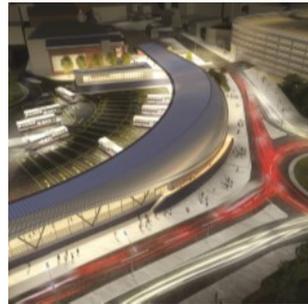
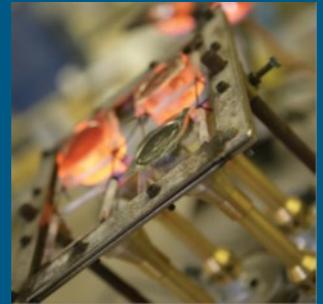


# Stoke-on-Trent & Staffordshire

Enterprise Partnership



City Deal

Annual Report 2016

# Contents

An Introduction from the LEP Chairman .....	1
City Deal Overview .....	1-4
Energy.....	5-7
Enterprise & Innovation .....	8
Skills .....	9
Sites, Infrastructure & Local Development .....	10-11
Outcomes .....	12-13
Financial Statement .....	14-15
Governance .....	16
Contacts .....	17



Follow this link to read the  
City Deal Agreement:

[https://www.gov.uk/government/  
publications/city-deal-stoke-on-trent-and-  
staffordshire](https://www.gov.uk/government/publications/city-deal-stoke-on-trent-and-staffordshire)

## An Introduction from the LEP Chairman

Stoke-on-Trent and Staffordshire's City Deal was signed in March 2014. Since then we have been working hard to deliver on the commitments and aspirations made in that deal. I am therefore pleased to record, in this Stoke-on-Trent & Staffordshire City Deal annual report, that we are well on our way to meeting our objectives.

Over £17m of Central Government, Local Authority and private sector money has been invested to date and we have created almost 700 jobs and supported 1,900 businesses to grow. Of the 22 original projects or activities agreed with Government, we have now completed all but two.

The final projects to deliver are also our highest value initiatives and the most ambitious. These are the Stoke-on-Trent

District Heat Network and the Keele University Smart Energy Network Demonstrator, which account for 60% of the City Deal investment. Good progress is being made on both, with detailed business cases almost complete and plans ready for procurement of delivery partners and construction. Together, these projects represent a real opportunity for Stoke-on-Trent and Staffordshire to establish our area as leading area for low-carbon energy production and research, attracting more businesses to invest locally.



David Frost CBE, DL  
LEP Chairman



## City Deal Overview

City Deals, introduced by the Deputy Prime Minister's Office, gave cities and their Local Enterprise Partnerships (LEP) the opportunity to negotiate agreements with Government to unlock the potential of local economies. These deals sought to transfer to cities and their LEPs, the responsibilities and powers they need to accelerate economic growth in their local area, unleashing growth opportunities for local firms, attracting inward investment from new firms and creating new jobs.

In collaboration with Stoke-on-Trent City Council and Staffordshire County Council, our Local Enterprise Partnership agreed a City Deal in December 2013. The City Deal agreement was signed by the Rt Hon Nick Clegg MP Deputy Prime Minister, the Rt Hon Greg Clark MP Minister for Cities and the Constitution, and representatives of the LEP, Stoke-on-Trent City Council and Staffordshire

Powerhouse Central - the Stoke-on-Trent and Staffordshire City Deal - is a deal to create more local jobs by encouraging economic growth. It is a shared priority for SSLEP, Stoke-on-Trent City Council and Staffordshire County Council, contributing to the growth of the conurbation centred on Stoke-on-Trent, which will be a critical economic driver in Staffordshire and the region.

Powerhouse Central is based on four connected strands:

- Delivering a new and local approach to energy production.
- Providing local and incoming businesses with support to develop the next generation of products and materials.
- Developing local sites for new businesses or existing business to expand into, along with a strengthened local planning and development context.
- Bringing employers and education together to ensure residents have the skills and training that they and our businesses need to drive the economy forward.

To achieve this, City Deal partners have:

- Implemented a major energy programme that includes a District Heat Network (Stoke-on-Trent) and Smart Energy Network Demonstrator (Keele University), and opportunities for energy provision at strategic employment locations.
- Created a joint Innovative Growth in Stoke-on-Trent and Staffordshire investment programme and a Stoke-on-Trent and Staffordshire Business Support Programme to provide funding and encourage growth amongst local businesses in priority sectors.

Local Growth Fund through Stoke-on-Trent and Staffordshire Growth Deal negotiations and encouraged further development of the Central Business District in Stoke-on-Trent and the Keele University Science & Business Park.

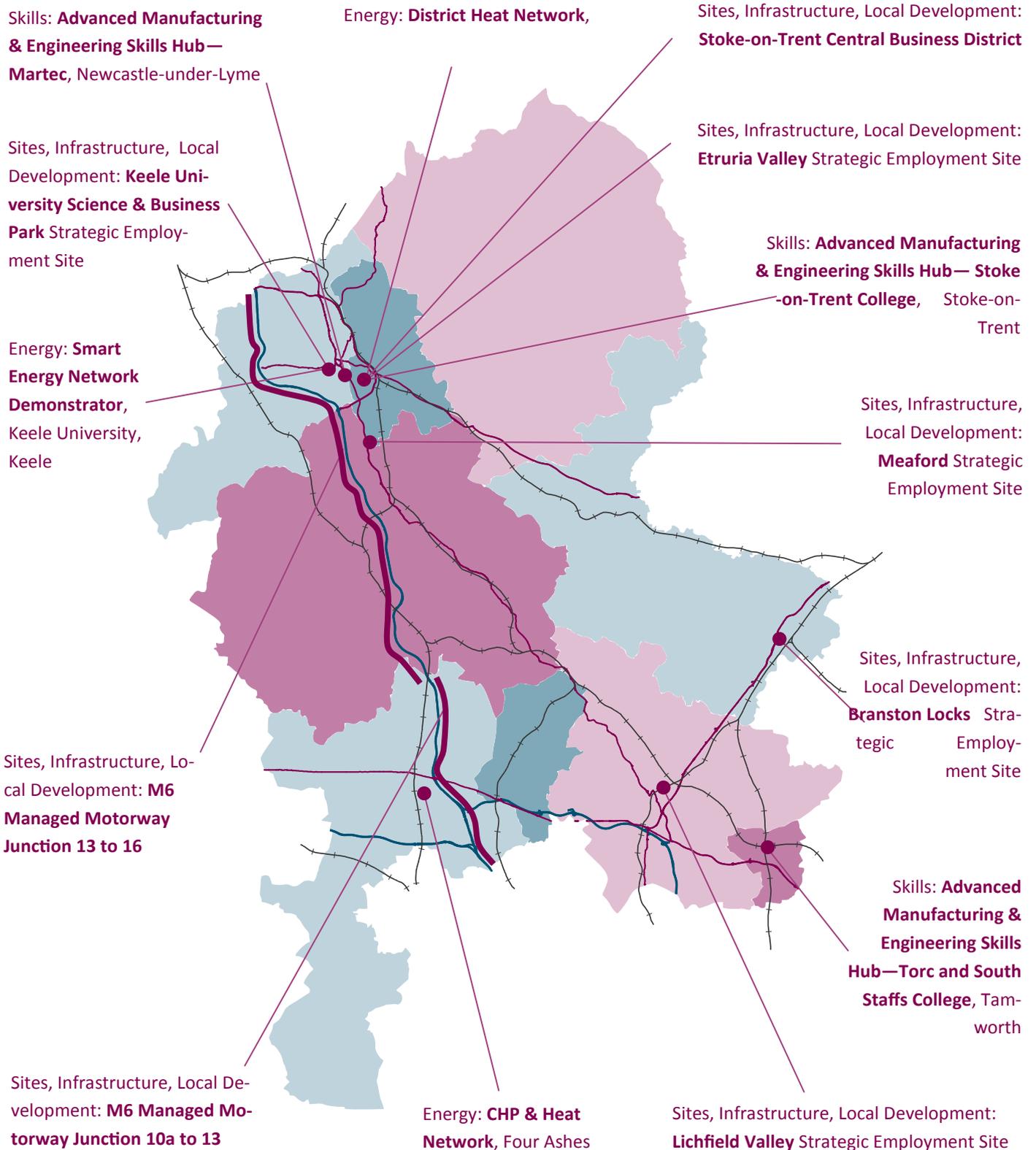
- Conducted a pilot for the improved alignment of learner demand and employer need through increased local control of the Skills Funding Agency's Adult Skills Budget; and established an Advanced Manufacturing Training Hub

£ 112 m total investment

2k jobs created or safeguarded

22 projects / tasks

# Key Project Locations





# Energy

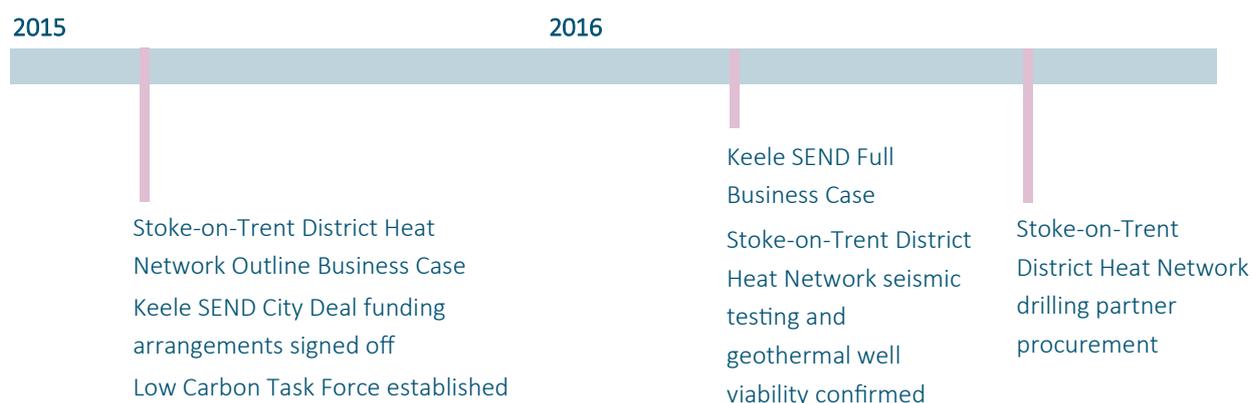
The Powerhouse Central flagship is a major energy programme that will provide an integrated approach to energy security, helping protect the area's energy supply from short-term supply shocks, rising energy prices, and price volatility. Schemes include:

- A £52m **District Heat Network in Stoke-on-Trent**, fed by a potential deep geo-thermal energy.
- A £27m **Smart Energy Network Demonstrator** at Keele University Science & Business Park.
- Feasibility work for a heat network supplying local prisons and businesses from a Combined Heat and Power Unit (CHP) utilising waste heat generated by the **Four Ashes Energy from Waste** facility.
- A **Low Carbon Task Force** that will drive the transition to increased energy self-sufficiency and sustainability through energy-efficiency measures, and low

## Headline Achievements

- ◆ An Outline Business Case for the Stoke-on-Trent District Heat Network project was approved by Central Government in March 2015. Since then, the primary focus of efforts has been development of the Full Business Case. Associated work has included further technical assessment and risk mitigation of the potential geo-thermal drill site at Etruria Valley and refining the commercial project. This has included soft-market testing of likely options. The project team has also completed a city-wide map review of heat demand and modelled alternate heat sources, should the geo-thermal drill be unsuccessful.
- ◆ At Keele University, the Smart Energy Network Demonstrator project has focused on technical assessment of the current energy network and production of a full business case, that was approved by Government in June 2016.
- ◆ A feasibility study for a CHP and heat network at the Four Ashes Energy from Waste was completed. After review by the County Council it was decided that there were several options which were commercially viable for the private sector to take forward.
- ◆ A Low Carbon Task Force was initiated in early 2015, facilitated by the Staffordshire Chambers.

## Key milestones and progress



## Project Update — Stoke-on-Trent District Heat Network

The City Deal's flagship proposal of a low carbon district heat network in the City of Stoke-on-Trent, with the ambition to utilise a deep geothermal heat source drawn from a well located on the Etruria Valley site, is now in motion with significant progress made so far.

Our aim is that energy produced locally will ensure the security of supply for the future, reduce carbon emissions in the city and provide price predictability in a price-volatile industry.

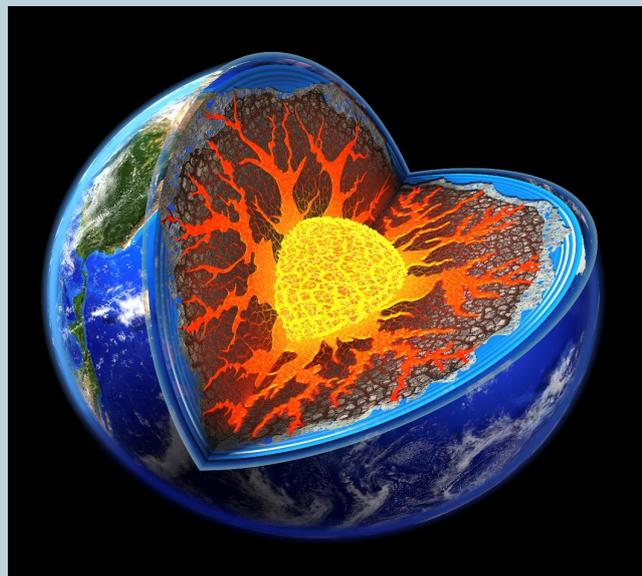
A seismic acquisition survey was successfully carried out earlier in the year to map out the geology underneath the Etruria Valley site, provide the data required to design a geothermal well base and proving the potential for the deep geothermal solution. The construction and operation of the deep geothermal well will be carried out through private sector investment. As a consequence of the successful survey a site has now been acquired by a commercial operator and planning and development work is under way, leveraging an estimated £17m investment. Once completed, the company will supply heat to the district network via heat exchangers under a long term thermal purchase agreement providing secure ultra-low carbon heat in the city.

A detailed survey of key customer buildings has taken place to profile the heat demand along the proposed network route. This will aid in the production of a fully optimised design and drive efficiency of the network. Public sector customers will provide the main anchor loads for the initial phase of the network which will then expand to include new and existing businesses as well as social housing within the city. This will provide a cost-effective alternative to traditional energy supplies allowing businesses and domestic customers to reduce their energy costs and help tackle fuel poverty in the area.

A soft market testing exercise for investment and partnering was completed earlier this year investigating different options on how to supply heat to customers through different commercial models. This confirmed strong interest in the scheme. The final business case and commercial development work now under way is due to be completed in summer 2017. Construction of the first phase of the network will start soon after with first customer connections targeted for the end of 2018.

Alongside this work, Hotspot Stoke was launched in May as the stepping stone into the UK District Heat Network through the creation of a Centre of Excellence in Stoke-on-Trent. The focus is now shifting from the theoretical question of 'why' district energy into the more practical issues of 'how' to transform visions and plans into projects and operations.

At the scheme's launch, supported by the former Department of Energy and Climate Change (now Business, Energy and Industrial Strategy) businesses found out about the four missions to deliver training, innovation, business support and international co-operation. With partners Staffordshire University, Nordic Heat and HeatNet UK the process of bringing district energy from vision to operation began. A series of masterclasses and business engagement events has already been delivered and a more detailed and extensive programme of activities is being brought together with the support of the Swedish Energy Agency.



## Project Update—Keele University Smart Energy Network Demonstrator

Sustainability is a priority at Keele University. By taking action now, the university aims to become more energy self-sufficient with increased carbon saving, while also becoming a national research and development facility undertaking world-leading research in environmental sustainability. To achieve this, the university plans to work with graduates, academics and businesses to create a smart energy network demonstrator - a 'living laboratory' where new energy-efficient technologies can be researched, developed and tested in a real world environment.

Enabled by a commitment of £4.6m from the Department for Business, Energy and Industrial Strategy as part of the Stoke-on-Trent and Staffordshire LEP's City Deal, Keele is designing the first 'at scale' smart energy network demonstrator in Europe.

This government investment, alongside targeted co-investment from the European Regional Development Fund and the university, will deliver a world-class demonstrator facility for smart energy network research and development and business support programmes. This will enable collaboration with business and industry, and the testing and evaluation of new and evolving smart energy network technologies and services.

The demonstrator will build on the university's privately-owned and managed smart energy network infrastructure, optimise energy distribution and improve the management of a range of building-based and campus-wide on site renewable or lower carbon energy sources, such as wind, solar and geothermal.

It will use a wide range of renewable and lower carbon energy sources to meet the network's energy needs and allow energy to be transferred across the network accordingly. The Keele campus is a unique model because of the diverse range of activities within it - 3,100 students in halls of residence, 1,000 commercial users on the Science and Innovation Park, 200 standard domestic households, and academic activities serving around 10,000 students. The demonstrator will be divided into five zones that can be monitored and controlled separately - this will be a European first and will allow other comparable communities to assess how to install more efficient, sustainable and secure energy using a local energy network.

The university is seeking to appoint new professorial roles to lead development of the demonstrator and to head a new collaborative research and development centre with business and industry, capitalising on this significant investment. This will include establishing a collaborative doctoral training centre with business and other universities, leading to the development of new smart energy products and services, higher value job growth in partner businesses and a significant contribution to national greenhouse gas reduction commitments.

Implementation of the smart energy network demonstrator is set to start in 2017 and it is expected that, once established, the network will have the potential to save 3,800 tonnes of carbon dioxide each year, benefit 243 businesses in the LEP area, create up to 440 jobs and support the UK renewables sector.



Heat network pipes

# Enterprise & Innovation

Enterprise and Innovation pillar of the City Deal was delivered through two programmes:

- A joint **Innovative Growth in Stoke-on-Trent and Staffordshire (IGISS)** investment programme funded from central government. IGISS to support rapid growth in priority sectors by expediting commercialisation of Intellectual Property.

- The **Stoke-on-Trent and Staffordshire Business Support Programme (SSBSP or 'Growth Hub')** with funding from the Government's Regional Growth Fund, administered through Lancaster University. The programme represented a complete network of different forms of business support ensuring that businesses had access to the right services. The Growth Hub provided support to encourage growth amongst existing companies and start-ups alike.

## Headline Achievements

- ◆ SSLEP's Innovative Growth in Stoke-on-Trent and Staffordshire (IGISS) Fund approved 28 applications. Collectively, these grant awards accounted for £1.78m and secured £7.5m of private sector match investment, creating a total investment of £9.28m for innovation and growth in local businesses. The types of companies and projects supported range from premises relocation, to new equipment purchase, to product research and development. The 28 initiatives are contracted to the creation of 250 jobs (new or safeguarded). 172 of these jobs have been created or safeguarded to date.
- ◆ The Growth Hub also successfully supported local businesses. The Small Business Grant Fund has created 158 new jobs. Business investments part funded by the grant awards include premises expansion and supporting the launch of innovative new products. A second fund, the High Growth Investment Programme, has created a total of 33 new jobs and the Business Loan Fund has generated 212 jobs. Elements of the Growth Hub have continued since the City Deal funding ended and plans are in place for expansion of the legacy provision from FY16-17 onwards.

## Case Study



Kamm Design Ltd, based in Newcastle-under-Lyme, is developing an advanced, tailor-made bicycle for triathletes. Martin Meir, managing director, said: "We have been able to provide a highly innovative product that enables us to fulfil the demands of the growing triathlon market". Funding for the development was secured through the High Growth Investment Programme [one of two grant programmes within the Growth Hub]. With the UK triathlon business valued at £66m, Kamm Design's work in this area is putting Stoke-on-Trent and Staffordshire on the map as a

# Skills

Underpinning the City Deal is the need for skills, to ensure that local people can access the opportunities in the local economy.

The skills programme, overseen by the SSLEP's Education Trust comprises the following initiatives:

- Phase 1 of an **Advanced Manufacturing & Engineering Skills Hub**, with state-of-the-art workshops and classrooms at existing educational institutions across the city and county.
- A **national pilot** regarding the Skills Funding Agency's budget allocation for skills training provision, ensuring that providers are influenced to follow the SSLEP's skills priorities.
- Initiatives to better coordinate **Information, Advice and Guidance** and enhanced relationships with the **National Careers Service**.
- Local **employability programmes** and stronger partnership arrangements with **Job Centre Plus**.
- Local business skills plans** aligned with the development of the City Deal / Growth Deal strategic sites.

## Headline Achievements

- ◆ The Adult Skills Pilot is still in progress. The pilot model approach and funding redistribution arrangements were agreed with the Department for Business, Innovation and Skills in early 2015. Across the SSLEP area, colleges have committed to the pilot and have already made changes to their curriculum delivery in line with the SSLEP skills priorities.
- ◆ Phase 1 of the Advanced Manufacturing & Engineering Skills Hub has been delivered. The Hub opened its first four spoke locations in Stoke-on-Trent, Newcastle-under-Lyme and Tamworth (2) and spent the £1.45m allocated by Central Government, with £1.48m of local match.
- ◆ An overarching strategy for development of local business skills plans has been produced, including an evidence base for the strategic employment sites. A schedule and resourcing plan to develop the skills plans is under production.
- ◆ The Education Trust has adopted new governance arrangements re-focused on programme delivery and produced a strategy to guide its ongoing work.

## Case Study

As a result of investment in the City Deal we have already established the first four spokes of an Advanced Manufacturing and Engineering Skills Hub. These are in Stoke-on-Trent, Newcastle-under-Lyme and Tamworth (at two locations). Across the Hub, specialist training for renewables, hybrid vehicles, hydraulics, and robotics is offered; together with broader manufacturing and engineering equipment. After an initial £2.9m investment from the City Deal, the Hub is currently being expanded with £8.8m of public and private investment. These funds will deliver a further three spokes at key locations.



**New facilities at South Staffordshire College's Tamworth campus**

# Sites, Infrastructure & Local Development

Providing the right sites and infrastructure for business growth is essential to the delivery of our Strategic Economic Plan.

A number of strategic employment locations were prioritised locally through the City Deal, based on their potential links to energy, strategic locations and support for business growth in key sectors. These were: Etruria Valley, Keele University Science & Business Park, City Centre Spine, Meaford, Branston Locks and Lichfield Park. The SSLEP committed to produce business cases for these sites within the City Deal, and to secure funding for their delivery through the Growth Deal.

Other projects included agreeing flexibility in how the Homes & Communities Agency (HCA) contingent asset at Keele University Sciences & Business Park can be treated, M6 managed motorway improvements, and various tasks for the Councils relating to Local Development.

## Headline Achievements

- ◆ One of the more urgent projects within the City Deal was to produce initial business cases for 6 strategic employment sites to secure funding through the Growth Deal. This work was completed on schedule and the SSLEP subsequently secured £97.7m of funding through the Growth Deal to develop these sites and others.
- ◆ Agreement was reached during the City Deal negotiations on treatment of the HCA contingent asset at Keele University Science & Business Park, enabling further development of this site in due course.
- ◆ M6 Managed Motorway (Junction 10a to 13) construction is ongoing and is scheduled to complete in early 2016. The task of influencing Government to fund the extension of the M6 Managed Motorway from Junction 13 to 15 was also achieved, with the extension being confirmed in the National Route Investment Strategy published in December 2014.
- ◆ The City Council and County Council have both uploaded public sector land / asset data to ePIMS and have Asset Management Strategies in place—two asks set by the Government Property Office.
- ◆ Development and adoption of Local Plans is also well underway across the SSLEP



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M6 Motorway, near Junction 15



Keele University— Smart Energy Network Demonstrator Site

# Outcomes

Over its lifetime, from 2014 to 2024, the City Deal will deliver 6 key outcomes:

## Outcome 1: 2,000 new jobs created or safeguarded (including 384 in FY 14-15)

It is estimated that the District Heat Network in Stoke-on-Trent will create 210 jobs and Keele's Smart Energy Network Demonstrator 140 jobs. Collectively they will safeguard some 1,350 jobs. In addition, the Enterprise & Innovation projects will create or safeguard

## Outcome 2: Generate 45 GWh (equivalent) of heat energy per annum locally, to be distributed to local businesses and residents

This will be achieved by the deep geothermal heat source which is forecast to supply heat to the District Heat Network. The Keele University Smart Energy Network Demonstrator

## Outcome 3: Achieve energy efficiency savings of 49,000 tonnes CO<sub>2</sub> per annum

The sources for carbon savings will be the Stoke-on-Trent District Heat Network., Keele's Smart Energy Network Demonstrator and the Four Ashes heat network . The Low Carbon

## Outcome 4: 3,900 apprenticeships, 1,100 traineeships for young people (16-23 year olds) not ready for an apprenticeship, and 9,000 unemployed people up-skilled in energy, applied materials and advanced manufacturing.

These skills outcomes are 10 year targets, set aside a September 2014 baseline of 13,048 apprenticeships, nil traineeships or up-skilling training. The targets relate to skills training

## Outcome 5: Provide support and advice to 1,300 businesses in FY14-15 (providing in depth support for 94 businesses)

Derived from the Innovation and Growth in Stoke-on-Trent and Staffordshire and the Stoke-on-Trent and Staffordshire Business Support Programme ('Growth Hub'), this outcome was

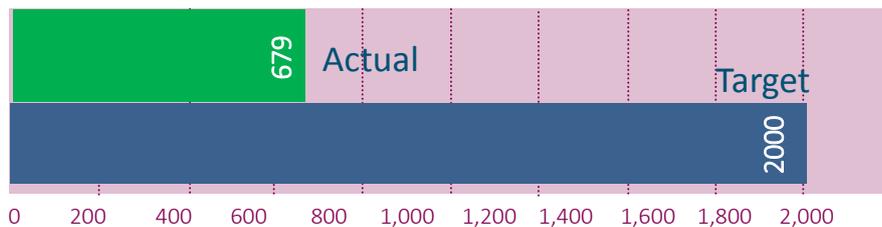
## Outcome 6: Deliver a 50% increase in the take-up of national business growth programmes

Increasing the take-up of national business growth programmes was a specific target outcome for the 'Growth Hub'. The Hub was City Deal funded to the end of March 2015,

# Outcome 1

## JOBS created

or safeguarded



### Outcome 2



45GWh energy generated pa

### Outcome 3

CO<sub>2</sub>

49,000 tonnes CO<sub>2</sub>

### Outcome 4



3,900 apprentices in energy, applied materials and advanced manufacturing over 10 years  
 1,100 trainees  
 9,000 skilled

Notes:

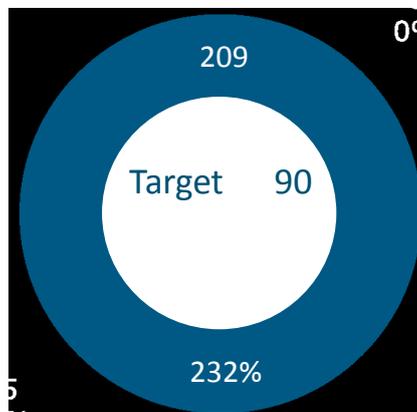
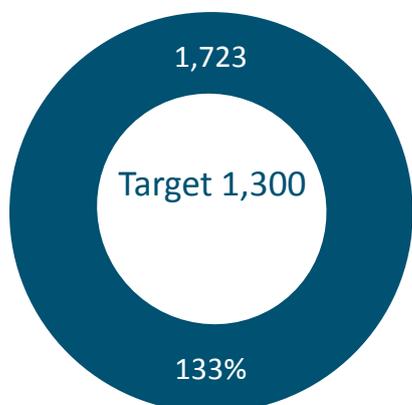
Outcomes 2 & 3 will be realised from FY19-20 onwards.

Outcome 4 will be realised

## Outcomes 5 & 6

Outcome 5 - Businesses Supported:

Provide support and advice to 1,300 businesses in FY14-15 (providing in depth support for 94 businesses) [by Mar 15]



Outcome 6 - National Business Growth:

Deliver a 50% increase in the take-up of national business growth programmes [by Mar 16]. Target is 90 referrals.

1 Apr 14 - 31 Mar 15

To achieve

# Financial Statement

## Total Investment

The total City Deal investment is £112.38m, which comprises £30.75m Central Government funding, £43.49m private sector investment, £32.55m local area funding and £5.59m European funding.



**Energy**  
£66.8m (59%)

£25.12m City Deal funds, £33.25m private sector investment, £5m European funding and £3.4m Local Authority funds

**Enterprise & Innovation**  
£15.7m (14%)

£4.18m City Deal funds, £10.24m private sector investment and £1.29m Local Authority funds

**Skills**  
£2.9m (3%)

£1.45m City Deal funds and £1.45m Local Authority / College match funds

**Sites & Infrastructure**  
£27.0m (24%)

£27m of Public Works Loan Board funds were borrowed at a discounted rate for the Central Business District development



# Investment Variance

Energy	Enterprise & Innovation	Skills	Sites & Infrastructure
Investment to date:	Investment to date:	Investment to date:	£27.0m of Public Works Loan Board funds borrowed at a discounted rate through the City Deal have been drawdown by Stoke-on-Trent City Council to support financing of the Central Business District
<b>£1.71m</b>	<b>£13.07m</b>	<b>£2.93m</b>	
Spend Against Total Investment:	Spend Against Total Investment:	Spend Against Total Investment:	
<b>2.6%</b>	<b>83%</b> [spend complete]	<b>101%</b> [spend complete]	

## Notes:

- ◆ Investment on the Energy pillar of the City Deal is on budget and within the forecast spend profile.
- ◆ The Enterprise & Innovation pillar underspent by £2.49m against budget (including associated reduced private sector match), but delivered its target outputs.
- ◆ The investment funds allocated to the Enterprise & Innovation, Skills, and Sites, Infrastructure & Local Development pillars, have now all been drawn down and no further movement of funds is expected.
- ◆ This financial report figures are given up to the end of FY 15-16.

# Governance

To deliver the outcomes of the City Deal our governance arrangements emphasise the need to make binding decisions with clear accountability and strong leadership. Programme delivery is led by a Programme Management Board, which oversees the strategic outcomes of the City Deal and reports directly to the SSLEP’s Executive Board and Partnership Group, and to the Cabinet Office Cities Policy Unit.

The Programme Board is chaired by the private sector and comprised of representatives from those organisations responsible for the delivery of individual projects. The Programme Board also has responsibility for the Growth Deal, ensuring that there is coherency between

## City Deal / Growth Deal Programme Board

Richard Cotterell (Chairman)  
GM, Caterpillar (Perkins Engines)

David Frost CBE (Vice Chair)  
Stoke-on-Trent & Staffordshire LEP

David Sidaway  
Executive Director of Place, Stoke-on-Trent City Council

Darryl Evers  
Director for Economy, Infrastructure & Skills, Staffordshire County Council

Paul Hodgkinson  
Head of Local Growth, Keele University

Chris Gill  
Programme Director  
SSLEP

Local Representative  
Department for Business Innovation & Skills

David Nicholls  
Transformation Support Unit,  
Staffordshire County Council

Section 151 Officers  
from Accountable Bodies

Appropriate deputies / substitutes  
are permitted to attend meetings



Project Boards and Project Teams for the individual projects within the overall programme sit within Stoke-on-Trent City Council, Staffordshire County Council, and Keele University. These organisations operate their own delivery and arrangements, but are accountable to the City Deal / Growth Deal Programme Board for project performance reporting and assurance accountability.

The SSLEP’s Programme Director and Programme Officer ensure there is cross-project coherency and that the programme is delivered as efficiently as possible, providing robust progress, issue and risk visibility to allow the

# Contacts

Get in touch with the Stoke-on-Trent & Staffordshire City Deal team at:

## City Deal / Growth Deal Sponsor

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## Programme Management

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For wider Stoke-on-Trent & Staffordshire Local Enterprise Partnership matters, use the following contacts:

## Chairman

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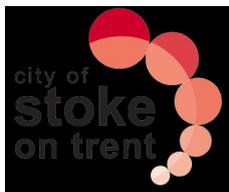
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