

Economic Development Performance

Cabinet Member - Cllr Ian Pritchard

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Contact Officer: Jonathan Percival

Tel Number: 01543 308149

Email: Jonathan.Percival@lichfielddc.gov.uk

Key Decision? No

Local Ward Members All



Economic Growth, Environment & Development (Overview & Scrutiny) Committee

1. Executive Summary

- 1.1 This report provides an overview of Lichfield District's current economic development performance and the impact of the Council's Economic Development service's activities in this area.

2. Recommendations

- 2.1 That the Committee notes the current performance of Lichfield District's economy and the actions being undertaken to support this and local business including by the District Council.

3. Background

- 3.1 Lichfield District Council's Economic Development Strategy (2016 – 2020) seeks to help deliver one of the three priorities, a vibrant and prosperous economy, contained within the Strategic Plan by 2020. The strategic priorities covered in the Economic Development Strategy are based on three key themes:

- Place
- Business
- People

Policies and actions are intended to meet the following objectives set out in the Strategic Plan:

- More local jobs and more people in employment
- More new businesses in the district
- More successful businesses
- More visitors and more visitor spend
- A regenerated Lichfield City Centre and improved retail offer in Burntwood

- 3.2 To support the delivery of the strategy and encourage job and business growth in the district, the Council's Economic Development service undertakes activities with strategic partners and is a delivery

partner in European funded programmes. The Council works closely with Tamworth Borough Council who aid and help deliver the Council's activities to support business and the local economy.

District Economic Profile

3.3 In 2016, Lichfield District was home to 5,210 active enterprises, the highest within Staffordshire (Staffordshire County average of 4,110 per local authority area). The spatial distribution of enterprises throughout the district can be seen in **appendix 1** with the majority concentrated in the two main urban centres of Lichfield City and the town of Burntwood. Other employment concentrations can also be found at Fazeley along the A5, Fradley and Alrewas situated on the A38, Shenstone and Little Aston towards the southern part of the district, and Armitage and Handsacre to the north.

3.4 **Table 1** shows employment and activity rates for the district and compares these to regional and national rates.

Based on September 2018 figures, Lichfield District contains a low percentage of universal credit and job seeker's allowance claimants, 1.3%, compared to the West Midlands region, 2.9%, and Great Britain, 2.2%. Values have increased from previous results due to universal credit now supporting residents that are in work and wouldn't have been entitled to job seeker's allowance previously due to earnings.

By analysing the latest figures, June 2018, on Lichfield District's economically active population, a similarity can be made with Great Britain by having 78.2% and 78.4% respectively, higher than the West Midlands percentage of 76.6%. These statistics show that Lichfield District's community are more actively engaged in or seeking employment than the overall region.

	Claimant count (September 2018)	Economically active (June 2018)
Lichfield District	1.3%	78.2%
West Midlands	2.9%	76.6%
Great Britain	2.2%	78.4%

Table 1: Claimant count and economically active population comparison with regional and national statistics

The economic development service engages with the Lichfield Into Work Group who support people to get back into work. The group's representatives are listed in **appendix 2**.

Skills and training development providers attend, raising awareness with the service and implementing courses to upskill residents to gain a qualification or employment. Most recently in September 2018, Juniper Training who provide traineeships and apprenticeships, located within Lichfield City, meeting with the service to distribute information and aid publicity of their offer to the local community.

The service has undertaken coordinated working with the local job centre to provide information on start-up business advice to claimants who are seeking to become self-employed. The local South Staffordshire College has engaged with the service regarding aiding students to develop an understanding of the support on offer for entrepreneurs.

3.5 Lichfield District is an attractive area for new business enterprises due to its quality built and natural environment, excellent transport links and resident's skills and abilities. **Appendix 3** provides information on the following business characteristics of the district, compared with neighbouring authority areas and the Staffordshire County average:

- Active enterprises
- Enterprise births
- Enterprise deaths
- 5 year survival rate (2011 births) (%)

Enterprise start-ups, failures and survival

- 3.6 In 2016, 760 new businesses were established in the district, the highest in Staffordshire. **Table 2** shows how this figure compares with other Southern Staffordshire authorities:

	Enterprise births
East Staffordshire	565
Cannock Chase	425
Tamworth	355
Lichfield District	760

Table 2: Southern Staffordshire area comparison of enterprise births in 2016

The economic development service works with other service areas within the Council as well as external partners to support new enterprises and those who are considering setting up a new business. Such support includes start up programmes, like the GBSLEP Enterprise for Success programme, which the Council is a delivery partner in and makes a financial contribution toward. **Appendix 4** is a case study of a Lichfield District resident who has received support from the programme.

Under this programme and as of September 2018, 218 businesses or individuals within or looking to start a business in Lichfield District have signed up for support, creating 23 jobs. In comparison to other Southern Staffordshire authorities, as shown in **table 3**, Lichfield District is above average in both enquiry and job creation outputs. The spatial distribution of enquiries are outlined within **appendix 5**.

	Number of enquiries	Jobs created
East Staffordshire	173	16
Cannock Chase	243	25
Tamworth	160	18
Lichfield District	218	23
<i>Southern Staffordshire average</i>	<i>199</i>	<i>21</i>

Table 3: Southern Staffordshire comparison of the Enterprise for Success programme outputs as of September 2018

- 3.7 Although Lichfield District has a high start-up rate, there is a correlation with enterprise deaths as the district contains the highest amount of enterprise deaths, 490, against a County average of 396. If a comparison is made with the 5 year survival rate of Lichfield District businesses, using 2011 births, the district has a higher percentage, 47.8%, compared to 45.30% across the County.
- The above statistics show that a high start-up rate exists within Lichfield District, with the programmes on offer providing start up support, developing the possibility of long term survival. As shown by the 5 year survival rate being higher than the county average.
- 3.8 The high enterprise deaths rate recognised within Lichfield District isn't an anomaly, as shown within **Figure 1**, with neighbouring authorities and the County average being consistent in terms of the births to deaths ratio. Lichfield District's comparable rate is good with logic stating that the more businesses beginning creates the level of failures to increase, with the key value being the ratio of survivals against failures which is a great margin within our area.

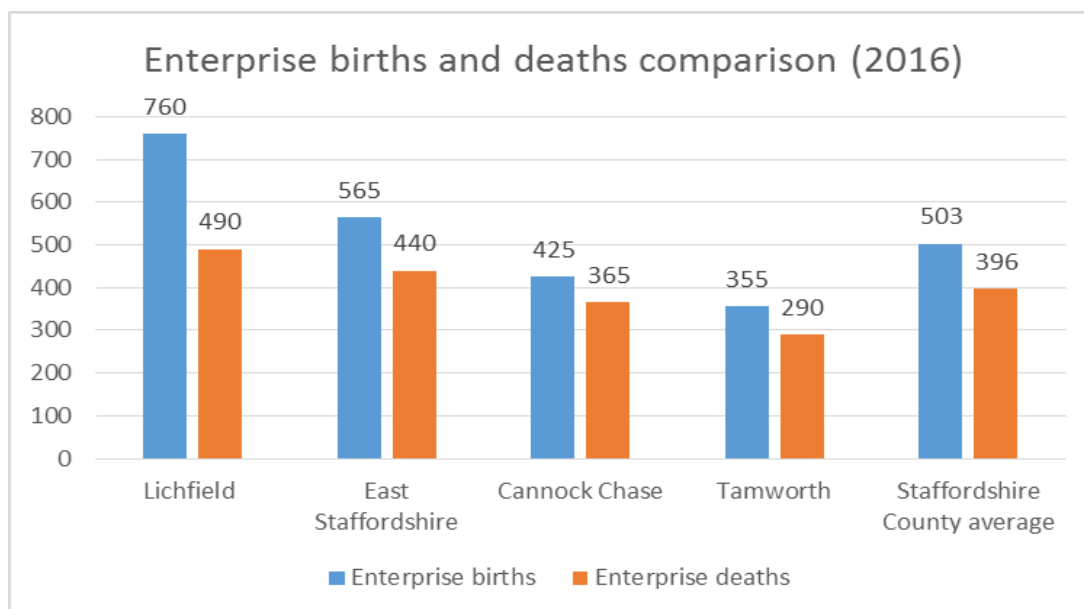


Figure 1: Enterprise births and deaths comparison of County average and neighbouring authorities

Further investigation is needed to understand why there is a sharp demise of enterprises within the district and how the service can offer support to overcome the issues which enterprises are having. The resulting case that maybe presented is that businesses aren't aware of the support on offer with enterprises that gain suitable help sustaining long term prosperity and survival. A key priority in the economic development service's role is to disseminate and raise awareness of the support and advice that is available to the local business community and residents.

Growing existing businesses and attracting inward investment

- 3.9 With the launch of the Lichfield District Investment Prospectus earlier this year, having been circulated to developers, local strategic partners and commercial agents, this promotes the district to a wider regional and national audience.

The economic development service works with Make it Stoke-on-Trent and Staffordshire, and the West Midlands Growth Company attracting businesses to locate in or expand their activities into Lichfield District. Through greater inward investment and an increasing number of businesses locating in the district it establishes further economic growth to take place, creating jobs and growing the overall economy.

- 3.10 Businesses seeking financial assistance to support their expansion plans can receive grant funding from the Business Growth Programme, which Lichfield District Council is a delivery partner in. The programme offers up to 60% grant support for existing business to business SME's ready to grow and a condition being to create jobs. So far 14 Lichfield District businesses have benefited from a grant offered by the programme, one business receiving two successful grants, creating 35 jobs. A range of local businesses from varying sectors have been successful from manufacturing to a 3D imagery company, spatially distributed across the district, as shown in **appendix 6**.

When comparing the Lichfield District results to neighbouring authorities within the Southern Staffordshire area, as shown in the **table 4**, the average amount of successful businesses per authority area is 14, with 46 jobs created. Although Lichfield District is performing below average within Southern Staffordshire's jobs created output, the programme extension next year provides the opportunity for further businesses to receive monetary support and create additional jobs.

Appendix 7 provides an example of a business, BCS Corrugated, who expanded their production into the district and having received the funding created 6 jobs. A case study of an existing Burntwood based business who received support, Addfield Environmental Services, can be found in **appendix 8**. At the time of the case studies publication, 5 additional roles have been created due to the companies continued growth and support from the grant being received.

	Successful businesses	Jobs created
East Staffordshire	14	51
Cannock Chase	19	60
Tamworth	10	39
Lichfield District	14	35
<i>Southern Staffordshire average</i>	<i>14</i>	<i>46</i>

Table 4: Southern Staffordshire comparison of the Business Growth Programme outputs as of September 2018.

With all partnership working, the economic development service works with local commercial agents and developers in reviewing all possible options for businesses looking to expand or move to the district. A concern which has become apparent within enquiries is that a common theme of popular premises is viewed causing the demand to outweigh the supply and businesses unable to locate within the district. This issue can create investment to potentially seek locations outside of the district.

Digital Communications

- 3.11 With a very rural setting in the district, digital connectivity could be seen as an issue. The economic development service work with Superfast Staffordshire to provide district wide commercial rollout of superfast broadband to premises. As of October 2018, 96.07% of premises within Lichfield District are superfast UK (>24 Mbps) enabled, higher than the UK coverage being 95.7%. The service in partnership with Superfast Staffordshire are investigating options for the percentage which aren't covered by the rollout contract. An open market review is currently taking place which will provide more accurate data to identify alternative options for these premises.

High Streets, Viability

- 3.12 A suffering national high street is publicised weekly with vacant shops dominating city high streets, this isn't the case with Lichfield District's urban centres. In July 2018, Lichfield City and Burntwood Town's vacancy rates were 5.6% and 4.5% respectively. These percentages are a positively low value in comparison to the West Midlands, 10.2%, and UK, 9.9%, as seen in **table 5**, showing the active and vibrant high streets which have developed within the district's urban centres.

The economic development service work with local business groups to understand their member's needs and issues, to develop further business intelligence, supporting their growth and long term survival. When inward investment enquiries are received, the service review the suitability of vacant premises with local commercial agents, working towards developing minimal vacancies within the district.

	Vacancy rates (July 2018)
Lichfield City	5.6%
Burntwood	4.5%
West Midlands	10.2%
UK	9.9%

Table 5: Urban centres vacancy rates compared with regional and national rates

Overview

- 3.13 Overall Lichfield District has a relatively prosperous economy, with a promising enterprise start-up rate, low claimant count, high economically active population and low vacancy rates providing a bustling and vibrant business environment. The support offered by the economic development service with strategic partners provides the opportunity for individuals to start up, local business expansion, creating and safeguard jobs, assist the location of new enterprises into the district, which further develops local economic growth.
- 3.14 There are issues facing the area and that need to be addressed by the Council, businesses and other bodies. These include:

Brexit

The uncertainty regarding Brexit, especially with local business trade arrangements, growth market deals and their supply chains, & international businesses already located in the district concerned with their future. The service are looking to gain further understanding of our local economy, gathering local businesses views within documents and engagement. If a commonality is seen in views overall or within a certain sector, we shall investigate how to act upon this.

Skills gap

A skills gap is being seen within certain sectors, especially in the STEM (Science, Technology, Engineering and Mathematics) sector, where a lack of graduates or apprenticeships undertaking these professions. We are currently working more collaboratively with universities within our catchment area on understanding the skills gap and sectors regionally. An EU funded programme is currently in place, Higher Level Skills Match, with Lichfield District Council being a delivery partner. The Council is working with Birmingham based universities on finding solutions to local SMEs short and long term specific business skills requirements.

The struggle of the high street

Although Lichfield District's urban centres do relatively well with vacancy rates, how do we sustain this, especially with national high street chain closures. The economic development service is working with internal services on reviewing the discretionary business rate relief policy to support businesses and seeking to develop more footfall within the city and town centres for high street retailers.

Inward Investment

With the growth and appeal of neighbouring authority areas, we need to be able to compete and keep attracting new and expanding enterprises to the district. The economic development service is engaging with developers and commercial property agents, to further understand our commercial property market and the national market. Through engagement this shall allow the service to develop knowledge on businesses workforce and commercial requirements.

Collapse of enterprises

As shown in the above statistics, regionally there's an issue with the amount of declining enterprises. Greater local business intelligence is essential to recognising how to resolve or mitigate this issue. The economic development service is engaging with local businesses to develop knowledge on enterprises concerns and build awareness of the support on offer to improve their long term survival.

Alternative Options	1. There are no alternative options to this report as it's a review of economic development performance.
Consultation	1. No consultation was undertaking to produce this report. 2. All data was provided by strategic partners who deliver business support locally, collected by the economic development service or is produced by central government.

Financial Implications	1. There are no financial implications from this report.
Contribution to the Delivery of the Strategic Plan	<ol style="list-style-type: none"> 1. Supports the delivery of a Vibrant & Prosperous Economy as the economic development service contributes towards creating more local jobs and new businesses locating in the district. The service supports people gaining employment and providing an improved retail offering throughout the district. 2. Supports the priority of Healthy and Safe Communities as increasing the district's economic prosperity improves the quality of life for communities. 3. Supports the priority of Clean, Green & Welcoming places to live by improving the commercial offering of the district for local residents and visitors.
Equality, Diversity and Human Rights Implications	1. The Economic Development service through the delivery of the Economic Development Strategy aligned with the Council's Strategic Plan priority of a Vibrant and Prosperous Economy supports job creation and retention into the District. Allowing unemployed people the opportunity to become employed and upskill, also safeguarding current jobs. By increasing development and investment into the District, especially within town centres it secures existing and attracts new businesses, offering more services and activities for the local community.
Crime & Safety Issues	1. There are no crime and safety issues.

	Risk Description	How We Manage It	Severity of Risk (RYG)
A	That Lichfield District's economic development performance starts underperforming, creating a decline in economic growth.	The economic development service with strategic partners shall consider actions to improve the district's economic performance to establish an improvement in economic growth.	Green

Background documents:

[Lichfield District Council Economic Development Strategy 2016-2020](#)

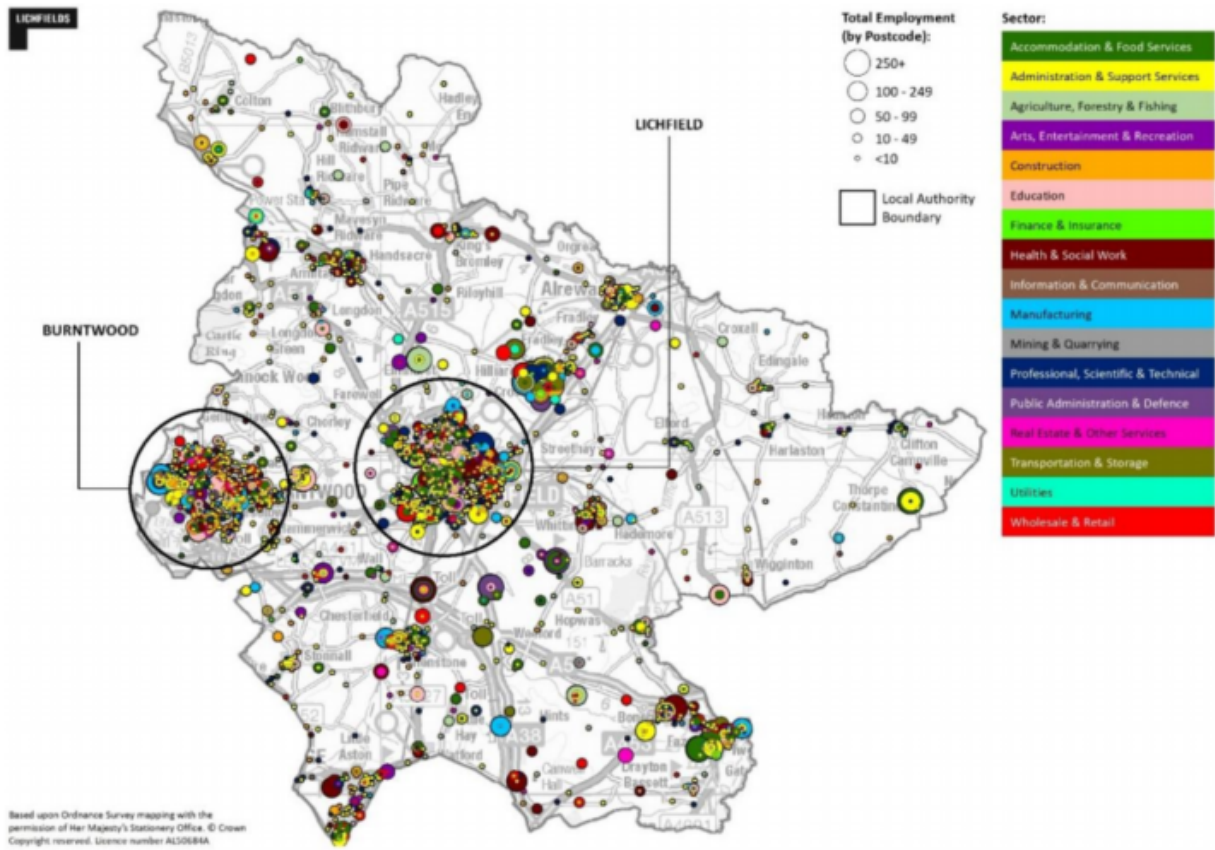
Relevant web links:

Lichfield District Council's Economic Development Strategy (2016-2020) - <https://lichfielddc.gov.uk/Business/Economic-Development-Strategy-2016-2020.pdf>

Enterprise for Success programme - www.enterpriseforsuccess.co.uk

Business Growth Programme - www.birmingham.gov.uk/bgp

Appendix 1: The spatial distribution of businesses throughout Lichfield District



Source: ONS (2018) / Lichfields' analysis

Appendix 2: Lichfield into Work Group representatives

- Talent Match Staffordshire
- Staffordshire County Council
- Groundwork
- Department for Work and Pensions
- South Staffordshire College
- South East Staffordshire Citizens Advice Bureau
- Staffordshire Library Service
- BDS Learning
- Shaw Trust
- Juniper Training
- APM – NU Futures

Appendix 3: Comparison of business demography statistics with neighbouring authorities and the Staffordshire County average

	<u>Active Enterprises</u>	<u>Enterprise Births</u>	<u>Enterprise Deaths</u>	<u>5 year survival rate (2011 births) (%)</u>
Lichfield	5,210	760	490	47.80%
East Staffordshire	4,615	565	440	49.40%
Cannock Chase	3,695	425	365	40%
Tamworth	2,620	355	290	43.50%
Staffordshire County Average	4,110	503	396	45.30%



CASE STUDY



Deborah Jayne

Lichfield Has a Sparkling New Business

Deborah Jayne has been trading for a few years, and specialises in taking vintage pieces and updating them with precious stones. Makes items to sell online and at events, and also takes commissions. They also provide special pieces for weddings and other occasions.

Having traded for a short while, Deborah enquires with the Enterprise for Success programme to get some help and clarity on a number of areas including financial planning, Tax and Vat guidance as well as some general Marketing support to help her promote her business and its services more effectively.

A dedicated Business Advisor was deployed who as well as assisting with some financial planning and forecasting for the business, also sign posted the Tax and expenses queries through to HMRC to get the most up to date and accurate information. The Advisor also completed a thorough diagnostic on the business, pin pointing where there were gaps in some of the Marketing Strategies, linking into the development of some of the businesses product offers.

The Business has now launched a new "bundle package" for Wedding customers as well as having a made some new, useful contacts within the wedding sector.

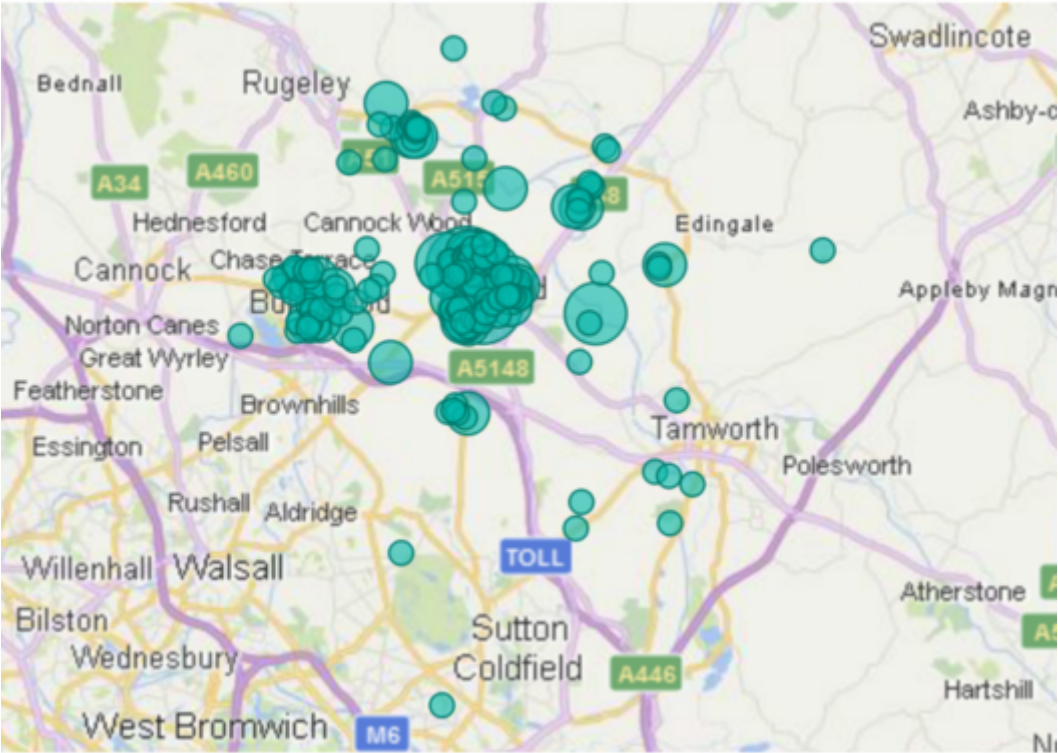


T. 01905-676773
E. startup@blueorchid.co.uk

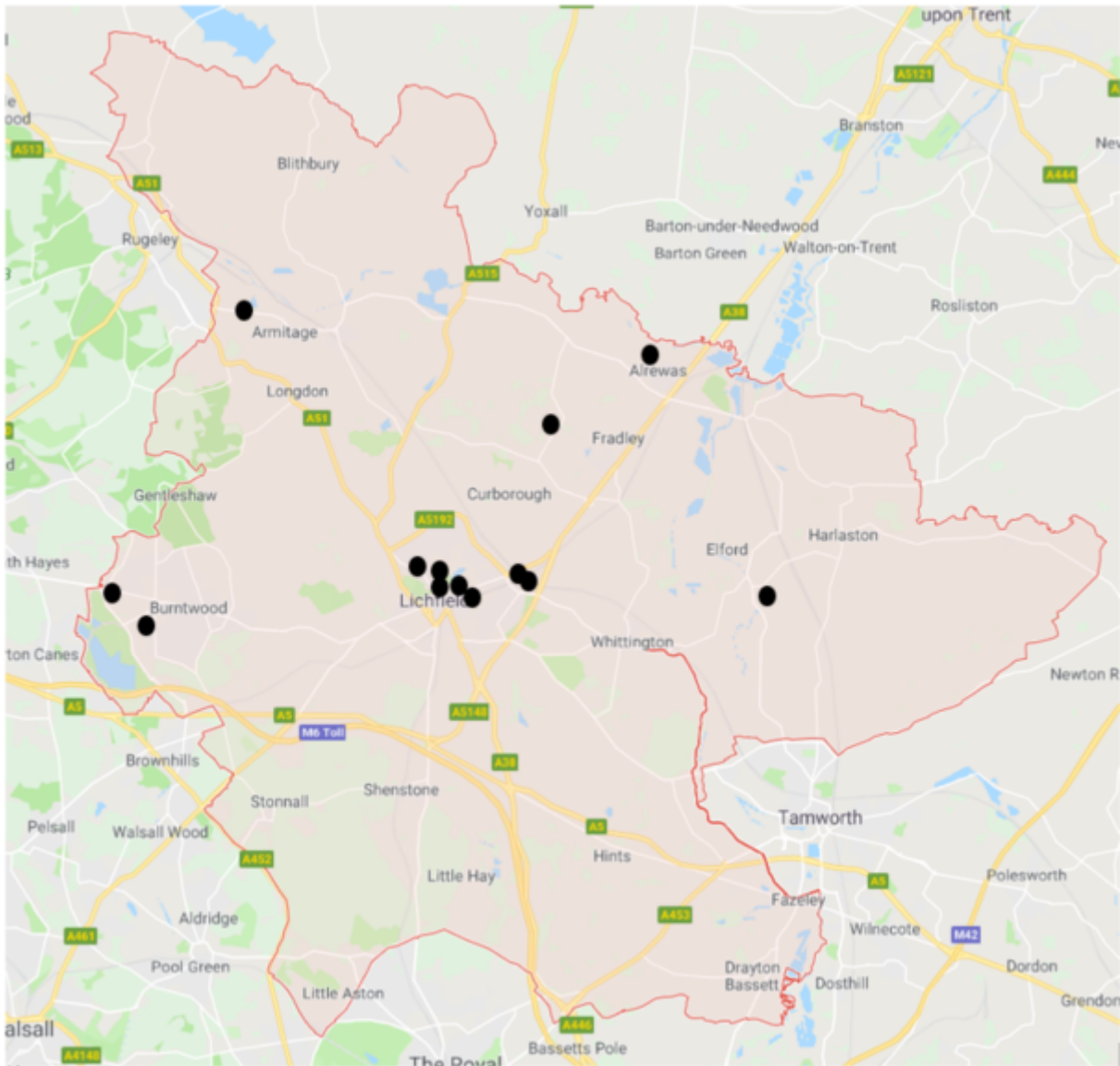


European Union
European Regional
Development Fund

Appendix 5: The location of enquiries received for Lichfield District within the Enterprise for Success programme



Appendix 6: The position of Lichfield District businesses who have been successful in receiving a Business Growth Programme grant



Appendix 7: BCS Corrugated expanding to the district

A case study of a business who expand to Lichfield District and received grant support is BCS Corrugated, who are located in Elford. The machinery manufacturer and designer expanded from Bedfordshire as they struggled to find the skill sets required and production was limited by the available workforce. With the grant assistance they grew into Lichfield District, locating within an industrial unit where they have initially created 6 jobs and are able to meet their demand.

Appendix 8: Burntwood business benefits from the Business Growth Programme

Lichfield District based Addfield Environmental Services are expanding thanks to support from the Business Growth Programme (BGP) and Birmingham City Council.

Addfield Environmental Systems Limited are specialists in the thermal processing of solid waste, rapidly becoming the industry leaders in sustainable waste management for the future.

In May 2017, they decided to move all their manufacturing facilities under one roof in Burntwood as previously it was spread across five locations. Having invested into a new location, they started to look into further investment opportunities, the company received a grant of £30,000 to improve their organisational operation, increasing efficiency and reducing overheads by purchasing bespoke CRM and production management software.

The new software system being developed by Orderwise is being rolled out across each department, supporting the businesses growth by helping develop a more streamlined production line, enabling them to produce more machines and lead to a continued expansion creating more jobs.

Although the investment has only been in place for a short amount of time, 5 people have recently been employed in new roles due to their continued growth with 3 jobs to be created from the project. Additionally working with the sales and marketing team to develop an integrated CRM system that works in synergy with production allows them to more accurately forecast upcoming builds and rapidly convert a query, into a sale and transferring the sale straight into the production line increasing efficiency.

Mr Steve Lloyd, Managing Director at Addfield Environmental Services said:

“The Addfield success is due to the fact that we are always looking to improve on how we manage our business. From streamlining our production methods, raising the bar on Quality Assurance to improving our customer’s journey with us, these all contribute to making Addfield a better Company.

As such the opportunities that were made available through investing alongside the ‘Business Innovation Programme’ into our new business management software system have been invaluable.

We now have an advanced system in place that will handle every stage of the sale/production process all the way through the delivery and commissioning. When you are already distributing to over 95 countries you need to be able to monitor all of these elements seamlessly in one place.

Receiving the grant has enabled continuous growth with the company already creating a number of permanent positions from early 2018, with several more planned throughout the year and into 2019 as future expansion plans are realised.”