

Local Members Interest
N/A

Prosperous Staffordshire Select Committee - Thursday 15 April 2021

Economic Recovery, Renewal & Transformation – Quarterly Update

Recommendations

I recommend that the Committee:

- a. Considers the quarterly update provided on progress made against the Staffordshire Economic Recovery, Renewal & Transformation Strategy.
- 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 Strategy
- c. Note that relevant Cabinet Members will bring updates on delivery of the strategy to this Committee for scrutiny every 3 months.

Report of Darryl Eyers, Director for Economy, Infrastructure and 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 pandemic 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 its 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. 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.
3. 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 pandemic.
 - 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.
4. 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 pandemic and possible prolonged economic downturn.
5. There are several key issues to consider that cut across all of the 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.

6. 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

7. 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 continues to produce an Economic Bulletin that we are currently publishing 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).
8. Overall, the proportion of working age Staffordshire residents on one of these Government support schemes is estimated to be just over 19.7%, lower than the national average of almost 22.7% as greater numbers of Staffordshire residents have been able to return to work. This data, which covers the period up to the end of January 2021 is higher than the rates reported to the previous meeting of the Select Committee in January 2021 as it includes a significantly larger number of 'furloughed' employees and residents claiming Government Support as a consequence of the national lockdown which has been in place since the start of 2021.
9. The claimant count (Universal Credit) in Staffordshire saw a modest reduction in the number of claimants (a reduction of 410) between December 2020 and January 2021 to a total of 24,440 claimants with a claimant rate of 4.6% 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 (4.6%) compared to regionally in the West Midlands (7.1%) and nationally (6.3%), 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 and has more recently declined, there remains a considerable number of employments furloughed with the county (55,400) and this number has been exacerbated by the third national lockdown beginning in January 2021.
12. Whilst the furlough scheme has been further extended to the end of September 2021, there is still a great deal of uncertainty around the future health of the economy, particularly as economic support measures are reduced or stopped.
13. There is room for some cautious optimism, with the Office of Budget Responsibility (OBR) projecting a swifter and more sustained recovery of the economy at the

Budget on 3rd March than had been estimated during the November 2020 spending review and that the UK economy was expected to return to pre-Covid levels by the middle of 2022, some 6 months earlier than originally expected. Nevertheless, the OBR does expect that the UK economy overall will be some 3% smaller in five years' time than it would otherwise have been without the pandemic.

14. As part of its budget forecasting the OBR is forecasting growth of 4% in 2021, 7.3% (2022) and 1.7%, 1.6%, 1.7% in the last 3 years of its forecasts. Positively, the OBR has also reduced its anticipated unemployment peak rate to a figure of 6.5%; that is 1.8 million fewer out of work than had been previously projected.
15. Following several recent uplifts in job vacancies as of January 2021, there were approximately 20,200 unique job vacancy postings in the Staffordshire County area and there has been a modest decrease in vacancy postings with just over 110 fewer vacancies in January compared to December. However, the number of vacancies remains above the figure from 12 months earlier.
16. It is clear that there are jobs available in the local economy but clearly there will be increasing competition for those roles. The national and local support which is in place to support those unfortunate enough to lose their jobs is vital in both reskilling and upskilling as well as enabling them to access the opportunities available equivalent to over 2,500 more job vacancies and above the growth seen both regionally (13%) and nationally (11%).
17. There have been several positive major job creating announcements in recent months including fashion retailer ASOS committing to a new £90m fulfilment centre at Fradley near Lichfield which is set to create 2,000 jobs and be open in early 2022. Pets at Home is developing a new national headquarters at Redhill near Stafford again due to open in early 2022 and forecast to employ 800 people and JCB has announced that it will be looking to take on around 400 agency staff to cope with an anticipated surge in production.
18. With vaccination programmes making good progress and a cautious planned re-opening of the economy announced in the Government's four part roadmap out of lockdown there is now some hope that the Staffordshire economy will be able to thrive and take advantage of any new opportunities which emerge.

Ongoing / completed interventions

19. 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. A new three-year Staffordshire and Stoke-on-Trent Business Loans Fund will launch in April 2021, as part of the Staffordshire Means Back to Business long term strategy. The Loans Fund will see the county working with Stoke-on-Trent City Council and not-for-profit organisation BCRS Business Loans, which will administer the programme for both councils. The total value of the fund is £2 million and loans of between £10,000 and £50,000 will be made available to

companies across a range of sectors as they look to overcome the impact of the Covid 19 pandemic.

- b. A partnership with the Federation of Small Business (FSB), County Council and all eight District and Borough Councils to provide business support to very small employers is the first such scheme of its kind in the UK. This scheme will be jointly funded and administered through the District and Borough Councils providing legal, financial and other advice such as H&S to micro businesses which employ between 1 and 4 people. 188 businesses will be able to take advantage of this offer and it was launched on 1st March 2021. At the time of writing 21 businesses have met the criteria and have been accepted onto the FSB business support programme
- c. Using part of the investment identified to support the economy and economic development activities from the Medium Term Financial Strategy, the County Council is working with district and borough councils across Staffordshire to pool investment as part of the £3.47 million Staffordshire Back to Business Grant Scheme. By working in partnership, Staffordshire County Council's investment of £1.4 million is leveraging a further £2.1 million of investment from our district and borough councils into activities which will support apprenticeship and training provision, business start-up support (including for young entrepreneurs) and small business to thrive financial support.
- d. Working closely with local authority partners across Staffordshire and Stoke-on-Trent, we are proposing enhanced investment in supporting our visitor economy sector through additional investment to the Staffordshire Destination Management Partnership (DMP) using part of the investment in the economy and economic development activities identified through the Medium Term Financial Strategy. The proposals will help our visitor economy emerge from the current difficult period, take advantage of the 'Staycation' opportunities that lie ahead and build a better future for tourism and for the people who work within the industry in Staffordshire. The proposals include additional staff resource to act as a champion for the partnership, continuity funding in anticipation of reduced private sector funding to the partnership and enhanced marketing activities aligned to the new Staffordshire story.
- e. A pilot Start-Up Loans scheme providing new businesses with loans of between £3,000 and £5,000 at no interest and no fees. The sum is to be repaid after 12 months and is open to those who complete the Staffordshire Start up or partner organisation's course. £100,000 has been allocated to the scheme which was launched at the beginning of November. At the time of writing six loans have been approved to date from the Start-Up Loans scheme.
- f. A £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 is being delivered by the Chambers of Commerce and 171 people have signed up to the scheme as of the time of writing.

- g. A £90,000 PPE Starter Pack Programme which helped 2000 micro businesses to get back on their feet by providing a list of trusted PPE suppliers and a small pack of 30 masks and gloves.
- h. The County Council established the County wide redundancy task group that continues to meet with good attendance from 25 partner organisations. It brings together the County Council, City Council, Districts/Borough Councils, Government Departments, Chambers of Commerce, FSB and other national agencies and local partners. The main focus is to support the co-ordination of the services to help to redeploy, retrain, reskill, upskill and signpost people to new employment opportunities ensuring support is available to the individuals affected and their families. To date we have logged 66 businesses making a potential 7,271 redundancies, with 48 of these businesses submitting a HR1 (advanced notice of redundancy form) via the Insolvency Service, of which 39 have taken up the local offer of support. The Task Group delivered its first virtual jobs/careers fair on the 14th January this was a very successful event well supported by partners (#StokeStaffsJobsFair - 9,520,632 impressions on the hashtag); the reach was 523,318; 263 tweets were posted throughout the day; 41 Contributors in total; 10,265 engagements on the tweets. Future plans are being worked on for potential HE and apprenticeships event in April.
- i. The County Council on behalf of Stoke-on-Trent and Staffordshire LEP, led on setting up the Redundancy and Recruitment Triage Service, that went live in April 2020, and supports businesses and employees facing redundancies, and is delivered by the National Careers Service West Midlands. The service will match those recently made redundant with new work in those sectors currently experiencing growth. This service is funded via the main National Careers Service (NCS) contract awarded by the Employment and Skills Funding Agency (ESFA). To date the Triage service has supported over 1,300 individuals. In addition, the government has provided an additional £32 million of national funding over the next two years for the NCS; and locally NCS has recruited 26 additional advisers across the West Midlands, of which six are allocated to Staffordshire. Comprehensive local communication activity continues for the Triage service which has seen 9,722 visitors so far to the Council and LEP websites (5,704 from business and 4,018 from individuals).
- j. A bespoke student start-up programme for young entrepreneurs called 'Ignite your Entrepreneur' has been developed and approved by Cabinet. Delivered in an engaging and interactive way through an online platform, dedicated resources and with ongoing professional support. A lesson plan to promote the Ignite programme to students has been completed and is being delivered by course tutors to students across the four Staffordshire Colleges. An Enterprise Advisor from Staffordshire Chamber has been appointed to each of the colleges to offer support and to agree the timeline to deliver the five day intensive programme, before the end of the academic year. Discussions are underway with the Careers Enterprise Company and Schools to roll out the programme to School 6th Forms in the new academic year. Discussions are also underway to promote Ignite to 16-18 year old care leavers and looked after children. It will be a county-wide initiative designed to encourage young people to understand the basics of entrepreneurialism and enterprise.

- k. The next step in promoting Staffordshire as an excellent place to start a business is the creation of a Start Up Prospectus. Our objective will be to showcase Staffordshire as a great place to start a business, providing details of all the schemes and support available, and highlighting some of the fantastic work/life balance opportunities in the County. The intention is that it is an outward looking showcase of all the work the County Council and key partners such as Staffordshire and Keele Universities, City and District Councils, the Chambers of Commerce and the Prince's Trust are doing together to promote business start-ups.
 - l. The progression of the extensions to the Enterprise Centres at Cannock Chase and Silverdale to increase the number of small industrial units available for businesses. An investment shared by the LEP and the County Council has provided £870,000 for these projects. The Cannock Chase Enterprise Centre scheme is due to complete in April 2021 and the Silverdale Enterprise Centre scheme is due for completion in May 2021.
20. These local interventions made by the County Council are brought together and communicated in a targeted way to businesses and key stakeholders through an enhanced ongoing 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. Total payments of grants to eligible businesses across Staffordshire which amount to some £183 million administered by our district and borough councils. These are primarily from the Local Restrictions Support Grant (£9.65m), Local Authority Discretionary Grant Fund (£17.4m) and Small Business Grants Fund and Retail, Hospitality and Leisure Grant Fund (£156m).
 - 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 has been extended to the end of September 2021.
 - c. The Government self-employed income support scheme which provides a taxable grant to self-employed individuals and members of partnerships has also been extended to September 2021.
 - 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. Following on from the 12-month business rates holiday announced by the Government for the retail, tourism and hospitality businesses, business rates holidays will continue until June, with a business rates discount of up to 2/3 of total rates for closed businesses for the remainder of the 2021/22 fiscal year.

- f. The 5% VAT rate will remain for tourism, leisure and hospitality businesses to the end of September 2021, followed by an interim rate of 12.5% between September 2021 and returning to regular VAT levels in April 2022.

Getting Building Fund

21. 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).
22. The funding is 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.
23. 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 led by Staffordshire County Council, and an update on latest progress 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. The site is anticipated to create the conditions for up to 1700 jobs following completion of the infrastructure and plot preparation work in summer 2021. As an 'accelerated' project funded through the Getting Building Fund the i54 Western Extension has already defrayed the £3 million of funding that was allocated to the project by the SSLEP.
 - b. Shire Hall Regeneration - A £1.6m grant from the Getting Building Fund was agreed (subject to conditions) by the SSLEP SPMG on 1st December to create the Business Hub in the former library area of Shire Hall. This forms part of the £7m investment plan to repurpose the Grade II* listed building. Progress is being made to issue the client brief for a design and refurbishment contract which will be advertised early December. In line with the County Council's framework arrangements the contract is to be offered to Entrust to provide an inspirational design to create a minimum of 21 high quality office units with meeting rooms, breakout space and associated welfare facilities, capable of attracting digital and professional services businesses keen to locate at a prestigious venue. The project is progressing well and final layout plans for the scheme have been agreed. Market testing undertaken by CWE consultants have confirmed significant demand for the workspace and facilities being created. The project is due to welcome businesses in April 2022.
 - c. The Skills & Employability team are developing 5 skills projects under the SSLEP's Getting Building Fund. The 3, £1.7m projects featured on the priority list include, a Digital Skills Academy, a Construction Industry Digital Technologies project and a Creative & Digital Skills project. Grant agreements

have been exchanged with the 3, £1.7m Skills Equipment Fund digital skills projects. The projects are targeted to deliver 147 jobs and are due to commence in March 2021, to be completed by the end of 2021. The 2, £2.8m skills projects feature on the SSLEP's contingency list for the Getting Building Fund and are being considered for funding by the SSLEP.

- d. Staffordshire Local Sustainable Transport Package (LSTP) - This investment will provide 3.6km 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. Commencing in March 2021 the following schemes are programmed for delivery:

Glascote Road local safety and cycle scheme, Tamworth - 0.8km of cycle/pedestrian enhancements on B5000 between Kettlebrook Road and New Street, including shared pedestrian/cycle provision and traffic calming treatment.

Uttoxeter pedestrian improvements - 0.1km of pedestrian improvements along Bridge Street, including traffic calming, pedestrian priority, footway widening and pedestrian crossing provision

Stone Road safety improvements, Eccleshall - 0.2km of pedestrian enhancements, including speed reduction measures designed to provide a safer environment for pedestrians

Town Centre Initiatives

24. Across Staffordshire the County Council is working in close partnership with district and borough councils through several key town centre initiatives designed to re-ignite and reinvigorate our centres and high streets. These include projects accessing funding through the Future High Streets Fund (Newcastle-under-Lyme, Stafford, Tamworth), Town Funds (Burton-upon-Trent, Kidsgrove and Newcastle-under-Lyme) and other programmes and projects such as the emerging Eastgate Regeneration programme in Stafford.

Conclusion

25. Whilst there will undoubtedly be a negative impact to the local economy, our Strategy 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

26. 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

27. Due to the cross-cutting nature of the Covid 19 response, recovery, renewal and transformation strategy there will be close links to a wide range of Overview and Scrutiny activities. 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.

Community Impact

28. 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 regularly 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 Bulletin edition 8 – February 2021

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