

Business Rates Pilot Scheme 2019/20

Staffordshire & Stoke on Trent – Application Form

Appendix A: Delivering Economic Growth

Staffordshire as a Functional Economic Area

Executive Summary

The proposed pilot reflects the entire Staffordshire geographical area. However, Staffordshire's actual functional economic area is unique in that the Staffordshire and Stoke on Trent Area is at the heart of future economic growth, not only for the West Midlands but the Midlands as a whole.

Growth within Staffordshire is co-ordinated and delivered at County /City level in partnership with the Staffordshire and Stoke On Trent Local Enterprise Partnership. However, Staffordshire authorities have in addition developed partnerships with the Constellation- Northern Gateway, West Midlands Combined Authority, Greater Birmingham and Solihull Local Enterprise Partnership and the Midlands Engine. In addition, the i54 development was delivered in collaboration with Wolverhampton City Council.

The overriding objective of the Pilot is to put in place a mechanism to maximise Economic Growth. Regardless of the bodies that currently exist or are formed to progress the Industrial Strategy for the Midlands, the area is committed to maintaining, creating and developing partnerships to ensure Staffordshire can operate in a connected; co-ordinated and competitive manner but with due regard to the economic diversity of its area. Its synergistic working is not constrained by administrative boundaries but allows the strengths of the public and private sectors to deliver across a wider economic geography. This will not only increase the prosperity and opportunities for all Staffordshire residents but also ensure that it plays a key role in regional growth.

In creating the right conditions for businesses to grow and thrive, and promoting a mixed and balanced economy, our experience has shown that having a pipeline of good quality "shovel ready" employment sites is crucial in attracting high

quality investment. We have seen prime examples of this strategy at i54 South Staffordshire which is already home to more than 2,000 higher value jobs in companies such as Jaguar Land Rover and is expected to create 4,000 when completely built out. The delivery of this site, which is an Enterprise Zone, was based on Local Authorities funding and building a new £40 million motorway junction to unlock the site. This was only possible due to the LA's being able to borrow against the future business rates on this site.

It is essential that sufficient resources are available to enable schemes to progress from concept and options appraisal to pipeline. The infrastructure that Councils provide in the form of Strategic Policy, Partnership, Insight Planning and Business Support is fundamental to this. Similarly the access to other funding streams provided by, as an example, the Greater Birmingham and Solihull (GBS) LEP and more recently the Constellation Partnership, provides additional bespoke resources.

To date £8.1 million of funding has been obtained from the GBS Local Growth Fund for the delivery of key projects (see Successes to date). In addition the Strategic Economic Plan (SEP) Enabling Fund, which is a direct result of Business Rates Pooling, is a revenue fund of last resort designed to resource priority activities necessary to deliver the SEP and/or the SEP Business Plan. The fund is allocated to projects that need to carry out early stage work to define a preferred option to take forward for further development. This could include option appraisals, master planning, feasibility studies, consultancy support etc. This development work is carried out with a view to capital projects coming forward in the future.

The importance of key economic growth projects in making an important contribution to the financial sustainability of Staffordshire is substantial. For example Staffordshire County Council currently has an ambitious Economic Growth Programme of key employment and infrastructure projects which could leverage a total £57m private sector investment, create more than 25,000 jobs and currently yield total business rate receipts of around £9million per annum which are expected to rise to around £30million per annum when fully built out and completed.

Whereas the emerging Stoke on Trent Growth & Prosperity strategy has three broad objectives to be achieved by 2022; to increase overall wealth and productivity so that GVA per head exceeds the national average; to increase household incomes so that earnings by residence exceed the regional average; and to increase employment so that the employment rate exceeds the regional average.

The opportunities to improve local government financial sustainability through increased retention of business rates locally are therefore substantial, and are intrinsically related to our strategy of driving economic growth as a key driver for the longer term prosperity of Staffordshire's communities and for its citizens.

In addition to these medium term objectives ,a successful Pilot Application would secure in 2019/20 ,

- as a minimum, £2.9 million of ongoing resources to maximise Economic Growth.
- the early release of £5.8 million of existing resources to invest in specific projects as part of a self funding rolling programme
- the streamlining of the approval process within the GBS pool to enable more rapid activation and delivery of intervention projects .

Staffordshire Strategic Economic Plan

A successful, vibrant and balanced economy is the bedrock of a successful Staffordshire. Our ambition is to be one of the strongest performing shire economies in the UK, driven by high-value, high-tech industries while our existing sectors, such as advanced manufacturing, continue to innovate to increase productivity and competitiveness. We will accelerate the delivery of schemes to make Staffordshire the best connected place in the UK, through investment in road, rail and next-generation digital communications such as 5G and ultrafast broadband.

Economic growth is a key factor in ensuring that Staffordshire's residents and communities can continue to thrive.

People who are able to access more good jobs and the benefits of economic growth tend to be happier and healthier, with long term financial stability being one of the key contributing factors in the wider determinants of health. We have seen measurable success in the improvement of Staffordshire's economy over recent years, but need to continue to adapt to changing technological and industrial influences to ensure that Staffordshire can maintain its competitive advantage.

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. Despite a strong reliance on sectors which could have been particularly vulnerable to the recent economic downturn, Staffordshire's economy has coped well, and claimant unemployment (at 1.3% of the working age population in August 2018) has remained well below the averages of Great Britain (2.2%) and the West Midlands Region (2.8%) in the same period. The number of micro and small enterprises (under 49 employees) are growing in number and make up around 96% of all businesses in Staffordshire, however, medium and larger businesses (with 50 or more employees) account for around 55% of total employment in the County.

Local Authorities, business support organisations and other key partners across Staffordshire are playing a key role in helping to achieve the ambitions of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) which seeks 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 from 2011.

The Strategic Economic Plan is delivered by Collaboration within and outside Staffordshire and stretches to all parts of the Midlands. The LEP's are seen as key in delivering Competitive Connectivity, Environment, Innovation, Financial Engineering and Business Support and wider links exist to the Black Country, Marches, Coventry and Warwickshire, Worcestershire and Cheshire and Warrington LEP's

Key Partners

				
<p>The Stoke-on-Trent and Staffordshire LEP brings businesses and local authorities together to drive economic growth, create jobs and raise skills levels. Formed in 2011, the Stoke-on-Trent and Staffordshire LEP has a clear vision to create 50,000 jobs and increase the size of the economy by 50 per cent by 2021. To realise its aim, the LEP plans to build on the region's strong transport links, educational institutions and high quality of life to ensure that Stoke-on-Trent and Staffordshire continues to be an attractive place to live, work and do business.</p>	<p>A voluntary business-led partnership of the private, public and academic sectors set up as a Company Limited by Guarantee</p> <ul style="list-style-type: none"> • Spans nine local authority areas • Tasked with setting the area's economic strategy through its SEP and delivering through partnerships • Focused on creating jobs and economic growth • Negotiates deals with government in return for LGF, freedoms and flexibilities. The Area covered by the LEP has a population of nearly 2 million, contains 918,000 jobs and has a GVA of about £47million 	<p>WMCA is based on the functioning economic geography of three LEP areas: GBS; Black Country and Coventry & Warwickshire. Ninety per cent of the area's population of 4 million live and work in this area. The region's economy is worth £80 billion of GVA.</p> <p>Unique characteristics:</p> <ul style="list-style-type: none"> • Currently seven constituent members (LA) with ultimate voting rights and ten non-constituent members (ten LA's & three LEPs), • Will drive forward a series of joint objectives in support of economic growth and public service reform as outlined in its SEP 	<p>The Midlands Engine is a coalition of LA's, CA's, LEP's, Universities and businesses across the region, actively working with Government to build a collective identity, to enable us to present the Midlands as a competitive & compelling offer that is attractive at home and overseas. Its partnership is about additionality, complementing the work of partners to generate added value, at scale – right across the Midlands. Home to over 10 million people and 800,000 large and small businesses the Partnership is focused on its global success – and this in turn will deliver an enhanced quality of life for its citizens / communities.</p>	<p>This is a boundary breaking partnership between two Local Enterprise Partnerships (LEP) and seven Local Authorities. It has a unified fast-track approach to plan-led economic development, making it all the more powerful an investment proposition. Partners share a single vision - a single economic footprint creating a coherent investment market boosted by the international investment magnet of High Speed Rail connectivity. This is an unbeatable growth opportunity for investors. The partnership's ambition is to deliver 100,000 new homes and 120,000 new jobs by 2040.</p>

Successes to Date Include

In Staffordshire alone, overall employment increased by around 19,000 jobs between 2011 and 2016 (which is higher than national and regional averages), and the total economic output of Staffordshire (as measured by Gross Value Added (GVA)) increased by around 6.7% between 2011 and 2016 from £14.3 billion to £15.2 billion.

We have seen the business base increase by 4,550 new businesses since 2010, and particular growth in the scientific, technical and professional activities, vindicating our strategy to focus on increasing the higher value added economy, alongside transport and storage which a particular strength due to our central and connected location.

As a crossroads of the Midlands Engine, Staffordshire also has a significant rural economy, with around 80% of the land area being rural in nature. The importance of our rural communities is reflected through recent growth in the food and drink sector as well as in the tourism and leisure sector which employs more than 30,000 and makes a contribution of around £1.7 billion a year to the local economy. Business start-ups are improving, but there is room for our economic base to become more entrepreneurial. Those businesses which do form in Staffordshire are showing slightly more favourable rates of survival after a period of 3 years (62%) compared to the UK (61%) and the West Midlands (60%).

Resident based earnings in Staffordshire, are continuing to grow and the most recent 2017 data shows that the gross weekly pay of full time workers in Staffordshire is £533 compared to £553 for Great Britain as a whole. This compares favourably to that of the West Midlands Region (£517 per week) and should be considered against the fact that the Great Britain figure is strongly influenced by the effects of inflated wages in London. Notwithstanding this situation, Staffordshire remains a more affordable place to live than many parts of the country with average house price to residence based earnings ratios of 6.5, compared to ratios of 6.9 across the West Midlands Region and 7.8 for Great Britain.

In 2015, residents in Staffordshire had on average £18,017 of gross disposable household income to spend or save, which was 94.3% of the UK average of £19,106. When taking into account the relative affordability of Staffordshire this further adds to the attractiveness of the area as a place to live.

In creating the right conditions for businesses to grow and thrive, and promoting a mixed and balanced economy our experience has shown that having a pipeline of good quality “shovel ready” employment sites is crucial in attracting high quality investment.

There are a number of examples of this Strategy as follows:-

- **i54 South Staffordshire** a collaboration of County /District and Metropolitan Authority .i54 is already home to more than 2,000 higher value jobs in companies such as Jaguar Land Rover and is expected to create 4,000 when completely built out. The delivery of this site, which is an Enterprise Zone, was based on Local Authorities funding and building a new £40 million motorway junction to unlock the site. This was only possible due to the LA's being able to borrow against the future business rates on this site.
- **Ceramic Valley – Enterprise Zone** in Stoke on Trent is based on a simple premise, focusing on unlocking seven key sites along the strategic A500 Corridor to accelerate investment in a range of employment sectors, recent developments include :

Tunstall Arrow Developer – Network Space

Work commenced with a ground-breaking ceremony in August 2017 on the first phase of this prime warehouse and industrial development site. The development has secured its first tenant, Q-railing, with their new building now under construction. There will be five highly specified units available ranging from 10,000 to 41,000 sq. ft.

Highgate Ravensdale Developer – Clowes Developments

Tile Mountain opened their new warehouse and retail facility in April 2017 with plans to expand in 2018 with an adjacent unit of 90,000 sq. ft. Plans are also under way opposite to the Tile Mountain units for a trade park development with 12 trade counter units totalling 74,000 sq. ft., with Toolstation as one of the first business occupiers.

Etruria Valley Developer - St Modwen

Etruria Valley is a prime development site at the heart of Ceramic Valley. DPD, one of the UK's leading time-critical distributors, were the first company to occupy the Enterprise Zone in April 2016, followed shortly after by Brindley Farm, a Greene King pub and restaurant. The West Midland Ambulance Service commenced operations from their new hub on site in July 2017, while a new leisure and training facility for bet365 is under construction and is due to open in early 2018.

- **Redhill Business Park.** The development at Redhill, near Stafford, has been made possible following an investment of £11 million by Staffordshire County Council and is expected to generate business rate returns of around £1.5 million per annum when fully completed. The site is already home to General Electric and electrical component firm Omicron and provides at present around 1200 jobs and expected to see more than 1500 jobs when fully built out.

- **Keele Science and Innovation Park extension** , a high quality site which is ideally suited to light industry, research and academic related uses which would create a step change for the local economy. The site is already home to :

IC5 (a £6.8 million investment in a 30,000 sq. ft. building suitable for medium sized companies looking for grow on business space),

The £18 million Cauldwell Children's Centre which is near completion and will provide the UK's first research centre for children with autism, e

Smart Innovation Hub which is currently under construction and will be home to the University's management school and flexibly let business space.

Between them these developments are expected to realise around £1 million of total business rate receipts per annum, with further business rates to be realised from the further 70 acres available at the science and innovation park for future investors.

- **Four Ashes** . Staffordshire County Council carried out the works to create access to the Four Ashes site, paving the way for the site development and was a key factor in the retention of **Gestamp** within both the County and Country. The project received a £1.91million allocation from the Government's Local Growth Fund through the Stoke-on-Trent and Staffordshire Local Enterprise Partnership, as well as developer contributions. In addition to Gestamp's facility and their £50 million investment in the site , two speculative developments are being built on the rest of the site, meaning it is now fully occupied.
- **A50 Project.** The County Council is delivering this £34 million project on behalf of Highways England . The junction scheme near Uttoxeter which will improve links across the Midlands and to other communities in Staffordshire such as Cheadle and Leek as part of the A50 Growth Corridor improvements.

Membership of the Greater Birmingham and Solihull LEP has also provided material successes for Staffordshire and as follows :

- **East Staffordshire Growth and Regeneration Programme**

This project brings forward the development of three brownfield land sites currently in ownership of the council for new homes and commercial floorspace.

- **Lichfield Southern Bypass**

Construction of the final 0.67km of a 2.3km bypass linking two A-roads via a rail-underbridge (consented and possessions confirmed) and housing site distributor road. Delivery of the bypass within the Local Plan period is a key to City centre growth. The congestion relief provided by the bypass will help development sites come forward for housing and jobs and allow local highway and transport improvements to be delivered along the A5127 Birmingham Road Corridor.

- **Kingswood Lakeside Access Phase 1**

Gap funding to support remediation works, access, lighting, and drainage works for a prime employment location adjacent to the M6 Toll, creating 1300 jobs.

- **Kingswood Lakeside Access Phase 2**

The remediation of the Kingswood Lakeside business park which was created on a former opencast coal mine. Addressing (1) the outstanding infrastructure issues and (2) financing the geotechnical enhancement of the development land bringing it up to the standard required by prospective purchasers Phase 2 of this project will continue the remediation of the site to create 24,749sqm Floor space and 469 new jobs. This will allow the development to progress at a faster rate.

- **Mid-Cannock Road/Rail Freight Interchange**

This scheme will create a multimodal logistics terminal at Pentalver's Cannock site, to integrate rail freight transport and to transfer container freight to final destination by long distance rail trunking and short distance road trunking. This scheme will enable economic development, and feed into improved competitiveness while more efficiently using finite resources and reduce heavy vehicle use of key roads into the Birmingham freight terminal

In addition to the above the SEP Enabling Fund has been allocated to the following projects :

- Burton Town Centre
- Cannock Town Centre Investment Prospectus
- Gungate - Tamworth

Support to Businesses is also essential and is provided on a hub basis.

The Stoke on Trent & Staffordshire Growth Hub is the first stop shop for all businesses seeking support in growing and developing their business. It was set up by the Local Enterprise Partnership in 2014 through the City Deal and it helps by simplifying the business support landscape and finding companies the specific help they need.

Between 1st May 2014 and 1st May 2018 the Growth Hub has achieved the following outputs:

- 6,249 businesses assisted
- 804 manufacturing businesses assisted
- 1,247 referrals made to mentoring programmes
- 3,377 referrals made to Universities
- 7,395 contacts made through the Staffordshire Business Helpline
- 17,295 signposts and referrals made to business support schemes

Benefits arising from Business Rates Pilot Application

The importance of key economic growth projects in making an important contribution to the financial sustainability of Staffordshire is substantial. For example Staffordshire County Council currently has an ambitious Economic Growth Programme of key employment and infrastructure projects which could leverage a total £57m private sector investment, create more than 25,000 jobs and currently yield total business rate receipts of around £9million per annum which are expected to rise to around £30million per annum when fully built out and completed.

Our ultimate objective is to maximise the resources generated and retained within Staffordshire by collaborative working that enables

- the area's economy to be more productive; diverse; resilient and innovative (**Ideas**)
- the area's workforce to be better qualified, skilled and adaptable (**People**);
- opportunities from its key connectivity networks - digital ,roads , railways (HS2) to be developed and maximized (**Infrastructure**)
- its environment to be a more attractive, safer and healthier place to live (**Place**)
- the best place to start and grow a business (**Business Environment**).

The cornerstone of the pilot is financial sustainability and to this end, if successful, the pilot intends to use all of the resources in- year to meet not only cost pressures but also to release investment resources to deliver the Strategic Economic Plan. The Pilot will therefore release a minimum of some £2.9 million of investment resources to enable future economic growth to be delivered.

At present, the planning and delivery of the Economic Growth via the Strategic Economic Plan(SEP) has been constrained by the uncertainties that exist in relation to the future of Local Enterprise Partnerships and their funding and the complexities of the Business Rates System. In particular, a 12 month gap has existed between business rates growth and funding being reflected in the Delivery Plans of LEP'S and Investment pots.

Pooled Business Rates Income is also the cornerstone of the GBS LEP and the recently approved Medium Term Financial Plan (MTFP) of the LEP intends to deliver at least £1.8m of intervention projects over the MTFP period with plans to increase this significantly once increased Business Rates Pool income has been confirmed

Staffordshire Authorities account for 40% of the Pooled income and a successful pilot will greatly assist in proposals to streamline the process to enable more rapid activation and delivery of intervention projects funded by the Business Rates Pool .

A successful pilot application, and the additional resources provided, will therefore enable the 40% allocation to Economic Development by each of the 8 Districts /Boroughs from Business Rates Growth to be directly invested in the 2019/20 financial year.

In addition to providing additional resources to existing projects as contained in SEP Enabling Plans notably :-

- Employment & Skills Resources
- Innovation Enabler
- Strategic Employment sites
- Business Support/ Access to Finance
- Cultural economy
- Towns / Local Urban Centres
- Strategic Connections
- Inward Investment & Trade

The £2.9 million can be released as a priority to develop delivery plans in relation to:-

- advanced manufacturing
- life sciences and healthcare
- business, professional and financial services
- creative industries
- energy technologies and services
- digital technologies
- emerging and disruptive technologies

The current Staffordshire and Stoke Business Rates Pool consolidates its Economic Development funding within a Central Investment Pot. This, subject to a successful application, is now at a level whereby a bidding process can be put in place to utilise the £5.8 million . The intention is to fund specific projects as part of a self funding rolling programme whereby projects provide a rate of return as measured by the Business Rates Growth retained.

To fulfil this ambitious agenda it is essential that current service delivery is maintained and the importance of financial sustainability can not be underestimated.

The opportunities to improve local government financial sustainability through increased retention of business rates locally are therefore substantial, and are intrinsically related to our strategy of driving economic growth as a key driver for the longer term prosperity of Staffordshire's communities and for its citizens.