, a landmark building in the centre of Stafford that has been refurbished into managed workspace with easy tenancy arrangements, including virtual, designed to be flexible and to specifically meet the needs of small and start-up businesses. This project was delivered through strong partnership working, including funding secured through the Local Enterprise Partnership. There are already several companies interested in taking office space within the development and getting more businesses back into our town centres will be critical to their regeneration.

25. Through investment of circa £1,140,000 from the Newcastle-under-Lyme Town Deal and County Council borrowing of up to £440,000, we will also be delivering an extension to our Enterprise Centre in Knutton. The proposed extension will create 4,500 square feet of new workshop space, and the borrowing costs will be repaid from the increased rental income generated on site. The scheme will create some much-needed light industrial units in the area and assists with larger plans to regenerate the high street.

Developing Investment Ready Projects

Ambition: By 2030, we will play our part in supporting the substantial planned growth within the county through the development of investment ready projects and securing funding for our infrastructure and services.

26. Substantial levels of growth continue to be planned for and delivered throughout the county with several of our District / Borough partners currently in the process of refreshing their Local Plans, whilst many large-scale schemes are also in development. We continue to work proactively with our partners in support of the planned growth of the county and ensuring continued investment in our infrastructure, including our transport system and schools.

27. Through our Economic Growth Programme, we continue to develop and create the conditions for economic growth across Staffordshire, with more than 11,000 jobs and 4,500 houses enabled since 2014. Further employment outcomes will be generated in due course from the Chatterley Valley west development, for which plot and site earthworks development commence in Autumn 2022 and is expected to realise some 1,500 jobs from 2024 and beyond. The County Council is investing £3.5m in the site to unlock its potential, using retained business rates receipts from the site's Enterprise Zone status to repay the investment.

28. As the Superfast Staffordshire programme (delivered 30-80Mbs connectivity to 96.5% of Staffordshire) closes, the Council is now

embarking upon the ambition to deliver Gigabit connectivity (1,000Mbps) to 100% of the County by 2030. Alongside our continued support for the rollout of broadband infrastructure across the county, our intention is also to fund digital connectivity programmes that promote improved digital connectivity and demonstrate new connectivity technologies and their advantages. These programmes will include mobile (4G/5G), Community Wi-Fi and fixed wireless solutions as well as assisting other Council digital programmes where connectivity might present a problem. Funding for these programmes will be delivered from the forecast gainshare expected from the successful Superfast Staffordshire programme.

Strategic Corridors

Ambition: By 2030, we will ensure we do not miss the substantial opportunities afforded by our location in the centre of the country by developing our key strategic A50 / A500 and A38 corridors, including securing increased investment in innovation activities.

29. The strategic corridors that exist across the county present some of our greatest opportunities to support the creation of more highly paid, innovative, high-tech jobs within the county. Internationally renowned companies that are connected across these corridors, within Staffordshire and beyond, are involved in the development of revolutionary technologies that will be vital to the future local, national, and international economies, with the development of hydrogen technologies by businesses and research institutions across the A50 / A500 corridor being one example.

30. To drive forward the A50 / A500 Strategic Corridor, the County Council has appointed Deloitte's to help interface with the primary manufacturers along the route. As the public sector we have had limited success in engaging with what could be described as global manufacturing brands (e.g., Toyota, Rolls Royce). Organisations such as Deloitte's already have that interface. Our intention, through their appointment, is to capitalise on that interface to develop an investable proposition, which is private sector led, and can be considered at a regional and national level for the benefit of businesses and people in Staffordshire. Deloitte's are now appointed, and we are expecting tangible output from them by the end of the current calendar year.

Supporting the Economy to Become Net Zero

Ambition: By 2030, we will put climate change at the heart of all that we do, including supporting businesses on their journey to Net Zero.

31. The Staffordshire Sustainability Board has been formed as one of the actions in the County Council's Climate Change Action Plan 2, where the overarching aim of the Board is to facilitate collaborative working to enable successful transition to a Net Zero County, as defined within Staffordshire County Council's climate emergency declaration. The Board was formed by the Staffordshire Leaders Board and is made up of elected members from all the local authorities within Staffordshire. It was agreed by the Board that all the councils should adopt a unified vision and that they should also commit to a fundamental pledge that identifies first, solid steps to set a strong foundation for continued positive climate action.
32. Alongside this, the Leaders Board has specifically identified Green Growth as a priority, with a particular focus on green skills. Over the coming years, carbon reduction targets are going to require a significant shift in many behaviours and practices, and this presents both opportunities and threats, not least to businesses. The need to retrofit existing buildings and meet new building regulations, as an example, is expected to generate vast numbers of employment opportunities and will require an appropriately skilled workforce. The County Council has already been working to address these issues, including through our support of the development of the local Skills Action Plan.
33. The Staffordshire Business Environment Network (sben) has this year celebrated its 30th anniversary and continues to support businesses in adopting energy efficiency, thereby helping businesses to reduce their costs whilst also supporting the move towards Net Zero. Working with local partners and utilising funding secured through the Local Enterprise Partnership, the County Council has delivered the Low Carbon Business Evolution Programme, providing grants of up to £20,000 to eligible businesses to implement energy efficiency measures. This programme is due to end in March 2023, and we are currently considering a new Green Solutions scheme to replace it.

Link to Strategic Plan

34. The Strategy primarily relates to the 'support Staffordshire's economy to grow, generating more and better-paid jobs' 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

35. The draft of the Economic Strategy was considered by the Committee in March 2022. Prior to this, the Committee had considered the delivery of our previous Economic Recovery, Renewal and Transformation Strategy on at least a bi-annual basis.

Community Impact

36. Following measures implemented in response to the pandemic, economic events continue to have the potential to affect some demographic groups and locations more than others, although this is a situation that evolves rapidly and with some uncertainty. However, a key aim of the delivery of the Strategy is to ensure all residents can gain high-value, better-paid employment. We continue to produce the Economic Bulletin monthly, providing a 'live' evidence base to monitor the state of the local economy and allowing the County Council to respond accordingly.

List of Background Documents/Appendices:

Appendix – Economic Strategy Delivery Plan 2022/23

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