

Stoke-on-Trent and Staffordshire

Strategy for Economic Growth

Evidence Review and Identification of Key Issues



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1. Executive Summary

- 1.1. The success of the Stoke-on-Trent and Staffordshire (S&S) economy in recent years is evident, generating around 22,000 net new jobs since 2000, the majority of which have been created since the economic downturn. The total number of jobs within the area has now exceeded pre-recession levels by some way, whilst we are currently experiencing record low levels of unemployment.
- 1.2. Despite these recent successes, there remain a great number of economic challenges that we need to address. Not least and similar to many other parts of the country, and indeed the country as a whole, productivity is a significant issue in S&S. A large proportion of the jobs created within the area in recent years have been within lower-value, lower-paying industries. In the short-term this has clearly been vital in enabling people who were unemployed to get a job, but in the longer-term the ambition has to be to create and develop more high-value, higher-paid jobs. Enabling our residents to access such jobs, as well as attracting and retaining skilled workers, will in-turn increase prosperity within the area.
- 1.3. The industrial structure of S&S is currently dominated by the manufacturing and wholesale & retail trade sectors, which combined account for approximately £1 out of every £3 of Gross Value Added and around one in every three jobs. In recent years, the number of businesses within S&S has grown with large increases in the number of very small businesses and particularly within the business support activities sector. Whilst many of the largest sectors in S&S are prevalent in almost all areas of the UK, manufacturing does remain a significant strength and there are a number of related specialisms that are highlighted within the Stoke-on-Trent and Staffordshire Local Enterprise Partnership's Strategic Economic Plan. The forthcoming revamped national industrial strategy is likely to present significant opportunities for the development of these local industrial strengths and it will be important that we consider and influence this as appropriate.
- 1.4. There are a wide range of issues that we will need to address if we are to increase levels of productivity within S&S, considered under five key themes:-
- 1.5. Infrastructure / Place
 - Our strategic location at the heart of the country is one of our key assets, and it will be vital to continue to invest in strategic and local road and rail improvements to ensure that growth can be accommodated without being detrimental to levels of accessibility and connectivity, whilst issues such as infrequent, slow and indirect rail services are addressed. We will also work with national agencies to ensure that investments in motorways and trunk roads benefit our area (e.g. the M6 managed motorway programme).
 - High Speed 2 (HS2) presents S&S with significant opportunities for growth; it is important that the benefits are fully leveraged whilst care is taken to minimise the impacts of HS2 during the

construction phase. This not only includes consideration of the hub stations, but perhaps more pertinently ensure we take advantage of improved local, regional and national services that could be provided as a result of released capacity on the existing network.

- Having housing in the right locations and of the right type will be vital to making S&S an attractive place to live and work. There is a significant amount of housing planned for delivery in the area in the coming years, and this is likely to increase due to local plan reviews, Birmingham's unmet housing need, wider growth aspirations and quality private rented accommodation such as those being considered through the Northern Gateway Development Zone, etc. There are currently a number of issues with the balance of housing in S&S, including a lack of aspirational homes within the larger urban areas and a need for smaller affordable housing in rural areas to attract and retain a younger population, whilst also allowing older residents the opportunity to downsize and free-up family housing. The last Census showed domestic out-migration from S&S was greater than in-migration, with a net loss of economically active young adults being particularly concerning. Addressing these issues will be vital to developing a skilled workforce within S&S, whilst increased delivery of starter homes, smaller sites and opportunities for self / custom built homes may play a role in getting the right housing mix.
- Many aspects of S&S already make the area an attractive place to live and work. The delivery of jobs and having the right balance of housing will only increase this attractiveness, while the delivery of more and better jobs has the potential to increase local spend on services, supporting our city and town centres and developing an improved retail, cultural and leisure offer. However, many people may not move to the area if there is not already a certain level of quality of life available, and we will therefore need to ensure services and infrastructure are contributing to a high-quality of life for residents, including through having high-quality sustainable transport options and services such as schools and GPs. In terms of town centres, their role is not only changing, such as in Newcastle-under-Lyme which will see over 1,000 student accommodation places created in the town centre by 2018, and Stoke-on-Trent's stated ambition to become a regional core city, but the nature and role of each centre is different and it will be important to consider the future role of each centre and how they contribute to a high quality of life.
- Broadband has become increasingly important in recent years, again not only contributing to quality of life of residents but also being vital to businesses and becoming increasingly important in terms of service delivery. Rural parts of Staffordshire have particular issues with broadband speed, an issue that is being at least partly addressed through the Better Broadband for Staffordshire project, although it should be considered how broadband availability and speed can continue to be improved across S&S, as well as ensuring that new housing and employment developments have access to superfast broadband.

1.6. Sites / Premises

- Employment site developments have been a vital part of the economic growth programme of local partners in recent years. Evaluation of five key sites shows that they have been very successful in generating new and securing existing jobs within S&S, whilst the range and locations of sites has resulted in a broad spectrum of jobs being created, a large majority of which have been taken by S&S residents although this is less likely to be the case for sites that are close to our borders. It will therefore be vital to continue to directly deliver and enable the delivery of employment sites across the area, although greater consideration may need to be given to our portfolio of sites and whether they are suitable for the types of businesses we are looking to develop and attract. In particular, our ability to influence and restrict the type of businesses that have located on employment sites has been dependent on ourselves or local partners directly developing and / or owning sites and premises, which often has resource implications.
- A lack of premises that are ready for businesses to move in to has been an issue in the past, although progress has been made in this regard in recent years with speculative building having resumed after the economic downturn, particularly in the south of the county. Having premises ready and available, across all use classes, will be vital if we are to take advantage of future inward investment opportunities, whilst greater consideration to the types of business premises that we are encouraging and directly developing within S&S may need greater consideration in the future due to the move to 100% of business rates being retained by local government.

1.7. Skills

- Securing a well-qualified and adaptable workforce with the skills sets appropriate to the needs of existing business sectors in S&S, as well as those in which we have aspirations for growth, will be vital to our economic prosperity in the short, medium and longer-term. The areas current education and skills performance tends to vary by locality, with only Lichfield, South Staffordshire and Stafford currently having a proportion of residents with a degree level qualification above the national average. Working with our, and surrounding, skills providers to develop higher-level skills will be important in attracting and developing a greater number of highly-paid jobs within the area. The nature and location of provision of relevant courses may need to be considered, with a current lack of higher education provision in many parts of the county potentially partly affecting our ability to attract and retain people with higher level skills, whilst our young people going to study at universities outside of the county, and particularly at high-performing universities, should be viewed as a positive and attracting these people back to the county is likely to bring substantial benefits and is related to the availability of jobs, housing, quality of life, etc.
- Lifelong learning will be vital to developing a highly-skilled, flexible workforce. This of course begins at school and improving school performance and addressing underperformance will be imperative. However, the vast majority of the workforce has already left the education system,

and therefore upskilling and reskilling will be important in developing a greater level of skills in the short-term, whilst meeting the needs of business. High quality careers advice will be vital in ensuring people make good career choices throughout their lives, not only in terms of meeting the needs of existing and future employers but also encouraging people to start their own businesses, whilst leadership, management and the skills necessary to run a business will ensure that local businesses have the greatest opportunities to innovate and grow.

- The UK Employer Skills Survey consistently highlights issues of hard-to-fill vacancies and skills gaps in S&S. Whilst formal and job specific skills are perceived to be difficult to obtain, so are more generic employability skills. Addressing these skills shortages will be important to meeting business need, and a variety of approaches may be required to ensure this happens. Apprenticeships are becoming increasingly important, whilst the introduction of the apprenticeship levy is only likely to increase this trend. Vocational training education has particular strengths with regards to a number of important industries in S&S, not least manufacturing, and there are therefore likely to be substantial benefits to encouraging apprenticeships as a valid career option, alongside ensuring a wider range of apprenticeship frameworks are available including at degree and master's level. In the short-term, working with providers to develop a more reactive skills system will prove beneficial in meeting employer skills gaps.
- Whilst unemployment is at record low levels, around 60,000 S&S residents still claim an out-of-work benefit.¹ There are a range of factors as to why worklessness is high in certain areas such as generational factors, skills issues, poor levels of aspiration, medical conditions, lack of childcare, etc. Encouraging and supporting people to get a job can bring substantial benefits, not only in terms of increasing productivity but also reducing the demand on public services. It is estimated that when a claimant moves into employment there is on average a £6,900 saving to the public purse and £13,100 boost to the local economy. If all S&S claimants were to get a job, this would therefore have the potential to save £414m in public sector cost and generate over £786m in the economy, although this is an extreme scenario given there will also be a proportion of the population that are unable, ill prepared or completely unwilling to work.

1.8. Innovation

- Innovation is the successful exploitation of new ideas. New ideas can take the form of new technologies, new products or new corporate structures and ways of working, all of which can be drivers of productivity within firms. The Midlands Science and Innovation Audit has recently been published and highlights numerous research strengths and growth opportunities across the Midlands including transport, medical technologies, food and energy, all of which are relevant to S&S. It will be vital that we take account of the findings of the SIA and ensure that they are enacted upon. This may include gaps in science and innovation activities that we can look to address within S&S, building upon our local industrial strengths and similar to the

¹ Out-of-work benefits include JSA / Universal Credit, ESA / Incapacity Benefits, lone parents and other income related benefits.

approach being taken with the Applied Materials Research, Innovation and Commercialisation Company (AMRICC).

- At a regional level, the number of patent applications filed within the West Midlands is relatively low in comparison to other English Regions, although the proportion of patents actually granted is the highest of all regions. At a more local level it is believed that there are large variances in levels of innovation. Although it cannot be said with any great certainty, this is likely to be due to a variety of reasons including the presence of major employers engaged in innovation activities. A number of companies within the UK top 20 companies in terms of patents granted in 2015 have a presence in S&S, including Jaguar Land Rover, General Electric and Siemens. It will be important to build upon our existing science and innovation base, and this is likely to include strengthened links between business and research institutions, including universities such as Keele University and their Science and Innovation Park. It will also be important to consider how our sites and premises are supporting the development of innovative businesses, such as through science parks where businesses and the university co-exist and co-operate.

1.9. Business Intelligence / Support

- Supporting businesses to start-up, survive and thrive is an important part of the economic growth agenda. Start-ups continue to play an important role in self-employment, although the ultimate aim is to generate start-ups that grow and take on employees. It is difficult to specifically foster start-ups with growth potential, but clearly the more businesses started in the area, the greater the chance that one, or more, of these businesses will be successful. Despite experiencing a significant increase in start-ups in recent years, S&S continues to lag behind regional and national averages in start-up levels, whilst there are substantial variations across the area with the north of S&S historically experiencing particularly low levels of start-ups.
- There are a range of issues that are likely to affect the number of start-ups in S&S, many of which will be similar to the economy as a whole such as having suitable premises available, high-quality infrastructure, skills of residents, housing availability and the attractiveness of the area as a place to live and work. However, a number of other more specific issues may need to be considered including the lack of equity funding, national labour policy acting as a disincentive to starting a business and creating an entrepreneurial culture amongst our younger population.
- EU funded programmes continue to be a key part of business support throughout the county, at least until 2020. For example, The Factory programme, funded through the European Regional Development Fund (ERDF), provides dedicated business support specifically for those working in creative and cultural industries – a sector which continues to grow as a proportion of total UK GVA. In 2014 it accounted for 5.2% of value within the UK economy, equal to £84.1bn. Consideration will need to be given as to how the Brexit arrangements will affect business support throughout the county.

- Supporting companies to grow, including taking on employees for the first-time, can generate a vast number of jobs within the local area. Again, equity funding is believed to be an important issue, but so are a range of other business support functions such as coaching and mentoring. Grants remain an important issue, generally supporting businesses within specific sectors or where there is some form of market failure such as supporting development of brownfield land. Grants may also generate wider benefits, such as positive environmental effects, and can therefore have a double-dividend of positive social and economic benefits.
- Increasing levels of trade is an important aspect of supporting businesses to grow, while the West Midlands Region has experienced very large increases in goods exports in recent years and far greater than any other part of the UK. Regardless of the implications of Brexit, it will be important to continue to support businesses to export internationally. However, at a local level it will also be important to ensure that businesses are able to operate across our borders, i.e. outside of S&S. A business selling goods and services beyond S&S generates more wealth in the local area, including all of the positive benefits that this brings. This will involve addressing all of the issues already raised, whilst there may also be a role for providing intelligence to businesses to support them in identifying opportunities to build their customer base.

2. Introduction

- 2.1. The previous Stoke-on-Trent & Staffordshire Economic Growth Strategy 2012-2026 was produced on behalf of the Local Enterprise Partnership by the Staffordshire Economic Development Consortium. In recent years there have been a number of changes to the partnership working arrangements between the District / Borough Councils, City Council and County Council, alongside a range of existing and newly emerged partnerships.
- 2.2. In light of these changes the Growth Deal & Economic Growth District Directors (EGDD) group has recently agreed upon a renewed purpose of the group, and this includes leading on:-
- A shared evidence base for the economic growth agenda, and;
 - A shared strategy for economic growth in the area.
- 2.3. A vast amount of information has been produced in recent years, not least through the EGDDs work on devolution, and this document draws together this research and evidence to consider the key issues for the economy of Stoke-on-Trent and Staffordshire (S&S). This will then be used to develop an updated shared economic growth strategy for the area, articulating the issues and priorities for the area as a whole but also those that are distinctive to neighbourhoods, villages, towns, districts and sub-regions. This strategy will set-out current and future economic priorities for the area, informing joint-working arrangements between the local authorities and how we lead, influence and input into a range of local, Regional and National economic growth bodies.

3. An Overview of the Current State of Our Economy

3.1.1. The success of our economy in recent years is evident with around **22,000 net new jobs** being created in S&S since 2000, including 14,000 since 2010 alone. This has resulted in a far lower number of residents claiming Jobseeker's Allowance (JSA). At the height of the recession in 2009, 4.4% of residents in S&S were claiming JSA, compared to just 1.2% currently.² Despite suffering a significant shock during and immediately after the last recession, and disproportionately so in comparison to many parts of the rest of the country, the S&S economy has performed well recently as evidenced by numerous indicators, including:-

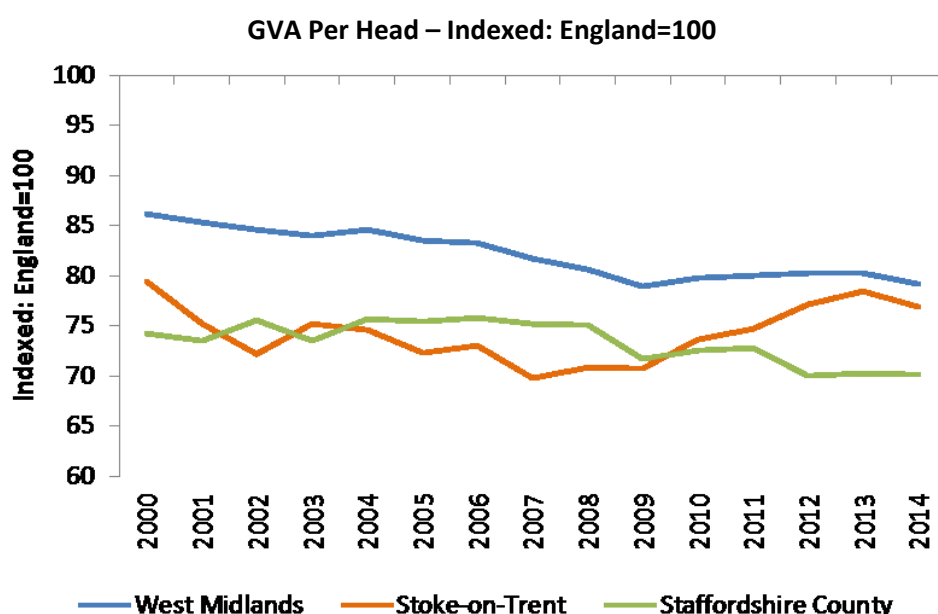
- Absolute Gross Value Added (GVA) increased by around £2.3 billion between 2010 and 2014 (£17.9bn to £20.2bn). A key driver has been the manufacturing renaissance with the sector growing by over a quarter in terms of GVA. S&S has been one of the fastest growing areas in the UK post-recession, and Stoke-on-Trent in particular the fourth fastest growing local authority between 2009 and 2014.
- The total number of jobs within S&S has now easily surpassed pre-recession levels. From a low of 487,000 jobs in 2010, there are currently around 501,000 jobs in S&S.
- Average annual earnings for full-time workers in Staffordshire have increased significantly, from £23,400 in 2010 to £24,800 in 2015 (around a £1,400 increase over the period). In Stoke-on-Trent, average earnings for a full-time worker in 2015 stood at £23,800, an increase of around £700 compared to 2010.
- This increase in earnings is likely to have been at least partly driven by the change in the occupations of S&S residents. In 2010 around 187,000 residents were employed in one of the top three occupation groups ('managers, directors and senior officials', 'professional occupations' and 'associate professional & technical occupations'). This compares to 212,000 residents that are currently employed with these types of occupations, a 13% increase.
- There has been a significant reduction in the overall levels of worklessness in the county. In the first quarter of 2010 around 89,800 S&S residents were claiming an out-of-work benefit³. This compares to 60,500 out-of-work benefits claimants in the first quarter of 2016, a 33% decrease over the period. However this decrease may be due to a variety of reasons in addition to people finding employment. For instance, the move (for some) to Universal Credit may mean a proportion of previous claimants are now simply unable to claim, whilst the ageing population may have also meant a proportion of the population is now too old to be claiming an out-of-work benefit.
- Business start-ups and business survival hit a low-point in 2010 as the effects of the recession set in. The number of business start-ups has increased from 3,145 per year in

² The move to Universal Credit has meant that the claimant count now consists not only of Jobseeker's Allowance claimants, but also people who are claiming Universal Credit and are required to seek work and be available for work.

³ JSA, ESA / Incapacity Benefits, Lone Parent benefits and other income related benefits

2010 to 4,410 in 2014, while the proportion of business start-ups surviving for one year has increased by just almost 2% and currently stands at 94.8%.

- 3.1.2. However, despite the many positive economic successes experienced within S&S in recent years, there remain a great number of challenges and barriers to growth and prosperity that we need to address. In particular and similar to many parts of the country, productivity within S&S continues to lag significantly behind the national average.

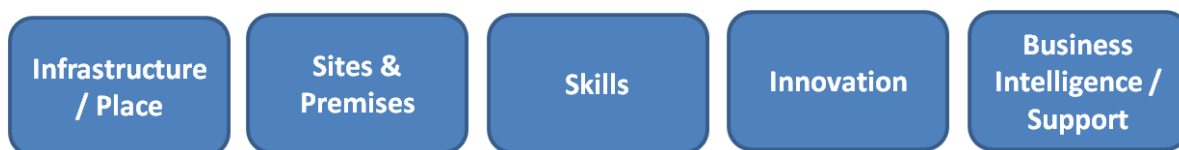


- 3.1.3. Despite experiencing strong growth in overall GVA in recent years, GVA per head currently stands at just 78% of the England average in Stoke-on-Trent and 71% in Staffordshire. The vast number of jobs created within S&S in recent years has clearly been a real positive, although many of these jobs have been in our lower-paying industries. Enabling the creation of more high-value, high-paid jobs will be vital to increasing productivity in S&S in the coming years, and this will require consideration of a number of drivers of productivity. As is stated within the Government's productivity plan, Fixing the Foundations⁴:-

- 3.1.4. *"The drivers of productivity are well understood: a dynamic, open enterprising economy supported by long-term public and private investment in infrastructure, skills and science. A nation flourishes when it uses the full skills of all its people in all parts of that nation."*

⁴ Fixing the foundations: Creating a more prosperous nation, HM Treasury, July 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

- 3.1.5. There are therefore a range of related issues that we may need to address to improve productivity within S&S, and in-turn increase the wealth and prosperity of our residents. Initial discussions⁵ and recent research has suggested that there are five key themes to focus on.



- 3.1.6. The rest of this document draws together relevant evidence for each of these themes, thereby enabling the identification of key issues to consider within the Strategy for Economic Growth.

3.2. Industrial Structure⁶

- 3.2.1. Every investment decision and project undertaken related to the economy will have an impact on the industrial structure of the area. It is therefore important that we have a good understanding of the current state of industry within S&S.
- 3.2.2. The overall number of businesses in S&S has grown between 2011 and 2015, including a considerable increase in the number of very small businesses (employing 1-4 people) in the area, which have primarily been focussed on Business Support Activities. In spite of the growth in small businesses, larger businesses, whilst forming a very small proportion of total businesses, still account for more than half of all employment.
- 3.2.3. Manufacturing and Wholesale & Retail Trade dominate the local area in terms of estimated productivity and employment—with the two combined accounting for approximately £1 out of every £3 of GVA and around 1 in every 3 jobs.
- 3.2.4. At present, employment in S&S is almost back at pre-recession levels and the proportion of the S&S population claiming Jobseeker's Allowance (1.2%) is lower than the regional level (2.3%) and the national level (1.7%). Although it is true that the workforce is very close to returning to pre-recession numbers, increases in employment have mainly been in our lower-paying industries.

⁵ Staffordshire Economic Development Officers Group held on 6th September 2016, LEP Partnership Board Working Group held on 16th September 2016

⁶ Economy & Employment - Businesses and Employers in Staffordshire & Stoke-on-Trent, Staffordshire County Council, March 2016, <http://www.staffordshireobservatory.org.uk/documents/Economy-Infrastructure-and-Skills/Economy/Right-for-business-Economy-Employment-Business-in-Staffordshire-Stoke-on-Trent-2016-FINAL-20160318.PDF>

3.2.5. Businesses and employment

3.2.6. While it's safe to say that small businesses are on the rise; both growing in number and making up 96% of all businesses, large businesses are still on top – accounting for more than half of all jobs (55%) while making up just 4% of all businesses.

3.2.7. Our 200 largest businesses (with employment of over 250) account for around 0.5% of all business, yet provide 27% of all jobs within S&S.

3.2.8. Businesses and industries

3.2.9. More than 1 out of every 4 (27%) of the new businesses added to the Interdepartmental Business Register (IDBR)⁷ between 2011 and 2015 was an Administrative & Support Services business. The significant majority (83%) were micro-businesses employing less than five people, although around 1 in 6 employed between 5-49 people. It is possible that the rise in support services is potentially due to some of the known adult skills shortages, and specialist skills shortages in existing companies, and new businesses are starting up to seize the opportunity to source talent to fill these gaps.

3.2.10. The biggest overall decline in number of businesses has been in Construction, although in terms of numbers, it is negligible compared to the maximum increases seen in some industrial sectors (-200 compared to +2,500). It is possible that the decline is due to a few of the larger established Construction businesses 'seeing off' smaller competitors, rather than a reduction in demand. This hypothesis is partly supported by increasing gross-value-added (GVA) in the local Construction industry, forecast by Cambridge Econometrics.

3.2.11. Employment and industries

3.2.12. Of our largest employing industries in S&S, Administrative & Support Services, Health & Social Work, and Wholesale & Retail Trade all have numbers of employment above their pre-recession levels by 27%, 13% and 10% respectively.

3.2.13. While true that net employment in Manufacturing is not back at its pre-recession level, there has been consistent increase over the last two-to-three years. If current trends seen in BRES data continue, local employment within Manufacturing will increase by around 10% between now and 2020.

3.2.14. Employment and average pay

3.2.15. Overall, there has been a larger increase in the number and proportion of people in the five lowest-paying industries in S&S compared to the West Midlands Region and England. However,

⁷ <http://www.ons.gov.uk/aboutus/whatwedo/paidservices/interdepartmentalbusinessregisteridbr>

this might not be surprising given the extremely low proportion of working age Jobseeker's Allowance claimants in the area. It is possible that the majority of the increase in employment in lower-paid industries has been due to people moving off benefits and joining the workforce.

3.2.16. During the same time period, there has been a decline in the number and proportion working in the five highest-paying industries locally. This is possibly not unexpected given two of the top five highest-paying industries have fewer businesses within them now than in 2011.

3.2.17. Productivity of Industries

3.2.18. While job creation has been somewhat skewed towards our lower-paying industries, GVA has not at all. Although the industry generating the most GVA locally (Wholesale & Retail Trade) is one of our low-paying industries, the other four of our top five GVA contributors are not. Three of the four sit around the middle of the pay spectrum, with one (Construction) in our top five highest-paying industries.

3.2.19. Wholesale & Retail Trade and Manufacturing appear to dominate in terms of GVA, and are the only industries which contribute 10% or more of total GVA in S&S (32% combined). This is also true for the region, and nationally, where the same industries still dominate, but with a lesser share of overall GVA (29% and 22% respectively). Forecasts suggest that the dominance of these industrial sections is unlikely to change in the foreseeable future.

3.2.20. Despite Construction seeing turbulent levels of employment and numbers of businesses, it still remains one of our largest contributors of GVA locally, ranking 4th out of 19 industrial sectors. Education, which is currently our 5th largest contributor to overall local GVA, is forecast to have been overtaken by Transportation & Storage by 2020, with this change remaining into the longer term.

3.3. **Industrial Specialisms**

3.3.1. Considering the broad sectors that make up the industrial structure of S&S provides only part of the picture. The area has a number of niche industrial specialisms which have been highlighted as providing significant opportunities for growth through various pieces of work in recent years.

3.3.2. Applied materials

3.3.3. Originally a part of the Stoke-on-Trent and Staffordshire Local Enterprise Partnership (SSLEP) City Deal, the work to develop the Applied Materials Research, Innovation and Commercialisation Company (AMRICC) highlighted the potential to build upon existing strengths of materials companies and innovation in the area. Comprising of a research laboratory, pilot plant and educational facility, AMRICC will provide an environment which joins together scientific success with the business acumen needed to make innovation a commercial reality. The most appropriate location for addressing applied materials issues lie in its industrial

heartland and the area is home to leading companies in these sectors: polymers (Bostik, Fuchs Lubricants, Michelin); metals (JCB, Caterpillar, Goodwin International) and ceramics (Steelite International, Wedgwood Waterford, Royal Doulton, Lucideon). Ceramics in particular provides S&S with a national USP, and the emerging National Ceramic Sector Industrial Strategy is being led from within the S&S area.

3.3.4. As an example, KMF Precision Sheet Metal Manufacturing based in Newcastle under Lyme are committed to providing world class customer service and solutions in the field of fully integrated bespoke metal work and precision sheet metal fabrication. With sales of over £30M, 350 committed employees and 110,000 sq ft of manufacturing facilities.

3.3.5. Energy and renewables

3.3.6. Keele University Sustainability Hub acts as a focus for the research into, teaching of, and management for sustainability and green technology that takes place at Keele University. Building upon this the university aims to significantly expand its capacity in energy / renewables research, particularly around wind, solar and geothermal.

3.3.7. S&S has a strong cluster of companies within the environmental technologies sector, including the District Heat Network and many renowned international brands such as Siemens and General Electric. These companies already invest heavily in research and development, and this could be actively supported by high quality academic research to create truly innovative energy solutions.

3.3.8. Agricultural technologies

3.3.9. 'Agri-tech' is a relatively embryonic sector that will largely focus on the development of innovative technologies related to agriculture and food production. Currently funding for agri-tech research and development activity is directed from national research organisations to a small number of institutes and centres that are largely located in the South East, although this may be affected by the forthcoming revamped national industrial strategy. Whilst the concentration of arable farming in the South East means that the area is well suited to agronomy, greater opportunity in terms of the commercialisation of agri-tech research and development may exist in other associated sectors in different parts of the country. Livestock farming in the area around Staffordshire and Shropshire is one of these opportunities, as are opportunities around mechanisation and robotic application given the manufacturing strengths that exist within the area.

3.3.10. The area is home to and closely situated by renowned research and development institutions, particularly Harper Adams University, a number of closely associated industrial sectors with local strength including applied materials and medical technologies, excellent connectivity to national and international markets and major local employers in related industries such as JCB, Muller and Adams Foods. The South Staffordshire College AgriSTEM campus will also provide

cutting-edge learning facilities relevant to the Advanced Manufacturing & Engineering and Agricultural Engineering & Technology sectors. Given the land-based nature of this sector and the fact that large parts of S&S are rural, the availability of land may also be an asset which can set us apart from areas more urban in nature.

3.3.11. Medical Technologies / Healthcare

3.3.12. The medical technologies sector is still a relatively small sector in terms of employment numbers, although healthcare as a whole is the largest employment sector in S&S and has grown substantially in recent years, in large part likely to be due to the areas ageing population. Although starting from a small base, employment in scientific R&D in medical technologies has grown. The School of Medicine at Keele University, the University Hospital of North Midlands and Keele University Science and Innovation Park represent an opportunity for attracting more growth in this area.

3.3.13. The Research Institute at Keele University leads on pure and applied research, and includes an Institute for Science & Technology in Medicine. It focuses on four key themes, each with an international profile for research: Bioengineering & Therapeutics; Clinical & Diagnostic Science; Infection, Inflammation & Immunity; and Neuroscience & Metabolism. ISTM projects involve at any time around 25 companies in technology transfer and clinical trials. Very significantly, the Institute is closely tied with several 'spin out' and closely associated biotechnology and biomedical companies to exploit ISTM research, helping to bridge the gap between innovation and commercialisation, a problem which exists UK-wide.

3.3.14. S&S is also home to a growing number of leading medical technology and healthcare companies, including Swiss owned TRB Chemedica, Biocomposites, Cobra Biologics and Intelligent Orthopaedics.

3.3.15. Digital and creative

3.3.16. S&S has a strong track record in attracting digital companies and nurturing local talent. Our software development sector is particularly strong in the energy, medical and entertainment fields, and comprises companies ranging from start-ups to international players such as Synectics, bet365, Instem and Navman Wireless.

3.3.17. Both Staffordshire University and Keele University have respected expertise in film and media. In turn, the area has seen the rise of a number of successful graduate-based creative businesses in the area, such as Junction 15 Productions, Inspired Film and Video and Entrepreneurs who have recently moved their screen printing function to ACAVA Studios⁸: Spode Works. British Ceramics Biennial, which is also held at Spode, is recognised both nationally and internationally. The £4M Creative People and Places programme Appetite has raised the profile of arts and

⁸ www.acava.org

culture in the City, which will strengthen the Stoke-on-Trent bid to become City of Culture in 2021.

3.3.18. Creative industries are growing in S&S, particularly in terms of TV and video production. The BBC's new presence in Salford Quays has encouraged the concentration of companies in this industry in S&S, and may continue to offer opportunities going forward. The take up of the newly established ACAVA Studios at Spode, which is providing 43 studios, is a good indication of the growth in this sector.

3.3.19. Business & professional services

3.3.20. The business & professional services sector is often considered to be largely made up of the industries that support other businesses. This includes professions such as accountants, solicitors, advertising and consultancy to name a few.

3.3.21. Given the peri-urban⁹ characteristics of much of S&S, being largely rural in nature but heavily influenced by surrounding major cities, there is an opportunity to take advantage of our strategic location to further develop the business & professional services sector. To do this we will need to position ourselves to take full advantage of the opportunities that arise to develop the services that will support economic activity in Birmingham, Manchester, Derby, Nottingham and within Stoke-on-Trent itself. In particular, Stoke-on-Trent's continuing development of the Smithfield business district will deliver a modern commercial environment, which has already attracted business & professional service providers (e.g. Water Plus).

3.3.22. Tourism & leisure

3.3.23. Tourism & leisure is a wide ranging sector containing traditional tourism industries such as accommodation establishments, museums, theatres, historical buildings, canals, gardens and theme parks. It also contains primarily leisure based industries such as libraries and sport / fitness facilities that will largely cater for local people rather than visitors to the area.

3.3.24. Given S&S natural assets and major tourism attractions such as Alton Towers, Drayton Manor Theme Park, Trentham Gardens, the new National FA Centre, SnowDome, Water World, the National Memorial Arboretum, Mercian Trail, The New Vic Theatre, the Potteries Museum & Art Gallery (including the Staffordshire Hoard, and over 20 pottery factory shops the area has all of the ingredients to be a major national tourism destination.

⁹ Largely defined as areas that surround metropolitan and city areas - tend to be more rural in nature but have inter-dependencies with the urban core.

3.3.25. Logistics and distribution

3.3.26. S&S has won a significant amount of investment from the logistics and distribution sector in recent years including Amazon, Gap, Palletforce and New Look. There has been large scale growth in the logistics and distribution sector driven both by demand and also structural changes in the market, with the recent shifts in distribution and logistics being led by the consumer goods and retail sectors rather than the manufacturing sector. The drivers for growth have resulted in an increased demand for 'large sheds' (100,000ft² and above) and a sharp increase in demand for 'mega sheds' has also emerged. S&S's central UK position, cost effective base and availability of large development sites for this sector presents further opportunities to attract investment in this activity. Indeed, a significant number of rail-based logistics developments are expected in the coming included the proposed West Midlands Interchange development in South Staffordshire and East Midlands Intermodal Park which is just across our border.

3.3.27. Construction

3.3.28. Along with manufacturing, employment in construction industries contracted severely during the last economic downturn. For many years S&S has had above average levels of employment in construction and there is therefore an argument for the diversification of the types of industries present within the area, thereby creating greater resilience to economic shocks.

3.3.29. However, there are significant opportunities related to construction at the moment. Following a number of years of contraction, since 2012 employment within construction industries has increased by around 8,000 in S&S. In particular there has been strong employment growth within the 'construction of buildings' (+1,000) and 'electrical installation' (+1,200) industries.

3.3.30. The planned level of housebuilding and major infrastructure projects to be delivered in S&S and surrounding areas in the coming years clearly presents significant opportunities to further increase employment in the construction industry. This is likely to require equipping our residents with the appropriate skills to take advantage of such opportunities, whilst also working with developers to encourage greater collaboration with local education and skills providers and make use of local labour where possible.

3.3.31. Finally, the emergence of interest in off-site modular housebuilding provides an opportunity to both create jobs locally (as part of the manufacturing process) and to be able to meet ambitious housing targets despite short-term capacity issues in the region's construction sector.

4. Infrastructure / Place

4.1. Connectivity

4.1.1. S&S's central location nationally, and excellent transport connections with the rest of the country are among its key strengths, and will continue to be so into the future. In general, traffic flows smoothly on the areas local highway network and where necessary traffic is managed to maximise road capacity and improve journey time reliability. However, in certain urban areas significant congestion during peak travel times can occur and is set to get worse if significant economic growth becomes a reality without the necessary highway infrastructure.

4.1.2. The work to date on Midlands Connect¹⁰ has highlighted the growth opportunities that exist throughout the region, alongside the importance of strategic transport investment to support this growth. Within S&S this has shown the potential of Stoke-on-Trent as a major economic centre, as well as a triangle of corridors that broadly follow the A38, M6 and A50. We have experienced substantial levels of growth in all of these areas in recent years and therefore it is acknowledged that transport improvements will be needed to ensure not only current planned growth is not detrimental to levels of accessibility and connectivity, whilst infrastructure improvements can also facilitate future growth within the area.

4.1.3. Early work on Midlands Connect has highlighted a number of issues related to strategic transport across the region, namely:-¹¹

- Need for effective road links – particularly important for the manufacturing and rail sectors which are prevalent in S&S, due to required connections to suppliers and markets.
- Low journey speeds – due to capacity issues on some roads, such as the M6, while many rail services are slow due to capacity constraints, stopping patterns and indirect services.
- Needs of the freight sector – require reliable road services to operate, while increased rail freight movements are in direct competition with increased passenger services in some locations.
- Poor journey time reliability – relatively low proportion of road journeys completed on time, whilst rail reliability is affected by current infrastructure such as much of the network being two-track.
- Access to international gateways – road access to the regions two airports is often affected by congestion, whilst rail services are indirect from many areas.
- Frequencies of rail services – many routes currently only operate one train per hour, whilst demand for such services may be affected by not being direct.

¹⁰ <https://www.midlandsconnect.uk/>

¹¹ Objectives for Improved Transport Connectivity, Midlands Connect Partnership, December 2015, <https://www.midlandsconnect.uk/media/1054/midlands-connect-corridors-and-hubs-final-dec-2015.pdf>

- 4.1.4. The early work on Midlands Connect has also highlighted the substantial growth potential of the region whilst, “failure to plan for this growth will mean that the competitiveness of some places will be constrained.” Ensuring we are actively encouraging and supporting strategic transport investment within S&S, through Midlands Connect, is therefore vital to improving current connectivity levels whilst also supporting future economic growth. An important regional initiative is the investment to bring the M6 to managed motorway status. Current proposals involve a “gap” in the proposals between junctions 15 and 16; it is important to understand how this will impact on the north of the County and Stoke-on-Trent.
- 4.1.5. A significant aspect of Midlands Connect is maximising the benefit to the region of HS2. Whilst there of course remain many concerns regarding the adverse impacts of HS2, which it will be important to consider and address, ensuring that we take full advantage of this major piece of national infrastructure will also be vital. Whilst some growth will be expected around the hub stations, four of which will surround S&S, and those stations that will have a direct classic-compatible service, significant economic benefits may also be delivered throughout the region through improved local, regional and national services as result of released capacity on the classic-network. The principal means of leveraging the benefits of HS2 connectivity within Stoke-on-Trent, Newcastle-under-Lyme, Stafford and Staffordshire Moorlands will be the Northern Gateway Development Zone (NGDZ) which has ambitious proposals for 100,000 new houses and 120,000 new jobs across South Cheshire and North Staffordshire by 2040.
- 4.1.6. Alongside strategic transport interventions, it will also remain vital to ensure the delivery of local transport projects to support employment land and housing developments whilst also improving connectivity. Many of these projects have already delivered substantial economic benefits across S&S, with a number of further substantial projects in the pipeline such as the Hanley-Bentilee link, Stafford Western Access Route and Lichfield Southern Bypass.

Case Study – Rugeley Bypass

Rugeley Bypass was conceived to divert traffic away from the congested centre of the small town and contribute to the regeneration of the area. The bypass plays a significant role in the sustainable regeneration of mid-Staffordshire. The closure of Lea Hall Colliery led to many job losses, leaving the area in need of investment.

The scheme involved 2.2km of new bypass with footways and a cycle lane, on a raised embankment through the River Trent flood plain. The scheme has five major structures:-

- Two bridges over the River Trent
- One bridge over the Trent and Mersey Canal
- Two under-rail bridges

The new bypass connects the £10-million Towers Business Park directly to the national highway network, allowing it to achieve its true potential as a job creation centre. A significant number of major employers are present on the site, including the 700,000 sq ft Amazon distribution centre.

4.2. Housing¹²

- 4.2.1. Having the right housing in the right locations is a vital part of making an area an attractive place to live and work. The Stoke-on-Trent and Staffordshire Local Enterprise Partnership's (SSLEP) Housing Investment Strategy outlines future investment priorities related to the delivery of over 70,000 houses that are currently planned for delivery throughout the area. However, in reality the substantial growth opportunities within S&S and the wider sub-region, and the state of current local plans, means that housing delivery is likely to be accelerated beyond the current required level of circa 3,370 homes per year, whilst issues such as the consideration of Birmingham's unmet housing need are still being progressed,¹³ although this also needs to be considered in the context of many parts of S&S already having NPPF-compliant adopted Local Plans. It will be imperative that the greatest possible benefits are achieved from the delivery of this housing, and a better understanding of the current local housing market and the effect that this has on demographics and the economy can help to inform the policies of local partners as housing delivery enablers.
- 4.2.2. In the year prior to the Census, more people moved out of the LEP area to other parts of the UK than moved in. At the time job creation within the area was relatively weak following the economic downturn and this may have had an impact on migration. Since 2011, job creation in S&S has been very strong and it would therefore be hoped that this will have a positive impact on migration to the LEP area as people look favourably on S&S as a great place to live and work. However, this is clearly dependent on having appropriate housing available within the area.
- 4.2.3. In this regard, there are a number of issues with the balance of the housing market in S&S at present. In particular there is a distinct lack of aspirational homes within the larger urban areas, especially true within Stoke-on-Trent, whilst there is also a need for smaller more affordable housing in rural areas to help to retain and attract a younger population, whilst also allowing older residents the opportunity to downsize and free-up family housing. The current lack of such houses in more rural parts of the county has led to significant issues with affordability, particularly within Lichfield and South Staffordshire. Delve deeper than this and

¹² Housing and Demographic Change, Staffordshire County Council, June 2016, <http://www.staffordshireobservatory.org.uk/documents/Economy-Infrastructure-and-Skills/Infrastructure/Housing-and-Demographic-Change-Final-Report-June-2016-v3.1.PDF>

¹³ Greater Birmingham and Solihull LEP and Black Country Local Authorities - Strategic Housing Needs Study Stage 3 Report, Peter Brett Associates, August 2015, <http://centreofenterprise.com/wp-content/uploads/2015/09/SHNS-Phase-3.pdf>

there are further, more nuanced issues to consider including substantial increases in the number of people renting, with a private sector renter on an average lower quartile wage in Tamworth having to spend nearly half of their pay to cover the rent.

- 4.2.4. The delivery of the right mix of housing will require addressing a number of issues that currently exist and are highlighted within the Housing Investment Strategy, including funding (public and private), delivery of necessary infrastructure and enabling land remediation where appropriate. Many of the sites where houses are currently planned to be delivered have issues, not least brownfield sites within the urban centres and particularly in Stoke-on-Trent, particular in the context of being able to deliver certain types of houses in specific areas e.g. aspirational housing, private rented accommodation and student housing. The delivery of starter homes, smaller housing sites and opening up opportunities for self and custom built homes may help to address this issue.
- 4.2.5. Having the right mix and quantity of housing will be vital in ensuring that an appropriately skilled workforce is available to the area's current and future businesses, whilst reversing the trend of losing people through domestic migration. The fact that in the year prior to the census net domestic migration led to a loss of economically active young adults to other parts of the UK, whilst at the same time the area gained a number of people from older generations has to be a concern in the context of an already ageing population.
- 4.2.6. Somewhat of an unknown is the impact of international migration and emigration. We know that the area gained a significant number of economically active young people from abroad in the year prior to the census, but unfortunately information is not available on how many people left the area through international emigration. At a national level, emigration is around half of immigration, and therefore if a similar pattern was also true in S&S then international migration does make a positive net contribution to the population of the area. Although this issue is clearly influenced by national and international policy and it is therefore difficult to predict how this may change in the future, particularly post-Brexit.
- 4.2.7. What is clear is that despite having a significant influx of students into S&S due to the presence of our two universities, the area still experiences a net loss of students to other parts of the UK as our young people choose to study outside of the county. There will of course always be people that choose to study away from home, but this does raise a couple of interesting issues that require further consideration. Firstly, could higher education provision within the county be developed so that a greater number of our residents and people from other areas choose to study in Stoke-on-Trent and Staffordshire? Alongside a range of other activities to develop the local economy, this may have the benefit of encouraging a greater number of graduates to remain in the area, providing a larger pool of people with higher level skills. Secondly, how do we enable graduates to remain in the area through the provision of appropriate jobs and housing, whilst also making the area an attractive proposition for our young people who do study outside the county so that they are encouraged to return?

4.3. Quality of Life

- 4.3.1. Intrinsically linked to the delivery of jobs and housing in S&S is the attractiveness of the area as a place to live and work. The delivery of more and better jobs within the area, supported by appropriate housing and a strong cultural offer, should lead to an increased level of spend within the area, in-turn supporting town centres and the development of an improved retail and leisure offer, as well as less tangible but equally important considerations such as the buzz or reputation of a place to attract and the role of the independent sector in driving this. Piccadilly in Hanley is a great example of this where the local authority has invested in high quality public realm, creative industries and independent traders have moved in and now this area has built a reputation of the place to be which includes Theatre, Art Gallery, Museum, high quality food and events.
- 4.3.2. However, there is a 'chicken-and-egg' aspect to this issue, as people may only choose to live and spend money within S&S if there is already a certain level of quality of life for residents. In this regard we are already well served by a leisure offer which includes some of the country's best known attractions, as well as natural assets that include the Cannock Chase AONB and Peak District National Park. Therefore in many ways the issue may be ensuring we make best-use of what we have as opposed to needing to do anything particularly new.
- 4.3.3. However, a person's quality of life is often also very much dependent on a range of other issues such as sustainable transport, air quality, health, crime, safety and the provision of local services such as schools. The rural nature of large parts of the county means that sustainable transport options are generally less prevalent than in urban centres, whilst being able to access high-quality services such as GP's and schools may also be an issue. In terms of town centres, their role is not only changing but the nature and role of each specific centre is different. It will therefore be important for us to consider the future of all of our centres, particularly the future role we want for them, how they will contribute to a high quality of life and any support and development required from local authorities to make this a reality.

4.4. Broadband

- 4.4.1. Supporting infrastructure on employment sites can be a barrier to investment, and a significant factor for future economic growth given the growing importance of electronic communications and transactions is the availability of broadband internet access. There is currently significant disparity in the speed of local broadband provision, particularly in more remote rural areas where speeds can be much slower. The provision of reliable high speed broadband to local businesses will not only improve the attractiveness of the area to potential inward investors, but also drive growth through the increased ability to conduct business online, something which will be dependent on making sure that local employers have the skills to make best use of the broadband on offer.

Case Study – Better Broadband for Staffordshire¹⁴

Staffordshire County Council has been awarded £9.4 million from Government, which has been matched with nearly £8 million of its own funds and around £13 million from BT, to deliver fibre broadband to the vast majority homes and businesses. Around 95% will have access to speeds of 24Mbps and above by 2017.

The SSLEP have said that “fast and effective broadband is vital to our economy. Business needs superfast broadband to compete, and there are pockets in the countryside where this is still a problem. Our rural businesses need top flight communications to thrive.”

¹⁴ <http://www.superfaststaffordshire.co.uk/>

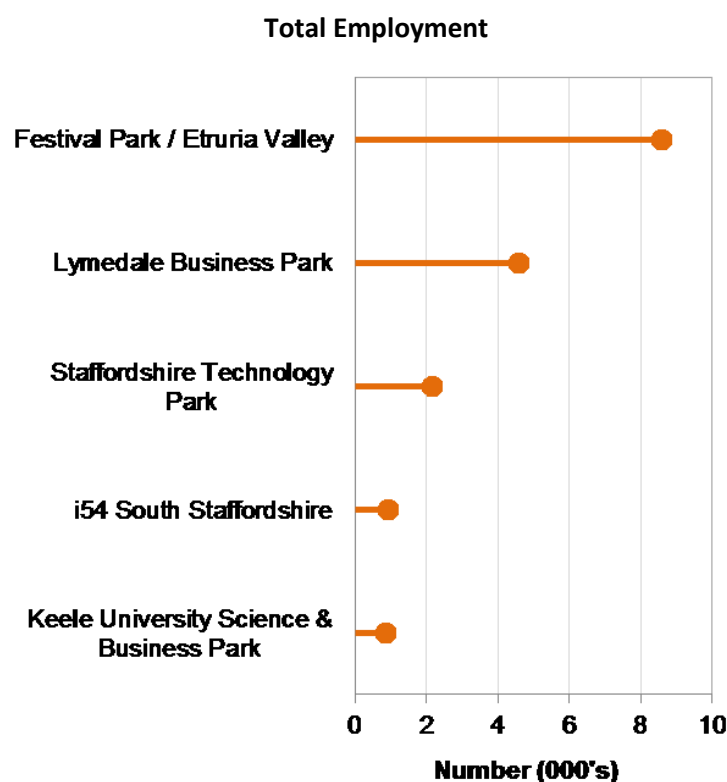
5. Sites / Premises

5.1. Employment Sites

5.1.1. A key aspect of our economic growth / regeneration programme in recent years has been the development of employment sites. An evaluation¹⁵ considered the impact of five of our employment sites, namely:-

- Festival Park / Etruria Valley (now part of the Ceramic Valley Enterprise Zone)
- i54 South Staffordshire Enterprise Zone
- Keele University Science & Innovation Park
- Lymedale Business Park
- Staffordshire Technology Park

5.1.2. The evaluation showed that all of these sites have been successful in attracting a large number of businesses and jobs to the area. In total the five sites are home to around 350 businesses, employing over 17,000 people. Although it should be noted that this includes a number of recruitment / temporary employment agencies and other companies who will have a number of recorded employees that primarily work off-site.¹⁶



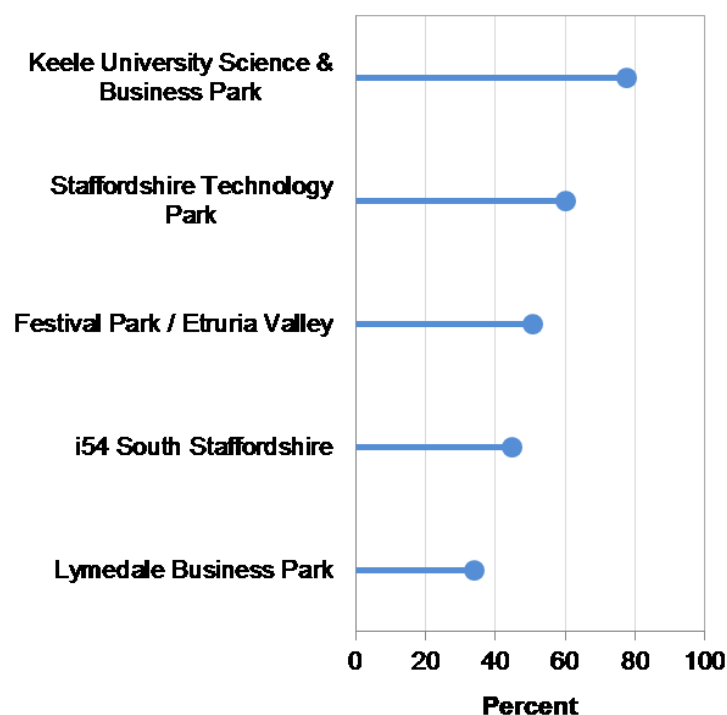
Source: Inter-Departmental Business Register 2013, ONS

¹⁵ Economic Evaluation of Key Employment Sites, Staffordshire County Council, March 2015

¹⁶ Total employment accredited to temporary employment agency activities is estimated to be around 800.

- 5.1.3. The five sites considered are home to very different types of jobs, and this is clearly shown in the qualification levels of workers. Keele University Science & Innovation Park and Staffordshire Technology Park are shown to have a large proportion of workers who have high-level qualifications, in comparison to Lymedale Business Park where over a third of people have either no qualifications or only a NVQ level 1 qualification (equivalent to 1-4 GCSEs of any grade).
- 5.1.4. The nature of the companies present on each site make this unsurprising, with Keele University Science & Innovation Park being home to a number of high-value professional industries such as medical technologies and ICT while the predominant industry at Lymedale Business Park is logistics. The range of opportunities created by these sites when considered as a whole has undoubtedly been advantageous in opening up employment opportunities for people from all socio-economic backgrounds. Lymedale for instance sits amongst a number of highly deprived communities, while almost a third of workers at the site live in an area that is amongst the 20% most deprived areas in England.

Proportion of workers at the site with at least a NVQ level 3 qualification



Source: Workday Population Statistics, 2011 Census

- 5.1.5. What is also very clear is that the sites have been hugely successful in generating employment opportunities for local residents. Over four-fifths of the workforce at Lymedale Business Park and Festival Park / Etruria Valley and the entire workforce at Keele University Science & Innovation Park and Staffordshire Technology Park are residents of S&S. Therefore the sites

clearly provide a huge benefit for local residents and contribute significantly to increasing prosperity within the area.

- 5.1.6. The only site where the proportion of S&S residents working at the site is low is i54 South Staffordshire, which is some ways is unsurprising given the sites location on the South Staffordshire and Wolverhampton border. In order for local residents to be able to take advantage of job opportunities created on our employment site developments, it will be vital for our residents to have the skills required by employers at the site, and good connectivity to improve accessibility to the site. This will be particularly true of low-skilled, low-paid workers who are less likely to own a car and will be more reliant on public transport and other sustainable travel options.
- 5.1.7. Overall our employment site developments are therefore shown to have been very successful in creating and safeguarding a range of jobs, the vast majority of which are taken by S&S residents. However, we may need to consider the range of employment sites we have available and whether they are suitable for the types of businesses we are looking to develop and attract, whilst also supporting existing businesses to move to new premises where appropriate.
- 5.1.8. Similar to housing, employment land developments often have a number of barriers to delivery which need to be addressed including the availability of funding, viability, land assembly and infrastructure issues. Overcoming these issues will be vital, as without a suitable product businesses will not move to the area. Generally businesses prefer not to wait over 18 months for a site to be ready for use and, in general, the sooner sites can be used the better.

Case Study – Lymedale Business Park¹⁷

The development at Lymedale Business Park is perceived as one of the county's most successful economic initiatives in recent years. The site, situated just to the north of Newcastle-under Lyme, was acquired by Staffordshire County Council in 1996 following the closure of a deep coal mine. After an extensive clean up and land reclamation programme, the area was fully landscaped and marketed to attract businesses to buy or rent land on the site.

Holditch Colliery had provided employment for around 1,100 workers when it was in full production, many of whom had lived in the surrounding housing estates. The loss of this colliery was a severe blow to the many families whose livelihoods had depended on the income that the colliery had provided them with. The most pressing priority for the local authorities at the time therefore was to attract new employment opportunities into the Lymedale area to provide work for those communities which had been most affected by the closure of the Holditch mine.

¹⁷ Lymedale Business Park: An Economic Evaluation, Dr Suzanne Jenkins, Staffordshire County Council, August 2011

The development, for various reasons, quickly proved to be very successful at attracting new businesses to the area, including several large employers, many of which are household names. Lymedale Business Park currently provides around four times the number of jobs that were provided by the colliery, with over 1,000 of these jobs being taken by local people residing in areas in the top 20 percent of deprived areas in the country. Lymedale Business Park is therefore an excellent example of how, with the right investment and thoughtful planning, an area which has suffered a significant economic challenge can be successfully regenerated for the benefit of the local communities who most need it.

5.2. Premises

5.2.1. A study¹⁸ conducted by inward investment consultancy Breeze Strategy suggested that while S&S has good key location factors such as access to a suitable workforce, cost effectiveness, colleges / universities / training, proven clusters of business activity and telecoms resilience, the area lacks available sites and premises in which businesses could move in. Although it should be noted that significant progress has been made since the study was conducted with a number of new employment sites now being ready for development. Creating a portfolio of high quality employment sites and premises will therefore be important in creating new jobs with the area. This is an area where we already have a proven record of delivery, including at Liberty Park in Lichfield, the first Growth Deal scheme to commence in the country. Collectively we have helped to develop numerous successful employment sites in recent years, including:-

- The delivery of the new M54 motorway junction to secure the investment of Jaguar Land Rover at the i54 South Staffordshire Enterprise Zone.
- Continued expansion of the Festival Park / Etruria Valley employment and retail site, which is currently home to around 130 businesses and 8,600 jobs. Etruria Valley is now part of the Ceramic Valley Enterprise Zone, which has already secured almost 1,000 jobs with enquiries from more than 40 other businesses about moving onto the site.¹⁹
- Provision of office space at the Keele University Science & Innovation Park, with the vast majority of companies being within the business and professional services, energy and medical technology sectors.

¹⁸ Inward Investment Study - Understanding Stoke & Staffordshire's Opportunities to Attract New Jobs, Breeze Strategy, January 2013

¹⁹ Ceramic Valley Enterprise Zone Boosts Jobs and Growth, Stoke-on-Trent & Staffordshire Local Enterprise Partnership, October 2016, <http://www.stokestaffslep.org.uk/ceramic-valley-enterprise-zone-boosts-jobs-and-growth/>

Case Study – i54 South Staffordshire

i54 South Staffordshire is a 91 hectare (226 acre) strategic site in the centre of the UK, adjacent to the M54 motorway. A new £40m motorway junction providing direct access to the site opened in December 2014, led by Staffordshire County Council in partnership with Wolverhampton City Council and South Staffordshire Council.

In March 2011 it was announced that the site had been granted Enterprise Zone status, which includes business rate relief for businesses moving onto the site. An agreement between the local authorities meant that the infrastructure works required to provide better connectivity to the site could be entirely funded through the business rate retention mechanism.

On 19th September 2011, the Deputy Prime Minister announced the decision of Jaguar Land Rover (JLR) to build their new £500 million engine plant on the i54 South Staffordshire site. Prior to Jaguar Land Rover there were around 945 jobs on the site, with all of these jobs being linked to two companies; MOOG and Eurofins. The 1,400 jobs that will be created by Jaguar Land Rover when operating at full capacity will clearly substantially increase the level of employment at the site.

- 5.2.2. A particular issue over recent years has been the lack of speculative building by developers, although this has changed recently with the development of Triton, a 115,000 square foot industrial warehouse unit, by Trebor Developments at Redhill Business Park. Having such premises ready and available, across all use classes, will be vital if we are to take advantage of future inward investment opportunities. A good example of this is Blue Planet to the north of Newcastle-under-Lyme, which is now occupied by JCB. The Blue Planet building has become a blueprint for excellence and was the first building in the world to receive a BREEAM best practice in sustainable building design rating of 'Outstanding'. The 383,000 sq ft building already exceeds the UK government's 60 per cent CO₂ reduction target, set for 2050, as well as delivering a range of innovative operational cost savings and a superb working environment. The principal market failure within S&S at present, and particularly in the north of the area, is the intermediate or "grow-on" accommodation of circa 10,000 to 50,000 sq ft. Local authorities and developers need to work together to address this shortfall.
- 5.2.3. The forthcoming shift to 100% of business rates being retained by local government may mean that business premises are of greater importance to local government finance. Equally, retaining a greater proportion of business rates within the area may provide a Tax Increment Funding-style mechanism to support the future development costs associated with employment sites, similar to the approaches already taken for both the i54 South Staffordshire and Ceramic Valley Enterprise Zones. Whilst the details of business rates retention mechanism

are not yet clear, we do know that the total business rates collected in S&S in 2014/15 amounted to just over £250m, and this is predicted to increase as a result of both the 2017 revaluation process and growth in the total rateable values of business properties in the area.²⁰ Given the likely increased importance of business rates to local government finance and local infrastructure delivery, consideration may need to be given as to the nature of future employment site developments within S&S and the predicted level of business rates generated, alongside wider factors such as how the site will contribute to our overall aims such as generating high-value jobs.

²⁰ Business Rates - Phase 1: Understanding Business Rates, Rateable Values of Business Properties and the Implications of Revaluation in Staffordshire, Staffordshire County Council Insight, Planning & Performance Team, December 2016

6. Skills

6.1. Overview

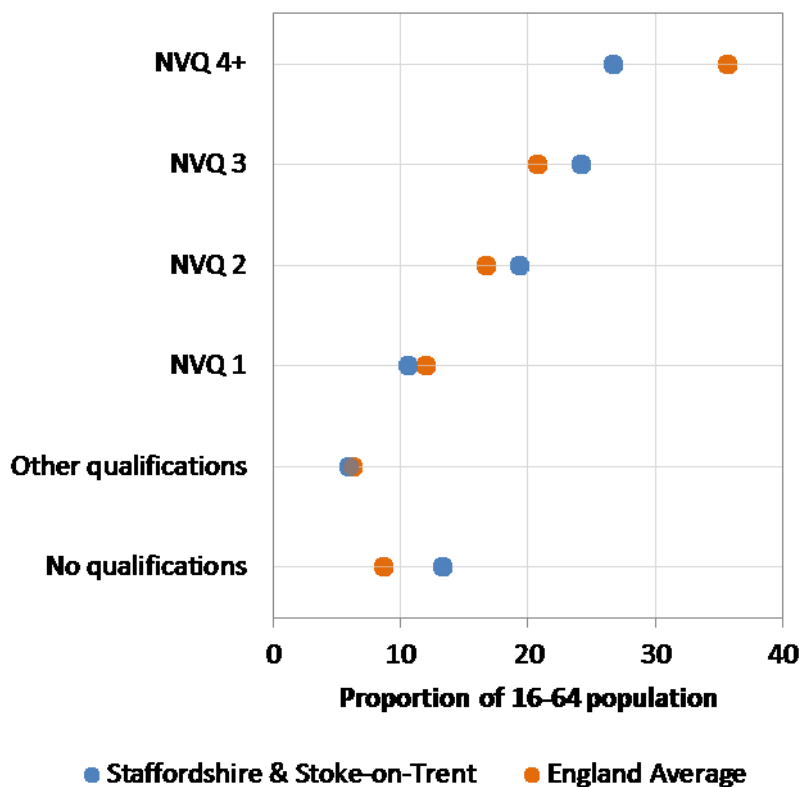
- 6.1.1. In line with the LEP Education Trust Skills Strategy, securing a well-qualified and adaptable workforce with the skills sets appropriate to the needs of existing business sectors in S&S, as well as those in which we have aspirations for economic growth, should be fundamental priorities for our economic development in the short, medium and longer-term.
- 6.1.2. The LEP area's current education and skills performance tends to vary by locality. Only Lichfield, South Staffordshire and Stafford currently have a proportion of residents with a degree level qualification (or equivalent) above the national average. Developing high level skills will be a necessity if we are to be successful in changing the structure of our local economy to be more diverse and high-value.
- 6.1.3. However, while it is important to develop higher level skills within the local workforce, all employers require employability skills such as communication, literacy, numeracy and team working. Given the high levels of worklessness in parts of the county, it will also be imperative to make sure that our residents are work-ready and have the skills that employer's desire.
- 6.1.4. We can improve the skills levels of our local residents by influencing various forms of skills provision including formal education such as at colleges and universities, more practical education and vocational qualifications such as apprenticeships, and also informal training such as that provided by companies themselves or other private sector and voluntary sector organisations . It will also be equally as vital, if not more so, to ensure that our residents are receiving good-quality, effective careers information, advice and guidance so that they are making good choices in the skills they are demanding.

6.2. High Level Skills

- 6.2.1. Tackling the skills issues that exist for the entire population will be important in developing a workforce in S&S which matches the needs of local business and the businesses of the future. In particular the area currently lags behind in terms of higher level skills, and enabling residents to develop such skills will not only go a long way to addressing our current productivity gap but also encourage greater levels of aspiration and entrepreneurship.
- 6.2.2. A greater proportion of residents having higher level skills will undoubtedly be beneficial in developing a higher value economy in S&S, whilst a key challenge will be meeting the needs of the high-value sectors we wish to target. This is important for two main reasons:-
 - 1. Without an appropriately skilled local workforce, potential inward investors will not move into the area.

2. Business start-ups within desired sectors will only occur if the local product on offer matches the need of the sector, one key aspect of this being the skills of local residents.

Qualification levels of the 16-64 population, Stoke-on-Trent and Staffordshire compared to the national average



Source: Annual Population Survey 2014, ONS

- 6.2.3. Local colleges and universities, and those within neighbouring areas, will clearly play a major role in developing our future workforce and it will be important that the courses available at these institutions match the needs of our existing business base as well as the sectors we aim to develop in the future. However, this is just one of a range of factors that will affect our ability to attract and retain people with higher level skills in the future, discussed further in section 4.2.

6.3. Lifelong learning

- 6.3.1. The skills system is of course not just about post-16 education and training, as our children are a vital part of our future workforce. School performance is therefore key, not only in terms of creating people who are ready and able to meet the needs of the future economy but also in making the area an attractive place to live. Improving school performance and addressing underperformance will therefore be imperative. As of April 2016, 83% of all schools in

Staffordshire were rated as 'good or outstanding' by Ofsted, compared to 86% nationally. The target is for 90% of schools to be 'good or outstanding'.²¹

- 6.3.2. Although improving the educational attainment of young people in S&S may have substantial benefits in developing a highly skilled workforce in the long-term, the vast majority of the current workforce left the education system a long time ago. Tackling the skills issues for the working age population as a whole will be important in developing a greater level of skills within the area in the short-term, and this will require a more flexible workforce with a greater degree of reskilling and upskilling.
- 6.3.3. Providing an effective careers advice service will play an important role in ensuring people make good career choices throughout their lives. This not only includes meeting the need of both existing and potential future industries, but also encouraging and supporting people to start their own business (discussed further in section 8.1). In this regard, of particular importance is the extent to which people have entrepreneurial qualities and leaders who will drive innovation. It will therefore be important that we encourage the development and take-up of appropriate programmes and courses to promote entrepreneurship amongst local residents, alongside the development of leadership, management and other skills necessary to run a business to ensure that businesses have the greatest opportunities to innovate and grow.

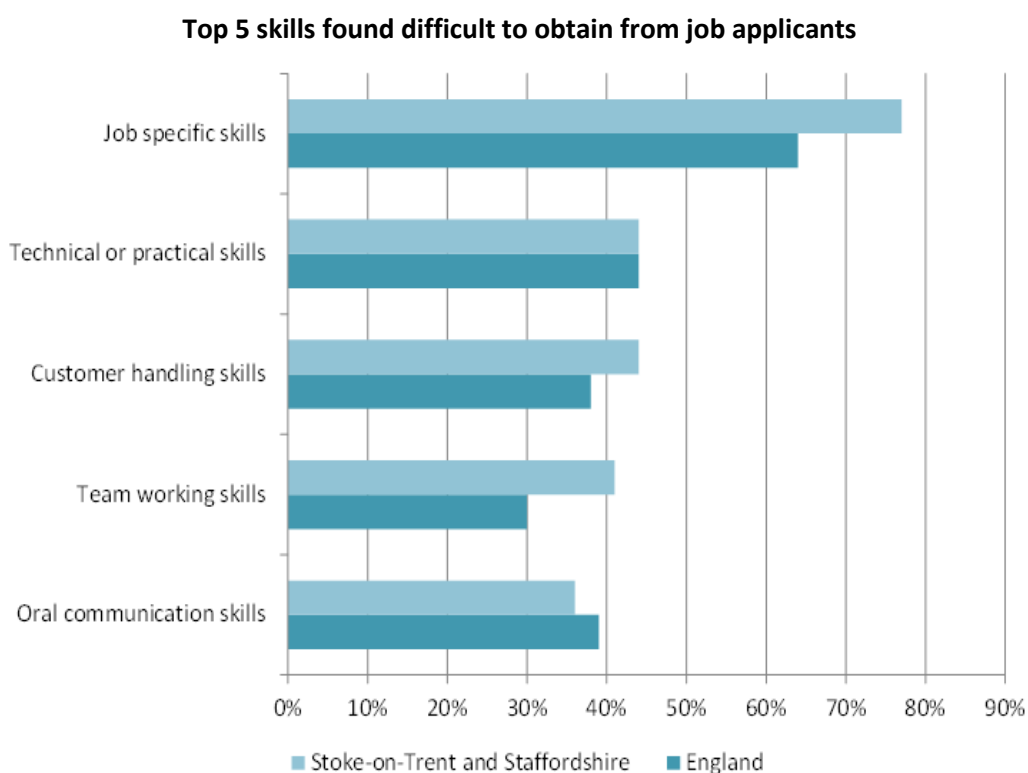
6.4. Meeting business need

- 6.4.1. The UK Employer Skills Survey²² consistently highlights issues of hard-to-fill vacancies and skills gaps in S&S. This is not dissimilar to the country as a whole, with Lord Heseltine stating that, "Wherever you go in this country there is a skills shortage," whilst providing evidence to the Commons Business Innovation and Skills Committee recently.²³ This highlights the importance of the LEP Education Trust Locality Project, which seeks to make better links between employers and schools to focus on enterprise, employability and careers.
- 6.4.2. Around 4% of businesses within S&S have previously reported that they've had vacancies which they have found hard-to-fill, similar to regional and national averages. Skills shortages are one of the key issues as to why these vacancies are hard-to-fill, often related to job specific, technical or practical skills but also more generic employability skills such as customer-relations, communication and team-working. Whilst formal qualifications are undoubtedly important, local businesses often state that poor employability skills are a key reason for having difficulties recruiting staff. Therefore ensuring that people are 'work-ready' will be vital in not only meeting the needs of business but also getting people into employment.

²¹ Quarter 1 Performance Report April - June 2016, Staffordshire County Council, <http://moderngov.staffordshire.gov.uk/documents/s84730/Quarter%201%20201617%20Performance%20Report.pdf>

²² <https://www.gov.uk/government/collections/ukces-employer-skills-survey-2015>

²³ Heseltine: Industrial strategy should start in schools, BBC News, 11th October 2016, <http://www.bbc.co.uk/news/uk-politics-37619164>



Source: UK Commission's Employer Skills Survey 2011

6.4.3. Addressing these skills gaps will likely require a variety of approaches. For larger companies that will be obligated to pay the apprenticeship levy, this may mean taking on a greater number of apprentices and ultimately taking responsibility for future workforce development. This will be reliant on having a wider range of appropriate apprenticeship frameworks available. Apprenticeships are likely to be increasingly important in the coming years for all businesses, particularly within sectors such as manufacturing that form a major part of our local economy. Although not yet clear, this may well be linked to the future national industrial strategy and stronger consideration of industrial sectors and skills requirements. This would be similar to the German approach, where the development of the manufacturing industry has gone hand-in-hand with the creation of a world-class vocational education

6.4.4. In the short-term, the development of a more reactive skills system will prove beneficial in meeting current skills gaps, to be achieved through the developing Skills Hub. This builds upon the Growth Hub model by supporting businesses to access the skills support they require and directing them to the right organisations and skills providers. As part of the Skills Hub, skills plans are to be produced for all of our strategic employment sites in the future in order to ensure that we're in the best position possible to affect the types of businesses moving on to employment sites, and meeting the skills needs of those businesses. As an indication of scale, it was estimated that the initial tranche of 25 sites considered for the City Deal could be home to around 55,000 jobs (not considering displacement), a third of which may be in manufacturing industries.

6.5. Sector Skills Considerations²⁴

- 6.5.1. Some sectors that we wish to develop in the future are currently quite embryonic and therefore the skills required by these sectors will, in a lot of cases, need to be developed if the local workforce is to take advantage of the jobs that will be forthcoming. In order to differentiate ourselves from other areas it's important to fully consider our industrial strengths and local assets to focus purely on those sectors which offer the greatest opportunities, as outlined in section 3.3. We already have experience of this through our City Deal and Growth Deals with Government, our local Skills Pilot and the development of our Advanced Manufacturing & Engineering Hub.
- 6.5.2. Whilst industrial sectors are distinct and separate from each other, they also have numerous commonalities. One of these commonalities may be the skills of the workforce. As an example, the LEPs focus on advanced manufacturing will mean that there is a need to train more engineers and generally have greater levels of the workforce with Science, Technology, Engineering & Mathematics (STEM) qualifications.
- 6.5.3. The fact that skills requirements will cut across sectors makes the analysis of skills needed by the priority sectors outlined in the previous section more difficult. This is also true due to varying definitions of industrial sectors. The Sector Subject Area (SSA) classification system used to analyse learners aims does not align to the Standard Industrial Classification (SIC), used to determine the nature of businesses. To attempt to align skills requirements, the needs of local industries and the skills needed by sectors we are aiming to develop, there are likely to be seven key SSAs as outlined below.



- 6.5.4. Challenges for each of these SSAs, as highlighted by the UK Commission for Employment and Skills, are set out below:-

²⁴ Skills Action Plan - Priority Sectors Evidence Summary, Staffordshire County Council, January 2016, <http://www.staffordshireobservatory.org.uk/documents/Economy-Infrastructure-and-Skills/Skills/LEP-ET-Skills-Plan-Evidence-Summary-DF-MS-v2.PDF>

6.5.5. Health and Social Care

- Doing more with less – as the NHS faces major restructuring and spending cuts, there will be a need for greater management skills in order to improve efficiency and financial performance while at the same time achieving better patient outcomes.
- Attracting and retaining the necessary talent – an ageing population, and an ageing workforce produce a combination of increasing demand for services coupled with high rates of retirement of existing employees. There are expected to be up to 1.7 million job openings across the sector in the UK by 2020, including new demand and replacement of retiring staff which will need to be filled with skilled and proficient staff.
- Reducing skills gaps among the existing workforce – in order to meet quality standards there is a need to address skill gaps in strategic management, team working and communications skills. At the same time new assistive technology is expected to shift the delivery of care towards the home and local providers and will increase demand for high level skills.

6.5.6. Retail

- Increasing consumer affluence has enabled greater access to retailers especially via the internet and this has made them more demanding of customer service and less loyal to particular retailers. Therefore retailers will need to increasingly attract and retain customers and skills of staff will be an important aspect in improving competitiveness of retailers.
- The sector is dependent upon sales and customer service workers and demand from growth in the sector will mean that there will be a need for greater training provision to improve the quality of labour available, the attractiveness of the sector and to help with staff retention.
- The sector also needs a supply of highly skilled and qualified employees given the increasingly sophisticated systems used by manage supply chains, logistics, internet shopping, in-store operations, target marketing, etc.
- Skills lie at the heart of how retailers will respond to product market and technological developments to ensure that the customer offer is one which continues to appeal to the shopper, both in the UK and further afield.

6.5.7. Manufacturing

6.5.8. The sector faces strong international competition and its survival and development will depend on increased productivity and innovation. It will be important to improve the learning supply to ensure the workforce possesses the skills that enable them to:-

- Innovate through design and the use of smart technologies and materials.

- Improve productivity and be skills rich in areas of leadership, technology, craft and business, all of which are required to meet market needs and innovate effectively.

6.5.9. There have also been several key industry drivers identified:-

- The recruitment of high calibre new entrants.
- Achieving workforce competence and culture change.
- Reducing costs, releasing cash and improving customer service.
- Managing performance, change and effective supply chain relationships.
- Developing a cadre of high quality Engineers who can lead change.

6.5.10. Construction

- The sector is highly cyclical – after every recession the sector tends to lay off skilled workers who then prove difficult to recruit during the recovery period. This gives rise to skill shortages and wage inflation which, in turn, can inhibit recovery. Cyclical effects are exacerbated by the high levels of self-employment in the sector.
- A key challenge for the sector is to maintain its supply of skills, especially during periods of weak demand. The signals to individuals are generally positive – that skills acquisition in construction skills is associated with relatively high rates of return. The evidence suggests that employers recoup their training investments quite quickly once apprentices complete their training. Investing in training is a win-win for employers and employees.
- Whilst the evidence should not be exaggerated, the age profile of the sector suggests that there are relatively fewer younger people in the workforce, and that the number of entry level training positions has declined following the recession. The key challenge, therefore, is to even out the supply of, and demand for, construction skills - the importance of this should not be under-estimated given the significance of the construction sector to economic recovery.

6.5.11. Tourism & Leisure

- Productivity – labour productivity performance in the tourism and leisure sector is strongly linked to demand, as employers need to retain core staff even when demand falls. There will need to be effective and efficient management skills that can help predict demand and improve staff scheduling that reduces downtime and increases productivity.
- Employee engagement – customers are recognised as becoming more demanding which is driving up the level of service expected. Staff engagement can help create a culture of continuous improvement in customer service that can help meet these increasing expectations.
- Employee turnover and retention – tourism has the highest turnover rate of any sector. Businesses will have to overcome the poor perception of parts of the sector (low pay and unsociable hours) which make it difficult to attract staff. There are a high proportion of

transient workers which can be useful in matching staffing levels to demand, but this makes long-term workforce planning more difficult.

- Training and workforce skills investment – a large proportion of training expenditure is on induction training due to the high staff turnover in the sector. This high labour turnover has led to skills gaps among elementary staff, although there are also managerial and customer service skills lacking in the sector. Employers who invest in staff can change this situation, and create a ‘virtuous circle’ where workforce upskilling (particularly in customer handling skills) and engagement results in greater levels of motivation and satisfaction, a more stable workforce, and improved business performance.

6.5.12. Business & Professional Services

- Adapting to increased regulation - following the financial crisis and growing pressures for public accountability, leading to increasing demands for knowledge and skills to ensure firms meet regulatory requirements.
- Attracting talented individuals – the sector recruits from Higher Education and employers have relied on access to a global talent pool. Future migration policy and increased fees for higher education have potential implications for the supply of skills to the sector.
- Overcoming skills shortages – investing in the workforce will be important to ensure that the sector has the skills to remain agile in an increasingly competitive and uncertain environment. Managerial and professional skills are of key importance and other areas commonly needing improvement include specialist or job-specific skills, planning and organisational and customer handling skills. There is increasing emphasis on Apprenticeships in financial services, accountancy, real estate and facilities management.
- Global competition and technology – Acquisition of the right skills to remain globally competitive, alongside technological advances which change the way in which transactions are carried out and where services are delivered are also important for future growth in the sector.

6.5.13. Logistics and Distribution

- As has been the case for a number of years now, the logistics and distribution sector has seen a trend for greater automation of distribution together with an increase in individuals with specific responsibilities, against a background of just-in-time deliveries, increasing imports into the UK, and increasing customer sovereignty.
- These recent developments have seen and continue to see significant occupational changes in the sector. Elementary groups, such as warehouse operatives and skilled trades are seeing a decline, although replacement demand ensures that people are still needed. There has been growth in occupations such as managers and senior officials, administrative roles, personal services and sales and customer service operatives. These changes are expected to continue and so it will be important that training and skills providers ensure that skills supply meets demand in these areas.

- There are also issues relating to the image of the sector and the need to increase awareness and interest in it.

6.6. Inactivity

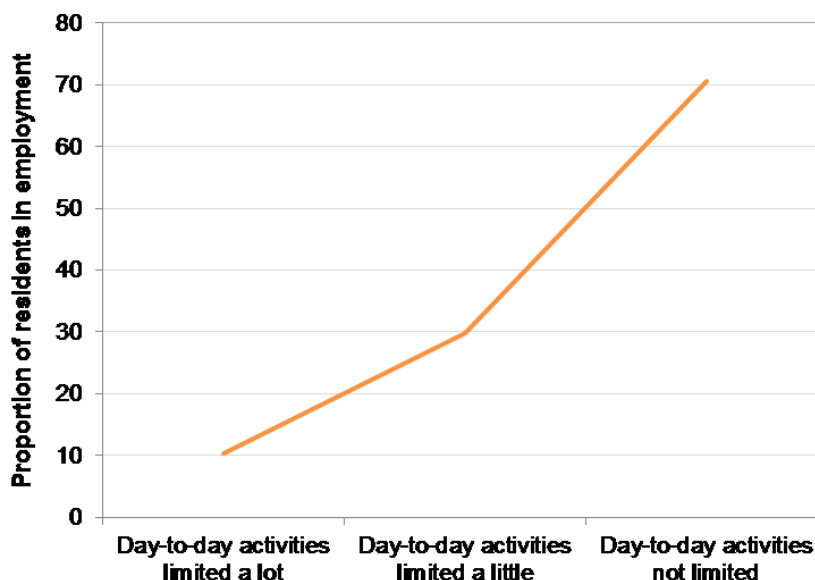
- 6.6.1. Whilst the number of jobseeker's Allowance / Universal Credit claimants in S&S has declined to record low levels, we have a significant number (circa 60,000) of residents who continue to be workless²⁵. Worklessness tends to be a much greater issue in large urban areas, and in Stoke-on-Trent the proportion of working age residents claiming an out-of-work benefit currently stands at over 14%, although there are pockets of worklessness that exist throughout Staffordshire. There are a wide range of factors as to why worklessness is high in certain areas such as generational factors where no individual from a family has ever worked, people not having the right skills to take advantage of employment opportunities, poor levels of aspiration amongst young people, medical conditions, etc.
- 6.6.2. Whilst it was produced a number of years ago, the barriers to employment highlighted within the Staffordshire Worklessness Assessment 2010²⁶ are likely to remain pertinent today. Worklessness is strongly linked to deprivation; areas where there are households where no individual from the family has ever worked, there are low levels of aspiration and social mobility, income poverty, poor educational attainment and skills levels and ultimately disadvantaged children becoming disadvantaged adults. Given that deprivation and worklessness are intrinsically linked, these barriers to employment are most prevalent within Stoke-on-Trent and a number of much smaller hotspots throughout Staffordshire.
- 6.6.3. There are a number of other specific issues within S&S that are likely to be preventing residents from entering the workforce. By far the largest proportion of the workless population within S&S claim Employment and Support Allowance (ESA) and have therefore been deemed to be unfit for work. Mental health and musculoskeletal conditions are the main reasons for people claiming ESA in S&S. The availability and affordability of childcare may also be a barrier to employment in parts of the county, preventing parents from going out-to-work. This is an issue that the Government is looking to address through its proposed move to 30 hours of free childcare for 38 weeks of the year for all 3 and 4 year olds, with a pilot of the scheme currently being trialled by Staffordshire County Council. Housing may also be a barrier to employment, particularly if there are areas where there are good employment opportunities but housing availability and / or affordability is poor. This is very much related to the balance of the housing market, as discussed in section 4.2.
- 6.6.4. A great deal of research highlights the benefits of people having a job beyond the salary. Ultimately someone who is healthy is more likely to be able to find suitable employment and

²⁵ Defined as residents claiming an out-of-work benefit (JSA / Universal Credit, ESA / Incapacity Benefits, lone parents and other income related benefits)

²⁶ Staffordshire Worklessness Assessment 2010, Staffordshire County Council, January 2011

someone who has a job is more likely to have a healthy lifestyle. Over 70% of residents whose day-to-day activities are not limited by health problems are in employment, compared to just 10% of those residents whose day-to-day activities are limited a lot.

Residents in employment by long term health problem or disability



Source: 2011 Census

6.6.5. It is therefore clear that enabling people to find employment is a sound policy aim that will have a positive impact on the health and happiness of residents. Reducing the number of residents who are workless would have substantial benefits, not least in terms of the burden on public services.

6.6.6. This point is supported by various pieces of research, such as a recent report from the Centre for Economic & Social Inclusion²⁷ which states that when a claimant moves into a job, on average there is a:-

- £6,900 cost saving to the public purse.
- £13,100 boost to the local economy.
- £6,500 gain to the individual.

6.6.7. Based on these figures, if all of the residents of S&S that are currently workless were to find a job, this would have the potential to save £414m in public sector costs and generate an additional £786m in the economy. This is of course an extreme scenario as there are always people that are unable or unwilling to work, but these figures do show the potential gains to be had.

²⁷ Realising Talent for Everyone: A Report to the Local Government Association, Centre for Economic & Social Inclusion, March 2015,
<http://www.local.gov.uk/documents/10180/6869714/Realising+Talent+for+Everyone/7a44acf7-d757-4ebf-9a04-6c5ace7a2537>

7. Innovation

- 7.1. Innovation is the successful exploitation of new ideas. New ideas can take the form of new technologies, new products or new corporate structures and ways of working. As the Government's Fixing the Foundations productivity plan states, "The creation and application of new ideas is critical for long-run productivity growth."²⁸ Science and innovation is one of our country's great strengths, producing around 16% all top quality published research findings, despite representing less than 1% of the world's population.²⁹
- 7.2. Continued growth in innovation and research & development activities will be vital to our future prosperity, also acknowledged by Sir Andrew Witty in his recent review into the role of universities in generating local economic growth.³⁰ As an example as to the impact universities can have on the local economy, a recent study³¹ showed that Keele University is a major contributor spending £13m with local businesses, 730 locally resident employees and 5,000 locally resident students. The University is expected to contribute close on £0.4 billion to the local economy each year and sustain over 6000 local jobs by 2023.
- 7.3. The Witty Review outlined the strong belief that while the country is well placed in terms of the generation of academic research, we are generally quite poor at translating this research into marketable products. This issue is particularly true for SMEs, with the UK performing poorly in terms of SMEs introducing product or process innovations.³²
- 7.4. There are therefore two distinct issues to consider for innovation:-
1. The type, quantum and quality of science and innovation activities.
 2. Whether best use is being made of these activities and they are being translated into marketable products.
- 7.5. A sub-group of the Midlands Engine has recently progressed a science and innovation audit (SIA) for the whole of the Midlands, working with the Department for Business, Energy & Industrial Strategy, and this is a useful piece of work in assessing the relative innovation

²⁸ Fixing the foundations: Creating a more prosperous nation, HM Treasury, July 2015, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

²⁹ International Comparative Performance of the UK Research Base, Elsevier, 2013

³⁰ Encouraging a British Invention Revolution: Sir Andrew Witty's Review of Universities and Growth, December 2013, https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/249720/bis-13-1241-encouraging-a-british-invention-revolution-andrew-witty-review-R1.pdf

³¹ The Economic Impact of Keele University, Regeneris Consulting, September 2016, <http://regeneris.co.uk/latest/news/entry/0.3-billion-annual-contribution-to-regional-economy-from-keele-university>

³² The Global Innovation Index 2014, Cornell University, INSEAD and WIPO, 2014; EU Innovation Union Scoreboard, European Union, 2015

strengths within the Midlands and S&S.³³ This is one of five SIAs that has been completed across the UK, the aim of which is to map out local research, innovation and infrastructure strengths and help identify and build on the potential by better evidencing investment decisions and highlighting opportunities for businesses to tap into. The Midlands SIA focused on six key thematic areas:-

- Transport Technologies
- Advanced Manufacturing and Engineering
- Energy and Low Carbon Technologies
- Healthcare, life sciences and translational medicine
- Creative, digital and Design Sector
- Agri-food and drink manufacturing and production

7.6. Research strengths and growth opportunities across the Midlands highlighted in the SIA include transport, medical technologies, food and energy, all of which are relevant to S&S. It will be vital that we take account of the findings of the SIA and ensure that they are enacted upon. This may include gaps in science and innovation activities that we can look to address within S&S, building upon our local industrial strengths and similar to the approach being taken with the Applied Materials Research, Innovation and Commercialisation Company (AMRICC).

Case Study – The Applied Materials Research, Innovation and Commercialisation Company (AMRICC)³⁴

AMRICC is a ground-breaking initiative spearheaded by material testing expert Lucideon, Stoke-on-Trent City Council and the SSLEP. The aim of the new facility is to create an international research and testing facility for advanced ceramics, metals and polymers to help develop innovative ideas into market-ready technologies and processes more efficiently.

Traditionally, once a new material or process is discovered, bringing it to commercial use in the marketplace has taken up to 20 years or more. AMRICC's unique collaboration between academia and industry partners will help companies drive innovation to develop, manufacture and deploy advanced materials much faster and at a fraction of the cost.

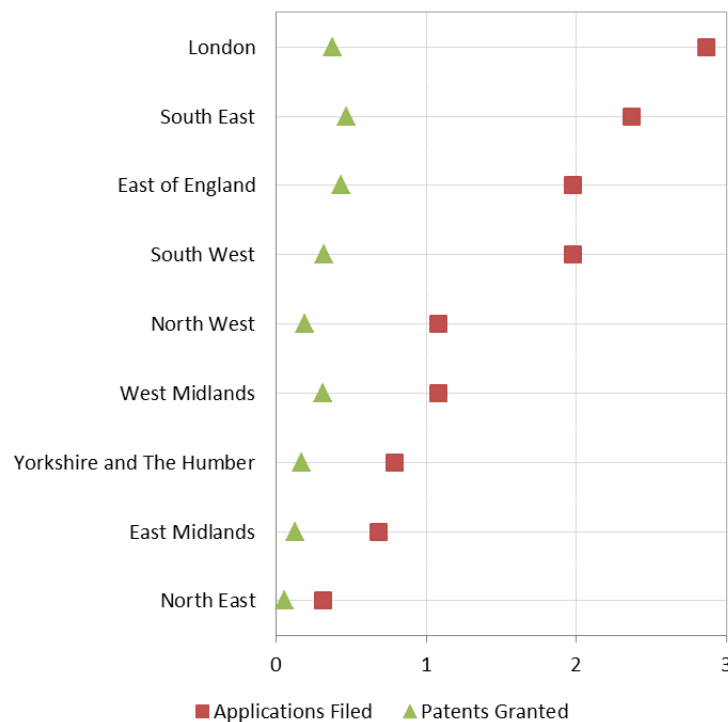
³³ A Science and Innovation Audit Report for the Midlands Engine, sponsored by the Department for Business, Energy & Industrial Strategy Volume 1: Main Report, November 2016, <http://ingenuitygateway.com/wp-content/uploads/2016/11/Midlands-Engine-SIA-Volume-1-Report-01-Nov.pdf>

³⁴ £30 million business AMRICC will help to create 'scientists of the future', The Sentinel, 11th October 2016, <http://www.stokesentinel.co.uk/30-million-business-amricc-will-help-to-create-scientists-of-the-future/story-29794495-detail/story.html>

AMRICC is expected to create at least 50 direct jobs and will boast a research laboratory, pilot plant and an educational facility to inspire the next generation of scientists. It is anticipated that there will be wider benefits to the local economy including increased productivity amongst materials companies plus spin-outs to exploit new technologies. Initially, the facility will be based at Lucideon's headquarters in Penkhull, but the aim is to relocate to the Ceramic Valley Enterprise Zone.

- 7.7. The Intellectual Property Office (IPO) publishes information³⁵ on the patents that it receives and grants, but only at a regional level. This shows that there are a relatively small number of patents filed that originate within the West Midlands Region. However, West Midlands Region patent applications are far more likely to be granted, with 29% of patent applications made in 2015 being granted, over 7% higher than any other region.

Patent applications filed and granted, English Regions, 2015



Source: Intellectual Property Office

- 7.8. The high-rate of conversion of applications into actual patents within the West Midlands is clearly something to build-upon. At a more local level, it is believed that there are large differences in levels of innovation. Grant Thornton's Place Analytics tool suggests that generally within the local area, East Staffordshire and High Peak have high levels of patents granted but this is relatively low in all other areas. This may be due to a variety of reasons, although the presence of companies engaged in innovation activities may be one reason.

³⁵ Facts and figures: patent, trade mark, design and hearing data: 2015, Intellectual Property Office, May 2016, <https://www.gov.uk/government/statistics/facts-and-figures-patent-trade-mark-design-and-hearing-data-2015>

- 7.9. Obviously not all innovation occurs within specialised research institutions, with a great deal of research activity happening within companies. However, within the UK the private sector under-invests: R&D investment from industry has stagnated at 1.1% of GDP since 1995, compared to an OECD average of 1.6%.³⁶ Positively, a number of the companies within the top 20 companies in terms of patents granted in 2015 have a presence in S&S including Jaguar Land Rover, General Electric and Siemens. To build upon this it will be vital to support research activities within companies, and this is also likely to include strengthened links between business and research institutions, including universities.
- 7.10. In this regard it may be that we need to consider how our sites and premises are supporting the development of innovative businesses. Keele University Science & Innovation Park is the obvious example locally of a development where businesses and the university can and do co-exist and co-operate. Companies locating on the site have to show that they are engaged in research and development (R&D) and innovation activities, as well as the strategic and value fit between the business and Keele University's teaching and research areas.³⁷ 97% of the University's research is ranked as 'world-leading' or of 'international importance', with 17 subject areas being rated as 'world class.' The University has 13 research centres and institutes, investigating subjects within natural sciences, clinical sciences, social sciences, humanities and health-related fields. This is clearly real asset to the area, and it may be that it would be beneficial to replicate this model across other parts of the county.

Case Study – Keele University Science and Innovation Park

Keele University Science and Innovation Park was established in the mid 1980's and has continued to develop to the current day. The Park, which lies adjacent to the University, currently provides around in the region of 130,000 square foot of commercial mixed-use accommodation. The site has been specifically aimed at the high-tech and professional services sectors, with a particularly strong niche having developed within high value medical technology industries.

There remains significant further room for expansion at the site due to an £8.4m investment from Advantage West Midlands in 2007. This involved the construction of a road to the east of the site which provided a 70 acre extension.

Also located at the site is the Keele University Sustainability Hub which acts as a focus for the research into, teaching of, and management for sustainability and green technology that takes place at Keele University. Building upon this, the University aims to significantly expand its capacity in energy / renewables research, particularly around wind, solar and geothermal.

³⁶ Main Science and Technology Indicators, OECD, 2015

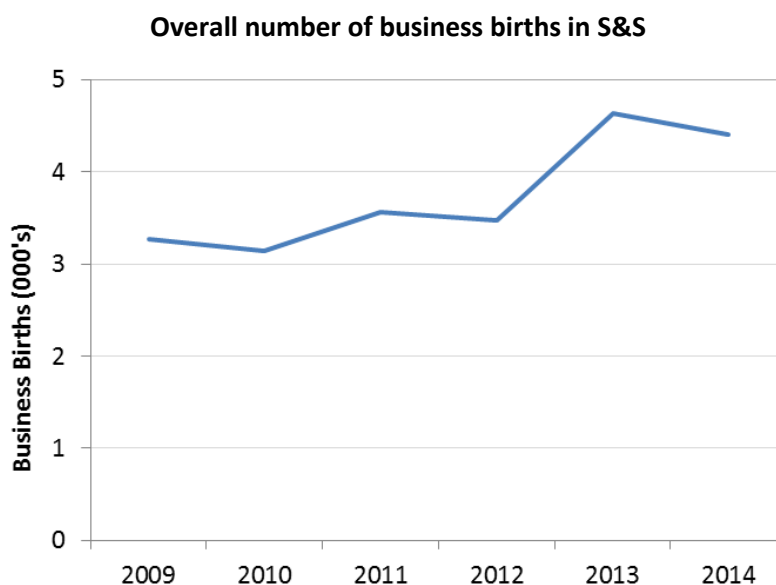
³⁷ Keele University Science and Innovation Park Gateway Criteria, Retrieved: 18th October 2016, <http://www.kusip.co.uk/81/gateway-criteria>

8. Business Intelligence / Support

8.1. Business Start-ups

8.1.1. Business start-ups remain a vital part of the economic growth agenda as they contribute greatly to job creation and prosperity. Whilst start-ups play an important role in self-employment, the ultimate aim is to generate start-ups that grow and take on employees. It is very difficult to specifically identify and foster start-ups with potential to grow, but clearly the more businesses that are started in the area, the greater the chance that one, or more, of these businesses will ultimately be successful.

8.1.2. The overall number of business start-ups in S&S dipped sharply during the economic downturn, but have since increased in recent years. The 4,410 start-ups in S&S in 2014 is a 35% increase in the number of start-ups compared to 2009.

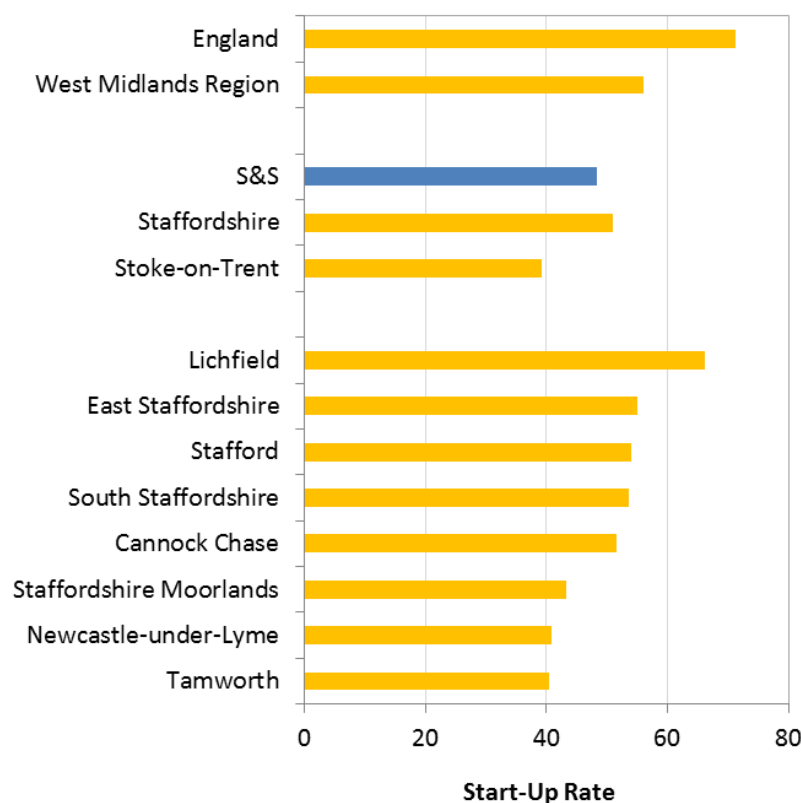


Source: Business Demography, ONS

8.1.3. However, the relative level of business start-ups within S&S continues to lag behind the regional and national averages. Levels of start-ups are often measured by dividing the number of new businesses registering for VAT or Pay as You Earn tax, by the resident population of an area aged 16 and above.

8.1.4. Start-up rates tend to display a general pattern of higher levels of start-ups in the southern parts of S&S when compared to the north. The exception to this is currently is Tamworth, although the Borough does tend to have far greater fluctuations in numbers of business start-ups when compared with other parts of the county.

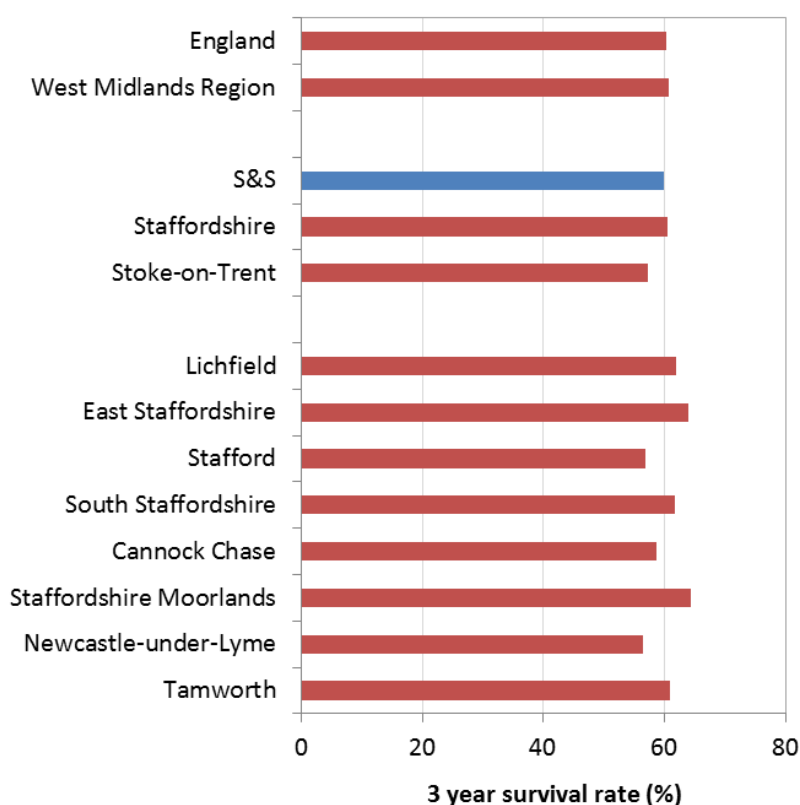
Start-Up Rate - Proportion of business births per 10,000 16+ resident population



Source: Business Demography, ONS

- 8.1.5. Overall, S&S is shown to have a lower business start-up rate (48.3) than both the regional (56) and national (71.2) averages. In Stoke-on-Trent there were just 39.3 business start-ups per 10,000 16+ resident population in 2014, almost 12 less than the England average.
- 8.1.6. In addition to the creation of new businesses, the survival of businesses is of crucial importance to the longer term sustainability and viability of the economy. Business survival rates provide a useful yardstick against which it is possible to measure the success of newly formed businesses in an area and the likelihood that they will still be operational within given periods of time.
- 8.1.7. Overall in S&S, the 3 year survival rate (60) is shown to be very similar to both the regional (60.8) and national (60.4) averages. Similar to start-up rates, the levels of business survival amongst the Staffordshire Districts are also quite variable. As well as having by far the highest level of start-ups amongst the Staffordshire Districts, Lichfield is also shown to have one of the highest rates of business survival. In contrast, Newcastle-under-Lyme is shown to not only have low levels of business creation but also a poor business survival rate, similar to the pattern shown in Stoke-on-Trent.

3 Year Survival Rate - Proportion of businesses born in 2011 that still existed in 2014



Source: Business Demography, ONS

8.1.8. Given that encouraging and supporting businesses to start-up, survive and thrive can have significant benefits, there are a lot of issues to consider that may have an effect on business start-ups, and perhaps more importantly firms with high-growth potential. Many of these issues are similar to the issues for the economy as a whole including:-

- Having a range of premises available for all use classes, enabling all types of businesses to locate in the area whilst also providing opportunities to grow and move to bigger premises. This may include incubator space but consideration should be given as to whether there is the critical mass of start-ups to make this worthwhile as it needs to be affordable and provide good quality wraparound support, such as coaching, making it resource-intensive.³⁸
- Having high-quality infrastructure to enable businesses to connect to customers and suppliers as efficiently as possible, including superfast broadband.
- Ensuring the area is an attractive place to live and work, not only important in attracting and retaining an appropriately skilled workforce but also an important issue for businesses themselves.

³⁸ Lord Young, 'Make Business Your Business: Supporting the Start-Up and Development of Small Business', 2012

- Working with skills providers to develop an appropriately skilled local workforce, not only enabling people to start their own business but also ensuring businesses with the potential to grow have a ready and able labour pool available to them.
- Providing local companies with the intelligence and data they need to compete in national and global markets (e.g. HS2 supply chain opportunities).

8.1.9. Alongside the local product, there are of course of number of other issues related to business start-ups that are more closely aligned to national policy:-

- The additional employment benefits available to people working in the UK, such as holiday entitlement, laws that guarantee a certain degree of job security and maternity / paternity leave, have many positive impacts but may also be acting as a disincentive to people taking a risk and starting their own business or working in a newly formed company where employment would be considered less secure.³⁹
- Availability of finance is an issue but not necessarily traditional finance such as bank loans.⁴⁰ Venture capital is more of a concern, and this is related to having people who are willing to risk their money to fund new and growing businesses, not all of which will be successful. There is a cultural aspect to this, but there may also be other issues to consider such as tax incentives for investors.
- There are many factors to being able to develop people who are willing and able to start a business, and this starts with the education system. Entrepreneurship education at schools is deemed to be poor⁴¹, whilst creating an entrepreneurial culture is still a challenge nationally, as reflected in S&S. This is a clearly a difficult issue to address, but by working closely with parents and education providers we may be able to foster a belief amongst our younger population that starting their own business is a good career option open to them.

8.2. Supporting existing businesses to grow

8.2.1. While business start-ups and inward investment are both clearly important in terms of creating new jobs and generating economic growth, the growth of existing local businesses also has the potential to create a significant number of new jobs in S&S.

8.2.2. A lot of recent research on business start-ups has highlighted the importance not necessarily of start-ups as a whole, but those with the potential to grow. There will of course always be a significant number of start-ups that will remain 'one-man bands'; construction tradespeople

³⁹ Silicon Valley Brits: 'We had to leave the UK behind', BBC, 21st September 2016

⁴⁰ Barclays and BGF Entrepreneurs Index, Volume 5 (2014), p. 25

⁴¹ The international data gathered by the GEM team has been used to produce a number of national reports. GEM UK 2013 Monitoring Report was produced in partnership with the University of Strathclyde and Aston Business School, with funding from BIS Enterprise Directorate, Hunter Centre for Entrepreneurship at University of Strathclyde, Welsh Government and Invest Northern Ireland.

and people starting a craft-type business being prime examples. However, whilst these types of businesses remain important, the ultimate aim is to develop start-ups that go on to grow and take on employees as these are the start-ups that will ultimately secure significant growth in jobs, taxes and wealth.

8.2.3. As an indication of the potential of start-ups to grow in Staffordshire and Stoke-on-Trent, there were around 6,400 sole traders in 2014 representing around a quarter of all businesses. A year later around 4,700 (73%) of these businesses were still in existence, of which:-

- Around 3,800 (81%) still had employment of one.
- Around 200 (4%) had zero employment.⁴²
- Around 700 (15%) had grown, creating around 1,315 additional jobs.

8.2.4. Therefore, despite the fact that the majority of these ‘one-man bands’ either ceased to exist or remained the same, a large number had grown and created a significant number of new job opportunities over the period. This highlights the significant potential of supporting businesses to take on employees.

8.2.5. Whilst supporting start-ups and enabling embryonic businesses to take on employees and thrive has the potential to generate significant economic benefits, so does supporting the wider existing business base. The majority of businesses within the county have been located here for a number of years, and supporting these businesses to grow can also generate significant levels of jobs within the county. This may include supporting expansions by having bigger premises available, but there are a number of other issues to consider which are discussed in the rest of this section.

8.2.6. Access to finance

8.2.7. Given the suggestion by nationally and internationally renowned organisations that access to finance may be restricting business growth and start-ups, the Stoke-on-Trent and Staffordshire LEP commissioned a consultancy to investigate what access to finance issues exist in the local area.⁴³ David Gage MBE, a retail and corporate banker for 40+ years, concluded that:-

- Any initiative(s) should concentrate on support to SMEs as opposed to large business because large businesses are generally well served by experienced / resourceful finance directors.
- The LEP should explore the potential to establish a £10m - £20m equity fund investing in the range £0.2m - £2m (in tranches) in viable SMEs with commercial traction (note: this

⁴² Tend to be holding companies whose activity is recorded elsewhere or are enterprises not contributing to the economy at the time of the estimates.

⁴³ Access to Finance – Staffordshire, Gage Consultancy, December 2011

fund would not be available to SMEs at product development, market testing or early start-up stage given the high risks involved and noting the funding available to them).

- Consider positively continuing a debt fund similar to the Stoke-on-Trent & Staffordshire Business Support Funds (BSF), offering loans up to £50k. A debt fund offering loans in the range of £50k - £250k should not be considered because failure/loss of £250k would impact severely on the performance of the fund.
- Further work should be undertaken to determine whether adequate business support is available to assist SMEs prepare a robust business plan for fund-raising purposes, not least and to assist SMEs navigate around the potential sources of finance, grants and mentoring

Case Study – Newcastle Business Boost Awards

One of the primary aims of this annual competition, which has been running in Newcastle since 2008, is to encourage businesses to write a Business Plan. Assistance is provided for businesses which have never written one or haven't looked at theirs in years. Typical comments from winners include:-

- *"It made me really think about the business and how we want to grow".*
- *"To win the money was obviously brilliant ... but the requirement to produce a realistic and achievable business plan has been critical to our success".*
- *"Before Business Boost, we were just getting on with the daily demands of running the business. But having to present a business plan made us stop and think where we can go from here".*

Case Study – Stoke-on-Trent & Staffordshire Business Growth Programme

Initially trialled in Stoke-on-Trent, through the Growth Hub this programme has now been rolled out across the entire SSLEP area. Based on the US concept of "economic gardening" it identifies that what most ambitious companies need are customers. As a result, its free offer includes:

- Advice on Search Engine Optimisation;
- Advice on the use of Social Media (i.e. Growth Hacking);
- E-mail marketing. Support with this more established, but still little understood, means of reaching companies;

- Competitive Business Intelligence. This is a really powerful tool. Using company data the programme helps SMEs to identify potential customers; identify supply chains (both suppliers and buyers); find gaps in the market; and keep ahead of the competition.

8.2.8. There is therefore logic in continuing the range of local businesses finance schemes. However, the lack of equity funding, including venture capital, is likely to be a significant problem although it is not entirely clear how this can be addressed. This is likely to be an issue to consider at a national level, as the appropriateness of creating such a fund using public resources has to be questioned given the level of risk and required expertise involved with operating such a fund.

8.2.9. The signposting of existing funding is an important consideration in order to avoid the local duplication of schemes, and this may be something that needs to be considered for a number of business support functions, not just finance.

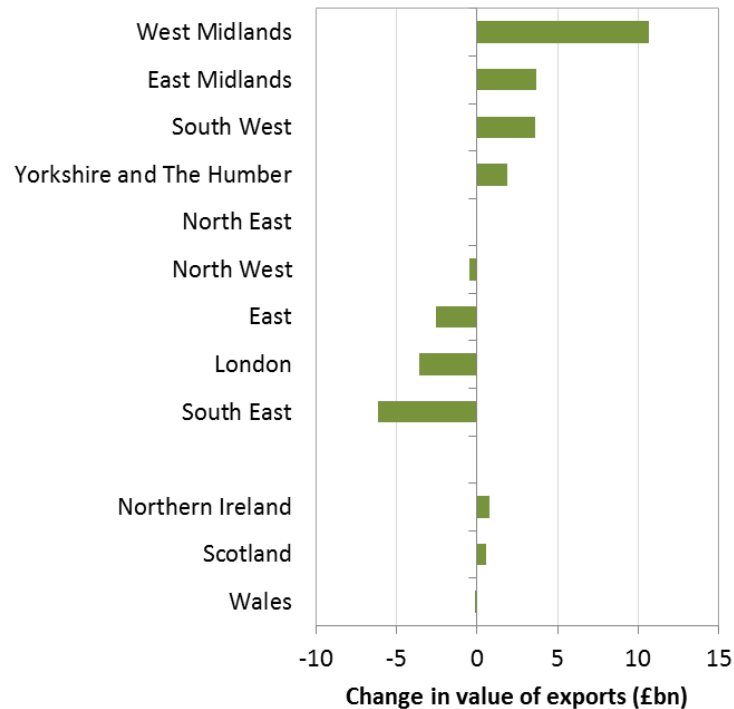
8.2.10. Grants remain an important aspect of finance for business, generally in supporting businesses within specific sectors or areas where there is a market failure, whilst grants can generate wider benefits for the area. As an example, grants to support businesses to improve their energy efficiency have the double dividend of not only reducing costs to the business but also generating positive environmental benefits.

8.2.11. Trade

8.2.12. Attracting greater levels of investment and encouraging exports are priorities not only for central government but for the majority of Local Enterprise Partnerships and local authorities across the country. The lack of local data on exports is currently a significant gap as it means that we are unable to properly assess the issue of exporting within the area. However, within the West Midlands Region, international exports of goods have increased greatly in recent years and far more than any other English Region. Between 2010 and 2015, the value of exports of goods from the West Midlands Region increased by over £10.5bn. This is almost three times the increase experienced in any other the part of the UK.

8.2.13. The total value of exports of goods from the West Midlands Region is now almost £29bn, whilst the region is now the third largest in England in terms of exports of goods. Brexit may clearly have an impact of future exports although this is very much dependent on negotiations and the final exit arrangements. Over 40% of exports from the West Midlands currently go to EU, whilst 22% go to Asia & Oceania and a further 20% to North America. Regardless of the implications of Brexit, continuing to support local companies in international exporting could bring substantial benefits and wealth to S&S.

Change in the value of total exports of goods, 2010-2015



Source: Regional Trade Statistics, HMRC

8.2.14. While international trade is vital for the national economy, at a local level it will also be important to ensure that businesses are able to operate across our borders. In short, a business being able to sell their goods and services beyond S&S generates more wealth in the local area, including all of the positive benefits that this brings. All of the issues discussed within the rest of this document will be vital to enable this to happen, including having the best possible connectivity (road, rail, broadband, etc), innovation support to develop new or improved products, having an appropriately skilled local workforce, etc. There may also be a role for providing intelligence to businesses to support them in identifying opportunities to build their customer base.

Case Study – Make It Trade & Investment Missions

In recent years the Make It Stoke-on-Trent & Staffordshire investment service has widened its remit from simply embarking on investment missions to including a trade element as well. As a result it has invited local SMEs across S&S to accompany missions both in the UK and overseas.

Local SMEs have been participated in trade & investment missions in sectors as varied as technical ceramics (Cleveland Ohio); energy & power (Glasgow); decorative ceramics (Jingdezhen China); automotive (Birmingham) and film-making (Sheffield).

These missions have resulted in a number of key successes (e.g. a Fenton-based ceramic material supplier securing a contract to supply to Boeing).

8.2.15. Other Issues

- 8.2.16. There are of course a range of other issues to consider in terms of support provided to businesses. Employing staff is a big step change to a business, moving from being a 'one-man band' to an employer. However, in order for this to happen, there needs to be an available workforce for businesses to employ. As discussed more fully in section 6.4, there is an issue of general mismatch between the skills requirements of employers and the skills of our workforce, an issue consistently highlighted in the UK Commission for Employment and Skills Employer Skills Survey. A company's ability to grow will clearly be limited by a lack of suitably skilled workers, and ultimately companies with such an issue may choose to relocate to an area where an appropriate workforce is available. We do therefore need to ensure that we have an appropriately skilled local workforce to enable companies to grow, as well as ensuring that the skills system is reactive enough to dealing with skills gaps of companies as they arise.
- 8.2.17. The Growth Hubs directly provide and signpost to a range of support services for businesses, while the LEPs have progressed a number of projects to ensure that S&S is as 'business-friendly' as possible. This includes the Regulation for Growth project which has aimed to improve regulation for businesses, whilst a great deal of other support is provided by a range of local organisations such as mentoring, coaching, support to write a business plan, etc.

9. Appendix 1 – Notes from Stoke-on-Trent and Staffordshire Local Enterprise Partnership Board’s discussion on the Strategic Economic Plan refresh – 10th November 2016

9.1. Infrastructure / Place

Key points:-

1. Connectivity with HS2 and within and outside the county key
 2. Build upon opportunities around Stoke-on-Trent and Stafford stations – potential to attract different sectors
 3. Variety of housing markets across Staffordshire
 4. Town centres important to quality of life
- Schemes that will have a positive benefit on the local economy include:-
 - HS2 via:-
 - Classic-compatible services for Stafford and Stoke-on-Trent (and maintaining and enhancing the current speed and regularity of services)
 - Regeneration around the stations
 - Local connectivity enhancements
 - East / West connectivity important:-
 - Rail - Crewe to Derby
 - Road – A50
 - M6 – Junction 15 (and addressing the fact that the M6 Smart Motorways project does not currently cover junctions 15 to 16)
 - Stafford Western Access Route
 - A500, A50, A38 and A5
 - Employment / housing site access improvements
 - Consideration should be given to the role of the M6-Toll
 - To maximise the benefit of HS2:-
 - Need to ensure confidence in delivery and ensure people understand the benefits of the scheme
 - Require high-quality public transport to stations
 - Ensure we maintain and enhance the services on the West Coast Main Line
 - The price of using the service needs to be inclusive

- Take advantage of clustering opportunities for key industries
- Broadband
 - Monopoly of BT infrastructure is an issue
 - We need to ensure sites have access as part of the development
 - Need to lobby Government to continue to stress importance of broadband investment
 - Encouraging uptake and use of broadband will be important
- Housing
 - Challenging as:-
 - The LEP is not one Housing Market Area and is influenced by surrounding areas (but HCA can help to make the linkages)
 - Currently a different approach to housing in each area
 - Can be a political contentious issues
 - Need to consider further 'Garden City' type developments
 - Role in opening-up sites for development remains key
 - Need to tackle inner-city issues of delivering housing and ensuring they are places people want to live
 - May be ways to 'disrupt' the market, such as the housing company and self-build schemes in Stoke-on-Trent
 - Need to address affordability in areas where people (particularly graduates) would want to live
- Quality of life
 - Connectivity is important to people's quality of life
 - May need to consider whether our cultural assets can become self-sustaining in the future
 - We have the best of both worlds – urban centres and countryside
 - Town centres remain important because:-
 - Create an identity for the area
 - People still do and want to live and work in centres
 - Vital as a place to meet, socialise, shop, etc
 - However, quality of the environment, offer, parking, etc, may be issues to consider within our town centres

- In Newcastle over 1000 student accommodation spaces over next two years – re-shaping the town – and the role of the BID is key – working in partnership to animate the town, further build the reputation to attract visitors

9.2. Sites/Premises

Top 3 points:-

1. Need creative use of space to deliver investment and skills / economic growth through opportunities such as OPE and the engagement of key sectors.
 2. Create a brand identity to the LEP area to stimulate innovation.
 3. Should local authorities be property developers? Need to balance investment income to support expenditure on service provision.
- Different local authorities are in different positions regarding sites.
 - One Public Estate (OPE) could provide the mechanism for joint delivery.
 - Do local authorities borrow more to and become developer/landlords – delivering spec small and grown on units.
 - How do you create a brand / identity for the area and promote effectively to stimulate innovation?
 - Stoke Ceramic Valley Enterprise Zone used as an example.
 - Demand for speculative build premises for SME's.
 - Spode Acava studios, British Ceramics Biennial and Clay Foundation have already created a space that is now driven by creative industries at the heart of Stoke town
 - Are current employment sites suitable for business?
 - Cost of living low in the area
 - Interest rate is low so therefore more disposable income
 - What is our sell over and above just sites/premises:
 - Geography
 - Lifestyle / travel to work
 - Residential vs employment land loss
 - Manage and understand supply chain
 - Public sector as an enabler
 - Knowledge economy as a key driver – connectivity and infrastructure
 - Should local authorities stop being property developers?

- Need to balance generating income to support expenditure
- Support incentives around self-build
- Build appropriate restrictions
- Use local financing such as building societies

9.3. Skills

Key points:-

1. Business should not expect things to be handed to them on a plate
 2. How can we fund skills in the sectors that aren't yet there?
 3. Careers advice is important
 4. Need more vocational pathways
 5. Attainment in schools is important and influencing governing bodies within schools could have significant benefits
 6. Opportunities may be here, but graduates don't stay here – potentially circulating amongst employers – quality of life a key issue (is quality of life actually good here but people work elsewhere?)
 7. Focus on further development of creative industries working with both universities
- To what extent do you believe the skills of our workforce currently meet business need, and if you believe there are skills gaps, how can these be addressed?
 - Needs to be considered how skills issues within businesses can be identified at an earlier stage; businesses to improve their forward planning.
 - It is difficult for sole traders / micro businesses to upskill (or forward plan) due to time constraints.
 - Companies may be fearful of taking on apprentices in case they leave the company once trained.
 - Businesses need to have greater ownership of skills and the requirements of their workforce. Government's role in skills training is lessening and we should therefore support a change in culture amongst our businesses to not simply expect appropriately skilled people to always be available or to have the "training tap" turned on at very short notice (and in the expectation that the public purse will fund it). The message from the LEP and partners should be that we will help businesses to take charge of their own skills needs.

- The apprenticeship levy has the potential to be an important driver of businesses owning the skills agenda and addressing their own needs, although there is a danger that this could become just another business tax is not used effectively.
- What is the role of business in future skills development?
 - There is a role for the LEP in encouraging skills development in the business sectors we are looking to attract.
 - The current funding regime is an issue as this only allows skills funding to be directed towards sectors that already exist. Is there any scope to develop an approach to funding training in target sectors where the jobs don't exist yet?
 - We need to create a funding environment where there are multiple methods of investment in skills, namely:-
 - The skills that residents demand, informed by effective careers advice.
 - The current and future needs of indigenous businesses, identified by the businesses themselves.
 - The needs of business sectors we wish to develop, identified by the LEP.
- Why do we currently lag behind other areas in terms of residents having higher level skills, and how can this be addressed? What do you think of the current careers advice offer and how may this be improved?
 - Many of the current indigenous businesses have lower skills requirements and therefore have no need for graduates.
 - Many parts of the area currently suffer from low levels of aspiration. This is likely to be at least in part related to schools and attainment. There was a view that the LEP and partners should play a greater role in challenging school head teachers and governors to take greater ownership of key issues such as employable skills, vocational pathways and careers advice. Further develop the LEP Education Trust Locality Project working with the Careers Enterprise Company to make stronger links between employers and schools
 - The careers advice landscape is currently fragmented, crowded, and the information used to inform careers advice is poor. Quality of careers advice varies greatly between schools, whilst there are issues with schools having responsibility for careers advice See above point.
 - There needs to be stronger consideration of vocational pathways including clarity of what is required and engagement with employers.
- Are there issues related to education and skills provision within the area, particularly in regard to the location and availability of courses / training? To what extent do you

believe that the lack of higher education facilities in parts of the county negatively impacts on levels of innovation?

- Cold-spots that exist within the area are believed to be related to sectors and levels as opposed to geographic location.
 - The national post-16 skills plan will be important to addressing cold-spots and this will need to be considered.
 - The simplification of the vocational system to just 15 pathways may lead to issues of training being too broad to meet specific business needs.
- How can we help to address unemployment and economic activity amongst our residents, thereby improving productivity and addressing skills shortages? What role can businesses play in addressing this issue?
 - Businesses that receive assistance from the LEP, either directly or by locating on LEP funded employment site developments should be asked to engage in a package of initiatives, e.g. apprenticeships, work with local schools, develop work and skills plans, etc.

9.4. Innovation

Key points:-

1. Overlap of innovation with business growth
 2. Need to consider being wider than STEM
 3. Role in creating innovation hubs (e.g. Shoreditch) – doesn't have to be expensive office space
 4. Range of opportunities for us to consider
- Encouraging greater levels of innovation:-
 - Strong link between innovation, entrepreneurialism and business growth
 - Innovation is happening – we are doing things already and this is being recognised
 - Innovation hub in Keele (the Business Gateway) has opened – helps companies and entrepreneurs navigate their way around the university
 - Birmingham City University's STEAMHouse project links arts to the wider STEM agenda and is something to consider
 - For people born this week, their jobs have not been invented yet
 - Need to get out of silos – engineers, designers, artists and inventors all working together

- Town centres can play a key role in innovation - people don't necessarily want to work in business parks anymore
- Digital technology offers huge opportunities – need a 'digital first' agenda, including in the public sector
- Investing in superfast broadband can generate digital start-ups
- Traditional skills present within the area are now being used to inform innovative technologies
- Need to consider how to help people make best-use of technology
- Shared workspace can generate new ideas
- How universities can contribute to increased levels of innovation:-
 - Keele has a 50% target for undergraduates taking an industrial placement
 - Role of colleges will be important too
 - Universities can currently be very hard to engage with
 - Need to create a graduate recruitment company
 - Business / university links should be embedded within LEP policy
 - Consider whether we need to reintroduce U.S. style 'liberal arts'
 - Digital companies tend to look for someone with a growth mind-set
- How our sites / premises can develop innovative businesses
 - Can be issues with local authorities being politically driven and focusing on the wrong things
 - Need aspirational housing to attract higher skilled employees
 - Issue of critical mass which we lack in comparison to London and Manchester
- Possible gaps in science and innovation activities that we can address
 - Smart energy is a good local USP
 - We need an innovation first agenda
 - Care sector for the elderly is a potential business opportunity

9.5. Business Intelligence / Support

Key points:-

1. Importance of entrepreneurial culture – but need to target the right people
2. Use peer-to-peer networks – making use of people that have done this before

3. Lack of grow-on-space

- In order to increase business start-ups we need to:-
 - Increase aspirations
 - Address fear of failure
 - Promote innovation and creative ideas within schools and colleges
- To support our existing businesses to grow we need to:-
 - Ensure access to good quality advice and guidance
 - Support businesses in risk management and regulation
 - Enabling businesses to invest in internal support when they reach a certain size, e.g. finance and HR.
 - Ensure we not losing businesses to other areas once because of incentives
 - Have visible links to business support offer on all appropriate public sector websites
- Engaging businesses
 - Companies will not always be aware that they fall within the SSLEP area, whilst there is often a lack of clarity over which agencies cover the area