

Local Members Interest
N/A

Prosperous Overview & Scrutiny Committee - Thursday 26 May 2022

Rural Economic Strategy

Recommendation(s)

I recommend that the Committee:

- a. Considers and comments upon the draft Staffordshire County Council Rural Economic Strategy in terms of the vision, ambitions, and priorities it sets out to deliver the County Council's Economic Strategy in rural areas over the coming years.
- b. Considers and recommends interventions that the Committee believes would help to enable the successful delivery of the Strategy.
- c. Invites the Deputy Leader and Cabinet Member for Economy and Skills to report on progress of the Strategy to this Committee on a quarterly basis as part of the update on the delivery of our overall Economic Strategy



Report of the Deputy Leader and Cabinet Member for Economy and Skills

Summary

What is the Overview and Scrutiny Committee being asked to do and why?

The purpose of this report is to:

- a. Provide the Select Committee with an opportunity to consider and comment upon the draft of the County's Council's Rural Economic Strategy to help support the development of the local economy, and in particular the issues and opportunities for residents and businesses in our rural areas. This is therefore an opportunity for the Committee to help to shape the Rural Economic Strategy as part of the overall Economic Strategy and the County Council's plans for the local economy up to 2030, in line with the Government's missions for Levelling Up the UK.
- b. The successful delivery of the Rural Economic Strategy in achieving the vision, ambitions, and priorities that it sets out will be dependent on many factors, not least the identification and delivery of appropriate projects and programmes. A range of interventions are already underway and continue to be delivered within the county, as has been reported to the Committee through regular quarterly updates. Further projects and programmes will be needed, and there is therefore an opportunity for the Committee to consider further areas of focus that could help to successfully deliver the Strategy.
- c. Monitoring the County Council's performance in delivering the Strategy will be vital to ensuring we ultimately achieve its vision and ambitions. The Committee has an important role in scrutinising our performance over the duration of the Strategy.

Report

Background

1. The Rural Economic Strategy sets out how we will deliver the County Council's main Economic Strategy which covers the whole of Staffordshire and includes priorities for the recovery and economic growth of key town and urban areas. Understanding the opportunities and challenges facing the county's rural areas, businesses and communities should provide a focus for ensuring future priority interventions by the county council and its partners are acknowledged and supported.
2. In order to enhance further Staffordshire County Council's efforts and resources to develop our economy in the broadest sense and with 79% of its areas being deemed as rural, the Council commissioned and has been working with Warwick Economics and Development (WECD) to undertake an assessment of its rural economy.
3. The work has included the development of a draft rural economic strategy (Appendix 1), a new rural economic evidence base (Appendix 2), a project implementation plan (Appendix 3) to provide future direction for economic intervention opportunities, and a profile of the five rural hub towns (Appendix 4).
4. Staffordshire's rural area for the purpose of the RES and evidence base have been defined by Lower Super Output areas based on DEFRA's 2015 urban/rural classification and also includes the urban areas associated with the 5 rural hub towns of Leek, Cheadle, Uttoxeter, Stone and Rugeley.
5. The previous rural evidence base was developed in 2015 and now needs updating to provide a more up to date economic profile of rural Staffordshire post COVID-19 to highlight short- medium- and long-term intervention methods to help kick start local economic activity and facilitate growth.
6. The new evidence base and economic strategy will confirm the profile of businesses in Staffordshire's rural area and provide an understanding of rural business needs, allowing the appropriate targeted intervention to help support economic growth.
7. In addition to the county council's own economic strategy, policies, plans and programmes, the Stoke-on-Trent, and Staffordshire Local Enterprise Partnership (LEP) has produced its Strategic

Economic Plan (SEP) and more recently a Local Industrial Strategy (LIS). Whilst the LIS has somewhat been superseded by events it still provides a useful reference point indicating growth sectors and is built around a series of key sectors which are expected to drive growth across the LEP area. This includes Agri-tech, which has been identified as one of five key advanced manufacturing sectors. Tourism and Leisure has also been identified within the SEP as being of importance to the county's economic growth. Both sectors are likely to have significance for the economy in Staffordshire's rural areas. Alongside the SEP & LIS, European Structural Funds (ERDF, ESF and EAFRD incl. LEADER) have played a key part in supporting economic growth since the 1980s. Some of this funding (EAFRD and LEADER) has been aimed specifically for rural areas whilst ERDF and ESF covers the whole of the LEP area and remains in place until June 2023.

8. The RES will also be closely aligned to the government's emerging Levelling Up agenda and ensure that future programmes and funding are appropriate and available to Staffordshire's rural businesses and economic opportunities and challenges.
9. It is intended that the updated rural evidence base, strategy and project implementation plan on Staffordshire's rural economy will also be instrumental in developing projects in support of economic recovery, renewal and transformation across the county.

Strategy Overview

10. The recovery of the Staffordshire economy is being supported by the county council in many ways including the £6m **Staffordshire Means Back to Business programme** which continues to deliver on a programme of targeted interventions aimed at assisting the Staffordshire economy's recovery and growth. These interventions utilise the county council's own resources already committed, together with government funding issued to County and District Councils through partnership working. Together this significant resource is being successfully used to address the specific needs of Staffordshire businesses and residents as part of the ongoing economic recovery from the COVID-19 pandemic. This important work is underlined by the county council's Strategic Plan, Economic Strategy and service/team plans as well as the latest Cabinet priorities to support Staffordshire's economic growth and prosperity.
11. The development of the RES sets out how the County Council's new Economic Strategy which be delivered in rural areas, including supporting high streets and town centres, supporting businesses,

and developing a strong pipeline of future capital and revenue-based projects and programmes.

12. Staffordshire is a rural county with approximately 80 per cent of its land area considered rural and it has a rich and diverse asset-base that plays an important role in the county economy and that of the Stoke-on-Trent city region. Rural districts accounted for 61 per cent of Staffordshire's economic output (Gross Value Added, GVA) in 2018.
13. Staffordshire's central location and accessibility make it a popular business location. The rural business base is large and diverse, with 27,000 registered businesses accounting for 70 per cent of all registered businesses in Stoke and Staffordshire. Rural businesses operate across a diverse range of sectors, beyond land-based industries including farming, forestry, and tourism; manufacturing is the largest sector in employment terms.
14. Staffordshire does however face challenges typical of rural areas, including peripherality and isolation in some parts, with relatively weak broadband and mobile phone connections, and significant gaps in some locations. Housing affordability and accessibility are relatively limited, with particular implications for younger and elderly residents.
15. The new Rural Economic Strategy is being developed to help address the challenges and opportunities facing the rural economy. The strategy complements other county-wide strategies including the Stoke and Staffordshire Skills Strategy, the county council's Climate Change Strategy, and the LEP's Energy Strategy.
16. The RES seeks to build on the strength in diversity of Staffordshire's rural economy, whilst reflecting the role of agriculture and other key sectors of the rural economy and the significance of Staffordshire's rural assets to its visitor economy.
17. The RES is needed to support rural businesses, people and places (including the Rural Hub Towns) to identify and meet these specific opportunities and challenges and to become more productive and competitive. The RES and its implementation plan are consistent with the new priorities for the County Council and its Economic Strategy.
18. The RES offers a framework for policy choices and investment decisions. Its delivery will depend on wide stakeholder commitment and collaboration across the public, private, academic, voluntary

and community and third sectors, building on the foundations already established through Staffordshire's LEADER programme over the last 12 years.

Rural Economic Priorities

19. The proposed Rural Economic Strategy and Implementation Plan is an emerging workstream being developed by the county council which supports economic recovery and growth and seeks to align with the range of programmes and initiatives being delivered through Staffordshire Means Back to Business. The draft RES has been prepared with the support of external experts and has engaged with key stakeholders including District Councils, FE/HE providers, Stoke on Trent and Staffordshire Local Enterprise Partnership, Chamber of Commerce, FSB, NFU, DEFRA and Women in Rural Enterprise. The Implementation Plan will be aligned to the County Council's Economic Strategy and Strategic Infrastructure Plan and will include a pipeline of new projects and initiatives that will need a lot of development, through to adapting existing projects, to ensure that the substantial levels of growth planned are sustainable, and can be accommodated, without being detrimental to accessibility, connectivity, and service delivery.
20. Already the development of the draft RES has informed the launch of the next phase of the Staffordshire Business Loan scheme (a joint initiative between Staffordshire County Council and lender BCRS), by providing a focus of businesses in rural areas to access development finance and a County Farms Improvement Grant scheme as part of the wider proposals for the County Farms estate.
21. The RES is focused on five strategic priorities that reflect the diversity of Staffordshire's rural economy, the continued significance of farming and of the visitor economy, the role and potential of the Rural Hub Towns, and the connectivity and access challenges that constrain the rural economy, particularly in more isolated areas. The strategy also provides a more up to date understanding of Staffordshire's rural economy, including the five rural hub towns, by examining business profiles and identifying barriers and opportunities in relation to economic growth. The implementation plan is an ongoing collection of project and programme ideas, or expressions of interest, from key stakeholders and partners, that demonstrate a strong alignment to the five strategic themes of the strategy:
 - a. Stimulate enterprise and innovation to increase productivity, competitiveness, and resilience across all sectors of the rural

economy, including in overseas markets, to enable high-quality high-wage job retention and growth, and to enable the transition to net-zero carbon emissions.

- b. Support sustainable intensification (SI) in agriculture whereby agricultural productivity is enhanced, whilst also creating environmental and social benefits through productivity investments and business support for improved viability, diversification, carbon reduction and succession.
 - c. Recover and grow the visitor economy, including 'green tourism', by supporting tourism businesses and developing an on-trend visitor offer, including a high-quality accommodation offer, drawing on Staffordshire's rich countryside and heritage assets.
 - d. Improve rural digital connectivity and access to opportunities for rural businesses, workers, residents, and visitors, and develop digital and low-carbon energy infrastructure.
 - e. Support the regeneration of the five Rural Hub Towns (Leek, Cheadle, Stone, Uttoxeter and Rugeley) to unlock investment opportunities, develop their visitor offers, and improve their resilience via high-quality place management. It is proposed that bespoke rural hub town support programmes, that reflect specific economic opportunities and challenges in each of the rural town, are developed in collaboration with key stakeholders to bring forward key projects and initiatives that achieve economic resilience and growth. Although any investment by the county council will be subject to a detailed business plan.
22. **Skills** are vital to helping achieve sustainable economic growth across all rural business sectors. Therefore, provision of relevant skills and knowledge is viewed as a crucial action to ensure that the objectives of each of the five strategic priorities are met.

Climate Change Implications

23. Climate Change and its impact on our rural landscape is an important consideration for the RES when delivering economic activity around all its themes and priorities. All intervention activity should seek to support Staffordshire's economy becoming net zero by 2050 in line with both local and national climate change policies and strategies. Supporting climate change is a key priority for the council and further details around how this will be achieved are set out in our Climate Change Action Plan.

Strategy consultation and stakeholder engagement

24. For the Rural Economic Strategy to have relevance and an impact, stakeholders, and key partners as well as the county council need to bring forward proposals that align with strategy themes and priorities that deliver outcomes for the rural economy. Early indications through the attendance of 35 key stakeholders at the workshop held in October 2021 has resulted in 27 potential project/activity expressions of interest being received. This is a sign of partners being willing to commit and engage with the Rural Economic Strategy and the development of a proposed implementation plan. A summary of key stakeholders who have contributed to the development of the RES (and submitted potential schemes to be included in the implementation plan) is attached as Appendix 5.

Delivery

25. The Rural Economic Strategy will be co-ordinated and managed through existing Staff resources from the Funding, Business and Enterprise Team in the Economy, Infrastructure & Skills Directorate, overseen by the proposed Rural Economic Forum. The emerging Rural Economic Strategy Implementation Plan will contain a range of projects and initiatives, aligned to the strategic themes and priorities of the RES, identified, and delivered by the County Council, the District Council and a wide range of stakeholder partners. The RES will also be used to provide a context for government funding including the emerging UK Shared Prosperity Fund. Progress on the delivery of key schemes from the Implementation Plan will be reported regularly to the Rural Economic Forum with updates also Prosperous Overview & Scrutiny Committee.

Timescale

September 2020	Draft strategy preparation
October 2020	Warwick Economic Development Commissioned to develop a new rural economic strategy
April 2021	Draft strategy finalised
May 2021	Commission stakeholder engagement to consult on proposed implementation plan
October 2021	Stakeholder engagement workshop
December 2021	Stakeholder input to rural implementation plan

January - March 2022	Draft implementation plan development
March - May 2022	SCC, SLT and cabinet reporting and decision
July-Sept	Establish Rural Economic Forum and launch Rural Economic Strategy

Link to Strategic Plan

26. The Rural Economic Strategy primarily relates to the 'support Staffordshire's economy to grow, generating more and better-paid jobs' Strategic Plan priority and all the associated priorities. However, there are aspects of the Strategy that cut-across all the Strategic Plan priorities with the need to tackle climate change, support increased investment in our infrastructure and increased prosperity in the County having the potential to have positive impacts on resident's health, safety, and happiness.

Link to Other Overview and Scrutiny Activity

27. The Economy, Recovery and Renewal Strategy was considered by the Committee in June 2020, and regular quarterly updates have been considered by the Committee since then. The range of activity that the County Council has progressed and continues to progress over the last couple of years, as has been reported to the Committee, remains relevant and will be important to the delivery of the Rural Economic Strategy.

Community Impact

28. The impacts of the COVID-19 crisis continue to be felt by some industrial sectors and therefore residents more than others. The Levelling Up agenda is a key theme that cuts across all the strategy and the aim is therefore for all residents to benefit from its delivery. A 'live' evidence base continues to be updated on at least a monthly basis, reported through our Economy Bulletin, to monitor the ongoing state of the local economy, whilst the strategy allows us to remain agile to respond as necessary as and when required.

County Council Resources issues

29. Apart from the ongoing commitment of the County Council to support the existing salary costs of the Rural Development Manager and Support Officer posts (in the Funding, Business and Enterprise team in EI&S), a significant majority of financial resources to deliver the Rural Economic Strategy and

Implementation Plan are expected to come from stakeholders own resources and bidding to government funding opportunities (i.e., UK Shared Prosperity Fund). Some financial commitment to the County Council's own proposals could be required, however this will be subject to the standard business case procedures.

List of Background Documents/Appendices:

Appendix 1 - Rural Economic Strategy

Appendix 2 - Rural Evidence Base

Appendix 3 - Rural Implementation Plan (confidential)

Appendix 4 - Key rural hub town profiles

Appendix 5 – Stakeholder Workshop list of attendees

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