

Appendix 3

Economy, Infrastructure and Skills

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. While there is still some uncertainty around the longer-term impact of the Covid 19 pandemic, through the 4-step route out of lockdown we have seen the gradual re-opening of our economy.

Uncertainty does remain, and it is therefore very important that our Strategy and associated delivery plan(s) are relevant and capable of responding to whatever situation becomes a reality over the coming months and years.

To recap, our current Strategy sets out our priorities for the next five years through four non-linear phases:

- a. **Respond** – support our businesses and residents through the Covid19 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.

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 Covid19.

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.

As we move into Stage 4 of the national recovery plan, our intention is to now review our existing Strategy. But it is important to reflect on our current situation and how we can support and develop further Staffordshire's economy.

Current state of the Staffordshire Economy

Overall, the proportion of working age Staffordshire residents on a Government support schemes is estimated to be at 9%, which lower than the national average of 11% and regional averages of 12% as greater numbers of Staffordshire residents have been able to return to work. This data, which covers the period up to August 2021 is significantly lower than when last reported to the Committee when the Staffordshire figure stood at 14.2%.

The claimant count (Universal Credit) in Staffordshire at August 2021 stood at a total of 20,340 claimants with a claimant rate of 3.8% of the working age population much lower than the 5.1% last reported to the Committee. 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.

The claimant count rate is still relatively low in Staffordshire (3.8%) compared to regionally in the West Midlands (6.3%) and nationally (5.3%), 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.

Unemployment and those claiming benefits has reduced slowly over more recent months, however, there remains a considerable number of employees furloughed within the county (19,300) albeit this number is significantly below that experienced during the third national lockdown which began in January 2021.

Whilst the furlough scheme has been further extended to the end of September 2021, the contribution of employers to the scheme rose to 20% in August. There is still a great deal of uncertainty around the future health of the economy, particularly as economic support measures are reduced or stopped.

There is room for some cautious optimism, The Bank of England has stated that the UK economy will enjoy its fastest growth in more than 70 years in 2021 as Covid-19 restrictions are lifted, with the economy expected to grow by 7.25% this year which follows a contraction of 9.9% in 2020 the biggest in 300 years.

In terms of the wider ongoing economic impact from the pandemic, UK Gross domestic product (GDP) is estimated to have grown for a fifth consecutive month in June 2021, by 1.0%, but remains 2.2% below its pre-pandemic level (February 2020).

Services continued to be the main contributor to GDP's recovery in June 2021, growing by 1.5% in June 2021 following a revised 0.7% growth in May 2021. Health activities contributed the most to services output as visits to GPs increased in June 2021, while hospitality benefitted from its first full month of indoor dining since coronavirus (COVID-19) restrictions were eased on 17 May. Food and beverage services activities was again the main contributor to the growth in consumer-facing

services, growing by 10.1% in June 2021. This is reflective of the easing of restrictions allowing businesses in retail, hospitality and the visitor economy to reopen.

The Bank of England is now expecting the unemployment rate to peak at 5.5% later this year, which is far below the 7.75% it predicted in February. It is expected that extra Government spending such as the extension of the furlough scheme until the end of September, a stronger recovery, and an assumption that the long-term damage from the pandemic will be smaller than previously expected will all help limit job losses.

The job vacancies data also shows signs of economic recovery with a significant uplift in recruitment over recent months to above pre-COVID levels. This is reflective of the further opening up of the economy with more businesses being able to open as restrictions ease. Staffordshire has seen a year on year growth in job vacancies in August of 53%, or more than an additional 9,200 vacancies. The total number of unique vacancies in Staffordshire stood at 26,750 jobs in August 2021.

As more jobs become available, there are increasing signs of skills shortages in a number of sectors, with insufficient labour supply to meet demand. This is currently particularly relevant in digital/IT roles, social care (both adults and children), hospitality such as chefs and waiting staff, haulage HGV drivers, and engineering.

Within Staffordshire there have been several positive major job creating announcements in recent months including:

- JCB is recruiting 100 new welders for its Staffordshire factories as demand for its products continues to grow. Recruitment is underway at the manufacturing giant's world headquarters, as well as at its plants in Cheadle and Uttoxeter. This month, JCB will also welcome an additional 15 recruits on to its fabrication and welding apprenticeship. In the past three years, almost 70 welding apprentices have passed their courses and gained permanent employment at the group.
- Six hundred new jobs are being created at two Screwfix distribution centres in Staffordshire. The trade tools, accessories and hardware products retailer is on the look out for hundreds of new, full-time employees across its sites at Stafford and Lichfield.
- National retailer Just for Pets has secured an additional two stores in the West Midlands as part of its UK expansion drive. Just for Pets has opened its largest space to date in Stafford, a 10,000 sq ft store on Kingsmead Retail Park.
- IT solutions provider Instem has acquired one of its competitors in a deal worth £11.4 million. The Staffordshire-based business has taken over life sciences software company PDS Pathology Data Systems Ltd. Headquartered in Switzerland, and with offices in the United States and Japan, PDS has been a direct competitor of Instem for more than 25 years. All of its 35-strong workforce will now be fully integrated into the Instem business, increasing Instem's operational capacity, particularly in the United States, Swiss and Japanese markets.

- A group of Staffordshire-based companies have launched a higher apprenticeship scheme – and are on the lookout for seven new recruits. Bri-Stor Group has seven vacancies across its four companies. The 500-strong group, which is based in Hixon near Stafford, has taken on at least 13 engineering apprentices every year for the last 11 years.

Staffordshire Means Back to Business (Additional Restrictions Grant)

A key component of our response through the Strategy has been enhanced two tier working with our Districts and Boroughs through Additional Restrictions Grant (ARG). The programme has been designed in discussion with District and Borough Councils, the Federation of Small Businesses and the Chambers of Commerce. It allows for the pooling of the ARG the local authorities received from central government, together with a significant contribution from Staffordshire County Council (£862,000). This programme was approved by Cabinet in January 2021.

It was designed to be cross cutting and to respond to all four component parts of the Strategy (respond, recover, renew, and transform) through the following work streams:

- Staffordshire 500, Apprentices Wage Support
- Nil Cost Training for Employers Top Up Project
- Small Business “To Thrive” Financial Support (including business start up, capital support through loans and grants to enable Covid related adjustments)
- Ignite (encouraging young people to start their own businesses)

All 8 Districts and Boroughs have signed up to the programme framing their contribution within the context of how they see the issues faced by their local economy can be assisted.

The total programme value is £5.0m including match funding from outside Staffordshire. The 8 Districts, plus SCC have contributed a total of £3.5m to the scheme. In total £1.8m has been committed to be spent with Staffordshire businesses.

Staffordshire Means Back to Business ARG was soft launched in April using the County’s strategic contribution as the catalyst to activate interest across the County. Each individual Borough and District was “activated” as and when their approvals were in place (we were able to operate at different speeds and yet not withhold opportunities because of the County’s umbrella investment). The outputs to date are detailed below:

Committed outputs	Staffs Apprenticeship 500 Output	Nil Cost Training Top Up Output	Business Start Up - Start Up Loans Output	Business Start Up - Ignite Output	Business Start Up - Start Up Output	Small Business 'To Thrive' Output	Total Output
Cannock Chase	47	26	1	10	19	2	105
East Staffordshire	12	27	0	22	27	4	92
Lichfield	22	29	0	47	8	4	110
Newcastle-under-Lyme	22	27	1	88	42	6	186
South Staffordshire	8	15	2	42	12	5	84
Stafford	43	35	3	35	87	4	207
Staffordshire Moorlands	11	29	2	38	57	5	142
Tamworth	11	8	1	15	13	6	54
Total Commitments	176	196	10	297	265	36	980

With our partners, much has been done in a very short period. The Back to Business Programme (ARG) is subject to monthly progress meeting to understand where take up has been lighter than expected, and to push appropriate marketing. Although we anticipate a lot of activity in the next few months as we move into Stage 4 and businesses really start to trade more fluently.

Spotlight on i54 Western Extension

i54 Western Extension again cut across all themes of the strategy as ARG did, yet in a slightly different way. Whilst much of the work was underway, it was about practically responding to the pandemic, to continue to create the opportunities that would assist the economy to recover, renew and transform, without introducing delay and faltering activity. Taking the lead to create the right conditions for growth and working as part of a strong Joint Venture Partnership, we continued to deliver the 60 acre i54 Western Extension site, which will now be substantially complete by the end of July. This creates the opportunity for our economy to thrive.

With the commitment of Staffordshire County Council, City of Wolverhampton Council, South Staffordshire Council and both the Staffordshire and Stoke-on-Trent and Black Country Local Enterprise Partnerships to bring forward the site, a funding package was confirmed in early 2019 allowing the access road serving the site to be developed and completed in March 2020 two weeks ahead of programme.

Despite the many challenge caused by the Covid 19 pandemic and periods of wet weather, the project team have worked safely throughout, with an advanced work package for the main earthworks programme completed on schedule in July 2020 with the current main earth works package following directly after.

In preparing the development platform, which can accommodate up to 1 million square feet of employment floor space, the team have successfully moved 86,300m³ of topsoil, excavated, processed and placed 145,000m³ of weathered and hard rock and installed half a kilometre of drainage.

There are already some very exciting opportunities at an advanced stage of negotiation with two occupiers including an exclusivity agreement and Heads of Terms signed with a modern methods of manufacturing company and advanced discussions with another international manufacturing business. Without continuing to deliver this scheme through Covid, these opportunities would not be realised so soon.

As well as the employment opportunities on the site, there will also be enhancements to access to Wobaston Road through provision of a new cycleway, the formation of new habitats and a significant improvement to the bridleway which was diverted round the site as part of the works.

Conclusion

We are seeing positive signs of recovery in the Staffordshire economy which continues to perform ahead of the national and regional picture. Returning to pre pandemic levels of economic activity will take some time and there will undoubtedly be some negative impacts as it restructures and adapts to future challenges and opportunities.

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.