



Company Number: 07388600

Lancashire Enterprise Partnership Limited

Tuesday, 21st March, 2023 in Teams Virtual Meeting - Teams, at 4.30 pm

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Minutes of the meeting held on 13th December 2022 (Pages 1 - 8)**
- 3. Matters Arising**
- 4. Declarations of Interest**

In addition to declaring any interests relating to individual items on this agenda, LEP Directors are reminded that they should ensure their recorded Register of Interest is kept up to date at all times, the published Registers of Interest can be accessed on the LEP website via this link:
<https://lancashirelep.co.uk/about/registers-of-interest/>
- 5. LEP Annual Performance Review 2023-24 (Pages 9 - 14)**
- 6. LEP Finances - 22/23 Outturn 23/24 Budget (Pages 15 - 18)**
- 7. Chancellor's Statement Announcement on the future funding of LEPs (Pages 19 - 20)**
- 8. LEP Governance and Committees Report - March 2023 (Pages 21 - 28)**
- 9. Growing Places Investment Strategy - Version 3 (Pages 29 - 58)**
- 10. Any Other Business**
- 11. Date of Next Meeting**

The next meeting of the Lancashire Enterprise Partnership Board is scheduled to be held on 20th June 2023 at 4:30pm via Microsoft Teams.

12. Exclusion of the Press and Public

The Board is asked to consider whether, under Section 100A(4) of the Local Government Act 1972, it considers that the public should be excluded from the meeting during consideration of the following items of business on the grounds that there would be a likely disclosure of exempt information as defined in the appropriate paragraph of Part I of Schedule 12A to the Local Government Act 1972 as indicated against the heading to the item.

Part II (Items that are Private and Confidential)

**13. Growing Place Report - ETC Urban (Guildhall) Ltd Church Street, Darwen
(Pages 59 - 66)**

Lancashire Enterprise Partnership Limited

Minutes of the Meeting held on Tuesday, 13th December, 2022 at 4.30 pm as a Microsoft Teams Virtual Meeting

Present

Debbie Francis OBE (Chair)

Graham Baldwin
Miranda Barker OBE
Councillor Alyson Barnes
Ann Dean MBE DL

Kam Kothia OBE DL
County Councillor Aidy Riggott
Alison Robinson

In Attendance

Paul Evans, Assistant Director Area Lead, BEIS
Nick Gerrard, Growth and Prosperity Programme Director, Blackpool Council
Dr Michele Lawty-Jones, Director of Skills and Employment Partnership
Hannah Lysons, Democratic Services Officer (Companies), Lancashire County Council
Andy Milroy, Democratic Services Manager (Companies), Lancashire County Council
Joanna O'Donnell, Project Manager (Skills Bootcamps)
Anne-Marie Parkinson, Head of LEP Coordination, LEP
Angie Ridgwell, Chief Executive and Section 151 Officer, Lancashire County Council
Sue Roberts, Commercial and Business Support Manager, LEP
Laura Sales, Director of Corporate Services and Company Secretary, Lancashire County Council
Andy Walker, Interim LEP Chief Executive

1. Welcome and Apologies for Absence

The Chair welcomed all to the meeting. Apologies for absence were received from Councillor Ivan Taylor, Mark Rawstron and Mick Gornall.

2. Minutes of the meeting held on 13th September 2022

Resolved: The minutes of the Board meeting held on 13th September 2022 were approved as an accurate record.

3. Matters Arising

The Chair provided an update on the item regarding the expiry of Directors Fixed Terms which was presented to the 13th September 2022 Board meeting.

It was proposed and approved that the terms for Directors Ann Dean and Mick Gornall be extended for a further period of up to 2 years in order to provide continuity.

Resolved: The Board approved the extension of the term of office for Directors Ann Dean and Mick Gornall for a further period of up to 2 years.

4. **Declarations of Interest**

There were no declarations of interest were made at this point of the meeting.

The Chair requested that on future Board agendas that Board Members current list of declared interest is shared to review on an ongoing basis as well as declare any individual declarations in relation to specific agenda items at each meeting.

Action Point: Andy Milroy to include a link to Board Members Registers of Interest on each meeting agenda for review.

5. **Lancashire 2050**

Andy Walker, Acting Chief Executive, Lancashire Enterprise Partnership, presented a report (circulated) on the publication of the Lancashire 2050 framework and how the LEP and partners can influence, focus and drive this programme of work moving forward.

The Lancashire 2050 framework is both bold and strategic, creating a framework so that:

- Lancashire competes better for its share of resources and investment
- Lancashire's public, private and voluntary sectors collaborate better
- Lancashire has a strong and clear voice
- Lancashire has rich, meaningful and strategic dialogue with central government

Comments and questions were as follows:

Thanks were given to those who attended the Lancashire 2050 launch event an helped to make it a success. As well as this, thanks were given to those involved in the creation of the framework and the effort which had been put in to build a workable and aspirational document which will serve to benefit the county.

Resolved: The Lancashire Enterprise Partnership Limited Board noted the report as presented.

6. **Chief Executive's Update and Business Planning 23/24**

Andy Walker presented a report and presentation to the Board which outlined updates on progress within key LEP initiatives.

The key points were as follows:

The mid-year reviews by the Communities and Local Growth Team have given the LEP continued endorsement for its delivery and composition. As well as this there is a requirement to make the 22/23 Business Plan available on the website and this is being actioned

The feasibility study on an Innovation Hub at Samlesbury to complement the National Cyber Force investment has now been completed and a draft final report has been received from Plexal. This will be reviewed by the project steering group in January of 2023 and then it will be brought back to the informal or main LEP meeting in the new year.

LEP Board members have an invitation to the Convention of the North even which is taking place on the 25th January at Manchester Central. Tickets to this event are limited, and capacity issues have been raised, therefore if people wish to attend it is preferred that this is done on a nomination basis. Tickets are secured through a previously circulated self-service link.

With regards to business planning for 2023/24, it was suggested that in order for the Board to focus down activity on a smaller number of priorities, that at the next informal meeting, a face to face workshop be held to determine the business plan and budget for the LEP ahead of the 1st April 2023

It was noted that 3 of 6 sector action plans have been completed and received, and that the recommendations from these action plans are looking into being implemented and the resources needed in order to take these forward. A further update was provided from the Board on the status of the outstanding 3 sector action plans.

Comments and questions were as follows:

It was suggested, with reference to the Plexal report, that this be circulated prior to the report being brought to the next Board meeting so that members can feed in any observations and prepare answers to questions.

Action Point: Following review by the project steering group, Andy Walker to circulate the Plexal report to the Board for their consideration prior to the next Formal Board meeting.

It was suggested that an exploration of what is being done in other regions of the UK be conducted in order to understand how the Lancashire LEP can learn from the successes of other LEPs and Council Bodies, with relation to the ongoing sector action plans and the Lancashire 2050 framework.

Resolved: The Lancashire Enterprise Partnership Limited Board noted the report as presented, and the subsequent comments and questions which were raised.

7. National Skills Fund: Skills Bootcamps

Dr Michele Lawty-Jones, Director, Lancashire Skills and Employment Hub, and Joanna O'Donnell, Project Manager, Skills Bootcamps, presented a report (circulated) which provided an update on National Skills Fund: Skills Bootcamp and the ongoing progress this financial year, and future plans for the next financial year.

The key points were as follows:

Progress made this financial year:

- 146 learners enrolled on 12 Skills Bootcamp cohorts with another 16 cohorts due to run from January.
- 18 learners have subsequently completed the delivery stage and have been offered guaranteed interviews.
- 2 of those learners have been successful at interview.
- Due to success so far, a further £100,000 has been allocated from the Department for Education which has allowed an opportunity for a further 2 Skills Bootcamps: 15 in Cyber Security and 15 in Digital marketing to begin in January.
- Over 60 employers are aligning themselves with Skills Bootcamps and employer engagement is increasing.
- Quality Assurance visits took place with 4 providers and it was clear that employers were fully engaged with the programme. Introduction of Ofsted to the programme from April 2023 will be a continuation of these Quality Assurance processes.

Proposal for the next financial year:

- Potential providers have submitted pipeline forms which outline details of the programme they wish to undertake.
- These have been collated and submitted to the Department for Education to form the proposal for extending Skills Bootcamps into a wider range of delivery areas for 2023/24.
- Expecting to hear from the Department for Education in January with regards to the grant amount based off the submitted proposal.

Comments and questions were as follows:

It was queried how the LEP Board can help to support this project, and what can be done to market it. It was discussed that providers of the Skills Bootcamps have a great level of social media networking, which is endorsed by the Lancashire Skills and Employment Hub through their own social media channels. It was noted that it is being looked into how to widen the marketing of Skills Bootcamps through different types of media, and that this is something that is ongoing. It was further noted that if there were any ideas from members as to how

better to market Skills Bootcamps so that it reaches the desired audiences, then this should be discussed.

Resolved: The Lancashire Enterprise Partnership Limited Board

- (i) Noted the progress in 2022/23 and the additional allocation of funds from the DfE in-year.
- (ii) Considered the opportunities available to secure grant funds for further Skills Bootcamp delivery in Lancashire in 2023/24 and supported the acceptance of grant funds should the application to DfE be successful, with delegation to the Chief Executive and Section 151 Officer to review and agree the grant funding offer and terms and conditions, and give due consideration to any procurement considerations and agree and enter into any legal agreements required to protect the interests of the LEP.
- (iii) Should further grant funds be approved and accepted, supported the extension to contracts for the Project Manager and Project Officer, with delegation to the Chief Executive and Section 151 Officer for approval subject to advice from HR.

8. LEP Governance and Committees Report - December 2022

Andy Milroy, Democratic Services Manager (Companies), presented a report (circulated) containing Governance and Committee meeting updates since the last Board meeting held on 13 September 2022, including recommendations for approval by the Board.

Comments and questions were as follows:

Clarification was provided with regard to the reason that the Skills and Employment Advisory Panel had requested to revert back to their previous name of Lancashire Skills and Employment Board. Dr Michele Lawty-Jones confirmed that this change is to do with a shift in the Department for Education's policy in this area and the change was to better align the committee with this policy, and to better represent the work done by that committee.

It was noted that the nominations for the Innovation Board were positive in that they were broad in the areas of business that they represented, and thanks were given to those involved in the recruitment process for their effort.

The Board requested an update on the dormancy status of the company. Andy Walker confirmed that there are ongoing legal and accountancy discussions with regards to this, with it proposed that a report, including the independent advice received, be presented to the next LEP Board meeting scheduled for March 2023.

Action Point: Andy Walker to provide a report, including the independent advice received, regarding the dormancy status of the company to the next LEP Board meeting scheduled for March 2023.

Resolved: The Lancashire Enterprise Partnership Limited Board

- (i) Noted the updates provided in this report in relation to Governance, urgent decisions taken since the last LEP Board meeting, and the Committees of the Lancashire Enterprise Partnership as they were presented.
- (ii) Approved that the LEP Committee currently called the Skills and Employment Advisory Panel reverts to its previous name the Lancashire Skills and Employment Board.
- (iii) Approved the appointment of Russell McGrath, Rory O'Neill, Rommany Jenkins and Anthony Attard to fill four of the five vacancies on the LEP Innovation Board; and
- (iv) Authorised the Company Secretary (or their representative) in consultation with the Interim LEP Chief Executive Officer to implement any changes to the Lancashire LEP Local Assurance Framework as the above have been approved.

9. Any Other Business

Andy Walker confirmed that the standard Programme Report providing updates on the various LEP work areas where will be circulated for information via email to Board Members.

10. Date of Next Meeting and Programme of Meetings for 2023/24

Resolved: It was noted that the next Informal meeting of the Lancashire Enterprise Partnership board is scheduled to take place on 13 February 2023 as an in-person meeting.

The next Formal meeting of the Lancashire Enterprise Partnership Board is scheduled to take place on 21 March 2023 at 4:30pm. It was discussed that this meeting may take place as a Virtual Meeting.

The Board noted the previously circulated 2023/24 Programme of Meetings which are as follows:

- Tuesday 20th June 2023 – 4:30pm – Virtual meeting on Microsoft Teams
- Tuesday 19th September 2023 – 4:30pm – In person meeting – venue TBC.
- Tuesday 19th December 2023 – 4:30pm – Virtual meeting on Microsoft Teams
- Tuesday 19th March 2024 – 4:30pm – In person meeting – venue TBC.

11. Exclusion of the Press and Public

Resolved: That the meeting move into Part II, Private and Confidential, to consider the remaining agenda items as they contained information defined as confidential or exempt in accordance with the relevant paragraph in Part I Schedule 12A to the Local Government Act 1972.

It was considered that in all the circumstances, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

12. Growing Places Report – Updated Fleetwood FRP Ltd - Heads of Terms

Sue Roberts, Commercial and Business Support Manager, Lancashire Enterprise Partnership, presented a private and confidential report (circulated) on the updated Heads of Terms for Fleetwood FRP Ltd.

Resolved: The Lancashire Enterprise Partnership Limited Board considered and approved the recommendations as presented in the report.

13. Growing Places Report - Holmes Mill Properties Ltd - Heads of Terms

Sue Roberts presented a private and confidential report (circulated) on the updated Heads of Terms for Holmes Mill Properties Ltd.

Resolved: The Lancashire Enterprise Partnership Limited Board considered and approved the recommendations as presented in the report.



Lancashire Enterprise Partnership Limited

Private and Confidential: No

Date: Tuesday, 21 March 2023

LEP Annual Performance Review 2023-24

(Appendix 'A' refers)

**Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk**

Executive Summary

The Annual Performance Review is the Cities and Local Growth team's process for monitoring the governance, progress and performance of the 38 LEPs across England.

In January, the Lancashire Enterprise Partnership's Chief Executive Officer and Lancashire County Council's finance lead met with Paul Evans and Mick Allen from the Department for Levelling Up, Housing and Communities, to review and sign off the reports submitted on behalf of the Lancashire Enterprise Partnership. The official record of this meeting is attached as Appendix 'A' to this report.

Recommendation

The Lancashire Enterprise Partnership Board is asked to note that all outstanding issues from prior Annual Performance Reviews have been addressed or suspended, and that the LEP has remained compliant in terms of governance and prior concerns in terms of Growth Programmes and Strategic Impact have been addressed.

Background and Advice

Appendix 'A' refers

List of Background Papers

Paper	Date	Contact/Tel
None	N/A	N/A



Reason for inclusion in Part II, if appropriate

N/A



Appendix 'A': Agenda and Meeting Note Template

Lancashire LEP Annual Performance Review 2022-23

Date: 14/02/2023

Time: 11.00

Attendees: Andy Walker; Jo Ainsworth; Paul Evans; Mick Allen.

This template is intended for use with those LEPs on the higher tier APR.

Area Leads: please note this template can be adapted or reduced as appropriate, to meet the requirements of the planned discussion.

This formal record is not intended to be lengthy and can focus on any arising action points, please refer to the technical note for guidance

1.	Introductions and purpose		
2.	Actions from 2022-23 Mid-Year Review [Inset new rows as appropriate]		
	Action #	Action Point	Date completed
	1	PE to share LEP Integration Plan Template with AW	30/11/2022
	2	AW to provide LEP delivery plan for 2022/23	04/01/2023
	3	PE to investigate potential for accelerated integration of LEP	14/12/2022
			Following discussion with LEP policy team it was agreed that in light of renewed interest in seeking a devolution deal with Lancashire it would be wise to pause any potentially expensive legal work as part of the potential integration of LEP functions into the County Council as part of that deal.
3.	Governance: a. Summary of adherence to the National Local Growth Assurance Framework across the year, any problems faced, and evidence of efforts made to maintain compliance wherever possible;		

	<ul style="list-style-type: none"> b. Mid-Year Review governance actions, any compliance check issues, and progress; c. Any further challenges faced during this year.
	<p>Agreed Note: <i>(Brief bullet points only)</i></p> <ul style="list-style-type: none"> • Key issue remains company dormancy (see action points re agreement to pause expensive legal work) which Debbie Francis (LEP Chair) is keen to reach a resolution on. • Worst case scenario is removing company structures and becoming advisory board, however this is unlikely and the current company structures give members a degree of protection. • PE and AW to remain in regular contact to monitor situation.
4.	<p>Growth Programme Delivery:</p> <ul style="list-style-type: none"> a. Mid-Year Review delivery actions and progress b. A review of any applicable Getting Building Fund and/or residual Local Growth Fund activity, covering spend (F&F) on progress against agreed outputs; c. A review of residual spend to provide clear timing on remaining deadlines; and d. Relevant progress on published Delivery Plan
	<p>Agreed Note: <i>(Brief bullet points only)</i></p> <ul style="list-style-type: none"> • Delivery of growth programmes remains on course with no use of freedoms and flexibilities to achieve delivery. • There may be a need to adjust some projects, but this can be done through the regular change control process. • Noted that current Programme Manager will be leaving role soon. Won't be necessary to replace them at same level of seniority, but programmes will still need managing out. • S151 confirmed no concerns with LEP processes or operation. • PE suggested role for LEP in development and delivery of the successful LUFR2 bid for the Eden Project in Morecambe. The LEP was instrumental in developing the application and there appears to be a role for ongoing support, possibly via a stakeholder working group to support this project into and through delivery.
5.	<p>Strategic Impact and Integration:</p> <ul style="list-style-type: none"> a. General strategic action and impacts conducted this year; b. Position and progress on future integration planning to date (including integration plan if produced)
	<p>Agreed Note: <i>(Brief bullet points only)</i></p> <ul style="list-style-type: none"> • LEP has played a key role in the development of the Lancashire 2050 Strategy (launched November 2022) • Informal LEP board yesterday started conversation on business planning for coming year / eighteen months. • Sectoral strategy work has now been delivered with only Food and Farming still to report. • Working with Boost (GH) on single portal for business finance. • Plexil commissioned to work on Innovation hub. • Will play a role in Lancashire Devolution discussions as these develop. • Business planning for National Cyber HQ.
6.	<p>LEP feedback</p> <p>Agreed Note: <i>(Brief bullet points only)</i></p> <ul style="list-style-type: none"> • LEP feels they get appropriate support from CLGU.

- Reduction of funding isn't great but LEP is in reasonably healthy financial form.
- Would be good to know what can be used as match for core funding (and if it requires match) – can e.g. Growing Places returns or in kind funding be used?

7. AOB

8. Summary of actions arising and next steps

Agreed Note: *(Brief bullet points only)*

Key areas are:

- Ongoing monitoring of governance situation, especially as devolution discussions develop, with regard to integration of LEP and structure changes required for this.
- AW and PE to work on Eden stakeholder group with colleagues in Lancaster City Council and Lancashire County Council.
- PE to find out requirements for core funding match.

[Inset new rows as appropriate]

Action #	Action Point	Owner	Proposed Resolution and Deadline
1	PE and AW to remain in regular contact to monitor situation	PE / AW	Ongoing
2	PE to find out about match requirements and conditions for core funding	PE	10/03/2023
3	PE and AW to work on supporting delivery of Eden Project LUF R2 bid.	PE / AW	30/04/2023



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: Tuesday, 21 March 2023

LEP Finances - 22/23 outturn 23/24 Budget
(Appendix 'A' refers)

Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk

Executive Summary

This report presents an estimated out-turn for LEP finances in 2022/23 financial year and an outline budget for 2023/24. This financial statement is based on the confirmation of grant contributions from government for 2023/24 (down 25%) and local match from the members of the company (sustained at the level of last year by the three upper tier authorities).

Whilst some charges still need to be accounted for prior to the end of the current financial year, the LEP has underspent on its anticipated budget and not had to utilise as much of the reserves of the company as originally envisaged.

Moving into 2023/24, despite the cut of £125,000 to core grant, the LEP has enough funds to sustain existing staffing commitments and the potential to fill the vacancy left by the recent resignation of the LEP Co-ordinator.

Recommendation

Given the consultation on the future funding of LEPs the Lancashire Enterprise Partnership Board is asked to agree that the Chair and CEO are given delegated authority to produce a business plan which:-

- (i) Maximises income through Growing Places Fund interest
- (ii) Reframes the marketing priorities for the LEP moving forward
- (iii) Allocates remaining funding to priority projects, important for the economic development of Lancashire
- (iv) Take account of any potential costs of winding up the company.

Background and Advice

Appendix 'A' refers



Reason for inclusion in Part II, if appropriate

N/A

Appendix A

Lancashire Enterprise Partnership
Operating budget

	Forecast 2022-2023	Budget 2023-2024	Budget 2024-2025
Income			
Grants	562,500	437,500	0
Interest	155,000	101,000	101,000
Contributions			
	<u>717,500</u>	<u>538,500</u>	<u>101,000</u>
Operational expenditure			
Staffing	438,356	426,753	432,224
Runnung costs	57,232	57,232	57,232
Marketing and Comms	72,500	85,000	72,500
Professional and consultancy fees	63,000	63,000	63,000
	<u>631,088</u>	<u>631,985</u>	<u>624,956</u>
Net operating surplus/(deficit)	<u>86,412</u>	<u>-93,485</u>	<u>-523,956</u>
Project and programme expenditure			
Project support	60,000	60,000	60,000
Strategic Framework	145,000	50,000	50,000
Restructure	41,204		
	<u>246,204</u>	<u>110,000</u>	<u>110,000</u>
Net P & L surplus/(deficit)	<u>-159,792</u>	<u>-203,485</u>	<u>-633,956</u>
Reserves b/f	2,159,875	2,000,083	1,796,598
Contribution to/(from) reserves	<u>-159,792</u>	<u>-203,485</u>	<u>-633,956</u>
Reserves c/f	<u>2,000,083</u>	<u>1,796,598</u>	<u>1,162,642</u>

Risks/omissions

Accrued liabilities for staff reflected at 146k per detailed staff review -

will need updating at each year end and refelctive of staff leaving

3.88% pay award est for 23-24 onwards

Accrued contractual liabilities - expect to be limited but not sure analysis undertaken (med risk as unsighted)

No accountable body support costs included for finance and accounts etc. but includes £15k for TM (low risk)

No charge for other ad hoc support from LCC e.g. Martin Hill on social value (low risk)



Lancashire Enterprise Partnership Limited

Private and Confidential: No

Date: Tuesday, 21 March 2023

Chancellor's Statement Announcement on the future funding of LEPs

**Report Author: Andy Walker, Tel: 01772 535629,
andy.walker@lancashire.gov.uk**

Executive Summary

Whilst not highlighted in his address to the House of Commons, part of the Chancellor's Statement, released alongside the budget, related to the start of a process to formally consult on ending funding for LEPs after the 2023/24 financial year.

The statement has been reinforced through a parallel dialogue with the LEP Network and confirmation from both Michael Gove (DHLUC) and Kemi Badenock (DB&T) that they back the statement.

Recommendation

The Lancashire Enterprise Partnership Board is asked to consider:-

- How it will respond to the consultation exercise as details emerge.
- How it can understand and support any future plans for private sector input to the development and implementation of economic development policies by local authority partners, or future devolved structures.
- How it uses resources in 2023/24 to support the above and, if required to wind-up the company in an orderly manner.

Background and Advice

The statement below appeared as part of the Chancellor's Budget Statement on the 15th March 2023.

'The government is committed to empowering democratically elected local leaders at every opportunity. To this end, the government intends for the functions of Local Enterprise Partnerships (LEPs) to be delivered by local government in the future. Therefore, the government is minded to withdraw central government support for LEPs from April 2024. DLUHC and the Department for Business and Trade will now consult on these proposals, before



confirming a decision. The government will publish an updated policy position to confirm next steps by the summer.'

This statement follows two years when core funding for LEPs had been reduced by 25% in 22/23 and a further 33% in 23/24.

Potential uncertainty about the future policy on LEPs had also been signalled with the guidance letter which came out, alongside the Levelling Up White Paper in Spring 2022.

The latest statement arguably follows this pattern, placing a stronger emphasis on local government and new devolution structures to drive place-based policy.

A more detailed consultation process will now take place to determine precisely how LEP responsibilities, functions and funds will be transferred into new structures. This will arguably be a simpler process in those areas which have already determined their devolution solutions and where LEPs have, to some extent already been absorbed into those structures.

For consideration

As detailed in the subsequent report on budgets, the LEP will need to fully understand the process that government is proposing and begin to address how it wants to chose priorities for work and resources in the coming financial year.

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: Tuesday, 21 March 2023

LEP Governance and Committees Report - March 2023

**Report Author: Andy Milroy, Democratic Services Manager (Companies),
Lancashire County Council, Tel: 01772 530354, andy.milroy@lancashire.gov.uk**

Executive Summary

This report extracts the key items considered by each of the Lancashire Enterprise Partnership Board (LEP) Committees at their recent meetings and, where applicable, and if not considered elsewhere on the Board's main agenda, contains decisions referred to the Board by its Committees for approval. The report also contains Governance updates and any Governance decisions required by the Board.

Recommendation

The Lancashire Enterprise Partnership Board is asked to note the updates provided in this report in relation to Governance, urgent decisions taken since the last LEP Board meeting, and the Committees of the Lancashire Enterprise Partnership as set out.

Background and Advice

This is a standing report which provides an update on governance issues and meetings of committees of the LEP since the last Board meeting on 13 December 2022 in accordance with the LEP Assurance Framework, publicly available on the Lancashire Enterprise Partnership website:

<https://lancashirelep.co.uk/about/policies/>

Current LEP Committee Vacancies / Appointments

Vacancies

- There are currently two vacancies for Committee Members on the LEP Enterprise Zone Governance Committee.
- There are two vacancies on the LEP Innovation Board. The four members who were previously recommended to the LEP Board have since commenced their appointment on Board at its last meeting on 06 February 2023.



- There have been two membership changes on the Business Support Management Board. Frank McKenna has been replaced by Beth McKenna (both Downtown in Business); Paul Foster has been replaced by Claire Driver (both Federation of Small Businesses (FSB)).

Updates from recent LEP Committee Meetings / Decisions taken by the Urgent Business Procedure of the LEP

1. Urgent Business Procedure Decisions

There have been two urgent decisions approved by the LEP Board via the Urgent Business Procedure since the last LEP Board meeting held on 13 December 2022 as follows:

03 February 2023 – Ormskirk Hotel

Resolved: The Lancashire Enterprise Partnership Directors:

- (i) Approved the use of £395,000 of the £1,600,000 loan to repay the mortgage on the Ormskirk Court Hotel in order to take a first charge on the building.
- (ii) Approved the extension of the availability period to 28 February 2024.
- (iii) Approved the extension to the repayment period to 28 February 2027 upon refinancing OR through annual instalments of capital from 28 February 2027 to 28 February 2031.
- (iv) Approved the LEP securing a personal guarantee from Max Walker-Williams.
- (v) Delegated authority to the LEP Chief Executive Officer in consultation with the Section 151 Officer and Lancashire County Council's Director of Corporate Services, in the capacity of Company Secretary to negotiate, approve and enter into the legal documentation required to protect the LEP's interest in respect of this loan.

23 February 2023 – New Skills Board Members

Resolved: The Lancashire Enterprise Partnership Directors approved the appointment of Paul Jones, Northern Automotive Alliance - Manufacturing and Helen Crossley, Booths – Food and Agriculture as new private sector Lancashire Skills and Employment Board Members with immediate effect.

2. City Deal Executive and Stewardship Board

At the time of writing this report, the City Deal Executive and Stewardship Board are due to meet on 14 March 2023 and an update will be provided to the Board at the next meeting.



Full agendas and minutes for the Combined City Deal meetings can be accessed here:
<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1072>

3. Growth Deal Management Board

There have been no meetings of the Growth Deal Management Board since the last update.

Full agendas and minutes for Growth Deal Management Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1218>

4. Enterprise Zone Governance Committee

The Enterprise Zone Governance Committee met on 21 February 2023 and considered / approved the following:

Revised Enterprise Zone Social, Economic and Environmental Metrics – The report outlined the amended framework following a request from Board members at the previous meeting.

It was requested that a further amendment be made in that a further figure should be added to the table to show the amount spent in the local supply chain as a percentage of the total.

AMRC Update – An update was given on the AMRC's key research themes, the growth in staff and capacity available, and future aspirations. It was commented that the timeline of the building being filled to capacity was dependent on the success of various bids, however it was anticipated that capacity would be reached in 2-3 years.

Regarding Marketing, it was discussed that it is working well with the current partnership and that there were good relations amongst the wider AMRC network. It was suggested that a focus of PR on Lancashire specifically would be welcomed.

Blackpool Airport Enterprise Zone: Progress Report – The report included updates on KPI's and milestones, risks, Masterplan and Delivery Plan, project management, fiscal incentives, current activity, social value and environmental activity, the Blackpool Town Deal, Squires Gate Industrial Estate, planning applications, communications infrastructure and marketing, and Blackpool Airport.

Hillhouse Enterprise Zone: Progress Report – The report included updates on activity since the last meeting, including achievements to date, KPI's and milestones, risks and actions, and update on the delivery plan, the Getting Building Fund, residential development, the Fleetwood/Poulton rail line, marketing, the Hydrogen Steering Group, the Vinnolit site, new onsite companies, and job creation.



Samlesbury and Warton Enterprise Zones: Progress Report – The report provided the committee with an update on the Samlesbury Aerospace and Warton Aviation Enterprise Zones.

Regarding the Samlesbury site, the report included an update on the site delivery programme, a financial update, an update on planning, commercial marketing agents, ancillary accommodation, communications, skills, and the low carbon feasibility study.

Regarding the Warton site, the report included an update on the masterplan and strategic meetings between partners.

Full agendas and minutes for the Enterprise Zone Governance Committee meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1171>

5. Lancashire Skills and Employment Board

The Lancashire Skills and Employment Board met on 8 December 2022 and considered / approved the following:

Lancashire Careers Hib – Progress to July 2022 and priorities for this academic year – The presentation outlined activities, progress and achievements during the last academic year and set out priorities for the coming academic year. As well as this, Peter Caney gave an overview of the Lancashire Cornerstone Employer group's strategic priorities and objectives, and how these aligned with new CEC employer standards, Lancashire Skills Hub priorities and Lancashire Skills Pledge activities.

National Skills Fund: Skills Bootcamps – The report outlines the work done on Digital Bootcamps across Lancashire.

It was highlighted that a further £100k had been allocated from the Department for Education (DfE) to enable further Bootcamps to be delivered during the 2022/23 financial year.

An overview was given of the proposal to DfE for further Skills Bootcamps in the 2023/24 financial year. It was noted that DfE had indicated they would provide feedback on the proposal in early January to enable contracts with existing providers to be extended, subject to performance and a further procurement process.

Local Skills improvement Plan and Skills Advisory Panel Policy – A report was presented outlining the Department for Education's policy regarding the introduction and funding of Local Skills Improvement Plans and changes to policy and funding regarding Skills Advisory panels and Local Skills Reports.

Local Skills Improvement plan – update from the N&W Lancashire Chamber – An update was given on the work of the sectoral focus group. It was reported that the first series of sectoral focus groups has taken place and that the groups were



considering in depth the types of job roles impacted by changing technology, and those that employers are struggling to fill and what the required skills were for those roles, and how the skills system can help support the development of those roles. Specific reference was placed on roles relating to the move to net-zero and increased digitalisation within different industries.

It was reported that following a recent board meeting, a plan of action for the next few months was being drawn up and that would be shared with the providers, the LEP and the Skills Panel.

Lancashire 2050 – An update was given on the long term Lancashire-wide strategic framework, Lancashire 2050, which had been launched at the House of Commons as part of Lancashire Day celebrations. It was noted that work was still ongoing on the related delivery plan, and that in the new year the Lancashire Skills and Employment Strategic Framework would be brought for a refresh and would likely work as the delivery plan for the employment and skills theme.

Update from the Lancashire Skills and Employment Hub and Partners – A report was presented which gave an overview of the activity since the last meeting. It was highlighted that the government had signed off on the funding for the UK Shared Prosperity Fund although the funding was less than previous levels so it was expected that provision would be scaled back and there may be gaps.

It was also reported that the work underway with DCMS around support for, and raising the profile of, cyber careers in Lancashire linked to the work with the national Cyber Force; £100,000 had been committed to Lancashire by the DCMS under the Cyber Local Fund, which must be spent by March 2023.

The Lancashire Skills and Employment Board also met on 02 March 2023 and considered / approved the following:

Lancashire 2050 – A verbal update was given on the Lancashire 2050 framework following the Leaders workshop which took place on 24 February 2023. It was noted that the workshop went well and that discussions were positive; a further update will be provided to the board on next steps as it relates to the theme of Skills and Employment at the next meeting of the Lancashire Skills and Employment Board. Gratitude was conveyed to the members of the Board for their hard work in providing a strong foundation on which to build towards the Lancashire 2050 themes.

Multiversity Blackpool – A presentation was given on the ambition of 'Multiversity' Blackpool following a successful levelling up funding bid which has seen £40 million of funding allocated to the project.

Lancashire Innovation Plan – A presentation was given on the work of the Lancashire Innovation board outlining the current Innovation plan and giving a summary of the key themes that are hoped to be achieved over the next five years. It was agreed that a working relationship between the two Boards would be beneficial,



and it was agreed that an informal workshop would be the best forum in which to begin to understand how the Boards can work together effectively.

Update from the Lancashire Skills and Employment Hub and partners – a report was given providing the Board on an update on the Lancashire Skills Hub, structured against its strategic themes: Future Workforce; Inclusive Workforce; Skilled and Productive Workforce; Informed Approach.

Lancashire Digital Strategy and Partnership with the National Cyber Force – A presentation was given on the Lancashire Digital Strategy and the Partnership with the National Cyber Force. Thanks were given to all those involved in the presentation for their hard work.

Full agendas and minutes for the Lancashire Skills and Employment Advisory Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1011>

6. Business Support Management Board

There has been no meeting of the Business Support Management Board since the last update.

Full agendas and minutes for the Business Support Management Board meetings can be accessed here:

<http://council.lancashire.gov.uk/ieListMeetings.aspx?CommitteeID=1220>

7. Lancashire Innovation Board

The Lancashire Innovation Board met on 05 December 2022, and considered / approved the following:

Lancashire Innovation Plan – Final sign off Steer report – A report was presented on the final version of the refreshed Lancashire Innovation Plan which incorporated feedback from Board members and wider stakeholders and set out a clear initial structure and first steps towards a practical delivery programme for the next five financial years.

It was reported that in the future, the Board would monitor progress against the operational plan with individual Board members tasking the lead on specific elements off the Plan. It was further confirmed that a marketing strategy would be developed together with a document summarising the contents of the Innovation Plan which would be made available to stakeholder and the public.

The Lancashire Innovation Board also met on 06 February 2023 and considered / approved the following:



Update on the Innovation Plan 2023-28 – A report was presented on activity following the approval of the Lancashire Innovation Plan, including the development of an operating plan, KPIs, marketing and recruitment of staff.

The creation of a public facing document summarising the contents of the Innovation Plan was discussed and it was noted that this would be useful when communicating the Plan to both the public and the business community. Existing and future branding and communications were discussed and the importance of establishing a clear consistent message regarding innovation was recognised.

It was further noted that it was intended to secure initial funding resources from Lancashire County Council and the Lancashire Enterprise Partnership, and align plans with existing budgets from universities, the AMRC and others. It was outlined that some initial resources would be required to establish a small team to oversee implementation of the Innovation plan. It was acknowledged that there would be opportunity to recruit people who had the relevant skills and experience in July/august 2023 following the end of existing ERDF programs.

The need for a clear definition of innovation was discussed and the Board recognised that part of any future PR would involve an element of education on innovation in Lancashire.

Regarding the establishment of Key Performance Indicators, the Board was informed that initial focus would be on end technology and point development, and that there would be an opportunity in the future to develop KPIs around broader themes.

Proposed sponsors for Innovation Plan actions – A report was presented on a proposal for Board members to take ownership of the implementation of the Innovation Plan 2023-28 by acting as sponsors for specific actions set out in the plan.

The Board considered the remaining actions set out in the table which was presented and agreed to act as sponsors for the specific items listed within that table. It was also proposed that Board members consider acting as Co-Sponsor for activities to create resilience by sharing workload, and fostering collaboration.

Update on current year work - A report was presented on the use of the Lancashire County Council's Innovation budget and associated activities:

- Lancaster University was developing a bid for the Research England Development Fund which would include a letter of support from Lancashire County Council and the Lancashire LEP
- Following a workshop with the Connected Places Catapult work was being done to focus on the last mile of transport between Lancaster and Morecambe with a view to building sustainability around the Eden North Project. Lancaster University were to hold a planning workshop on 23rd February 2023 to consider scenarios around future provision of sustainable transport by bus, foot, and cycle to enhance the customer journey/experience.



- The Innovation Marketing Manager continued to develop various media under the 'Innovate Lancashire' brand, including a weekly podcast with different innovators across Lancashire.
- Arrangements were being made for the Innovation Festival to be held on 13th October 2023 at AMRC and the Innovation Challenge (a 'Dragons Den' style event) to be held on 14th June 2023 in Preston.
- Fraser House in Lancaster continued to be an example of best practice in terms of providing high quality space for innovative co-working and collaborations between people.
- Investment Zones were still under consideration and had been mentioned at the recent Convention of the North. 17 expressions of interest regarding investment zones in Lancashire (which contained a knowledge transfer or partnership component) had been submitted previously. It was anticipated that there would be a further call for investment zones in the future and with some additional development work Lancashire would be well placed to provide a short list at that time.

Full agendas and minutes for the Lancashire Innovation Board can be accessed here: <https://council.lancashire.gov.uk/ieListMeetings.aspx?Committeeld=1678>

8. Joint Scrutiny Committee

An inquorate meeting of the Joint Scrutiny Committee took place on 08 March 2023. An update on items informally discussed at this meeting will be provided to the next LEP Board meeting.

Full agendas and minutes for the Joint Scrutiny Committee meetings can be accessed here: <https://council.lancashire.gov.uk/ieListMeetings.aspx?Committeeld=1708>

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		



Lancashire Enterprise Partnership Limited

Private and Confidential: NO

Date: Tuesday, 21 March 2023

Growing Places Investment Strategy v.3

(Appendix 'A' refers)

**Report Author: Sue Roberts, Tel: 01772 536605,
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Executive Summary

Growing Places Fund has been available to unlock stalled sites in Lancashire for over 10 years.

The fund has been recycled and has new flexibilities which enable it to be used for a wider range of purposes. The Investment Strategy sets out a framework to assist the LEP board in decision making with regards to this Fund and the inherent risks that accompany it.

In response to the feedback from the board at the 13 September meeting and subsequent comments from Company Members version 3 of the strategy includes additional sections covering an investment decision matrix, pricing, social value, net zero, investment matrix, pricing applied to previous schemes and the Growing Places flowchart.

Recommendation

The board is asked to consider and approve the Growing Places Investment Strategy as set out at Appendix 'A'.

Background and Advice

1. The Lancashire Enterprise Partnership Ltd received its allocation of Growing Places 10 years ago and it has been used as revolving loan fund to unlock stalled sites ever since.
2. The Fund has been completely recycled and now has new flexibilities regarding the range of projects where the fund can be deployed.
3. At present, the Growing Places Fund is the most significant resource that the LEP has available to unlock and support projects.



4. The Investment Strategy at Appendix A sets out a framework to enable the LEP Board consider applications for use of this Fund and the inherent risks that accompany it.
5. LCC legal services team provides support to the LEP in appointing and liaising with external legal advisors to ensure that adequate legal agreements are put in place to protect the LEP's interests. The cost of the external legal advice is covered by the borrower.

List of Background Papers

Paper	Date	Contact/Tel
None		
Reason for inclusion in Part II, if appropriate		
N/A		



Lancashire
Enterprise Partnership

Growing Places Investment Strategy v.3

February 2023

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1. Background

- 1.1 The Growing Places Fund (GPF) was launched in 2011 as a joint initiative of Department for Communities and Local Government (DCLG) and Department of Transport (DfT) who sought assurance that local partnerships were committed to using GPF for the provision of infrastructure and would target projects which represent good value for money.
- 1.2 When the GPF was launched, it was strongly encouraged by Government, to be used as a revolving Fund to unlock stalled investment; this has been the approach to-date in Lancashire with 100% of allocations being made in this way.
- 1.3 In 2012 the Lancashire Enterprise Partnership (LEP) was allocated £19,378,944 million.
- 1.4 GPF has three overriding objectives,
 - To generate economic activity in the short term by addressing immediate infrastructure and site constraints and promote the delivery of jobs and housing,
 - To allow LEP's to prioritise the infrastructure they need, empowering them to deliver their economic strategies,
 - To establish sustainable revolving funds so that funding can be reinvested to unlock further development and leverage private sector investment.
- 1.5 GPF was designed and used to unlock or help progress stalled or blocked commercial development and to provide access to loan finance in places that had been overlooked. This is still a key issue for parts of Lancashire.
- 1.6 In 2015 DCLG commissioned an Appraisal Report in England which evaluated the performance of GPF.
- 1.7 It reflected that 84% of the GPF had been awarded on a loan only basis. A minority of LEPs deployed the funds as grant only or a mixture of loan and grant. It set the precedent that LEPs can use the Fund as grant in order to meet economic needs.
- 1.8 The Lancashire LEP uses the interest generated from the GPF to pay for salaries of officers and strategic initiatives to supplement the grant funding received from government and company members in the operational budget.
- 1.9 The original funding allocation was un-ringfenced and came with the single condition that it had to be used for capital projects. In July 2020 DCLG confirmed that there were no specific conditions regarding whether repaid loans could be treated as capital or revenue when it was returned to the LEP.

- 1.10 The LEP now has the flexibility to use the funds for capital, revenue or grant. For any approval of funds such as grants, the LEP needs to be aware that if grant is deployed then there will be a consequential loss of income regarding the LEP's core operating budget as well as the opportunity to recycle the funds to further projects in the future i.e. reducing the overall pot available for investment
- 1.11 For every £100k of GPF loan, the LEP could expect to receive an average return of 4% plus the Bank of England base rate.

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2. Current Position

- 2.1 The purpose of GPF is to grow the economy of Lancashire by bringing forward development on marginal schemes which would not have come forward if left to market forces.
- 2.2 Evidence for the Internationalisation Strategy revealed that for every 4 jobs there are 5 people of working age and approximately 80,000 people leave the county to find employment. This costs our economy £4.3bn per annum and 130,000 people can't find jobs to match their skills. By using GFP strategically to support public sector initiatives it has the potential to make a bigger impact, retain talent in Lancashire and thereby grow the economy.
- 2.3 The current criteria for GPF is a stalled scheme based in Lancashire. The funding is for development sites which include housing, infrastructure, commercial or industrial buildings. Security is always taken for the loan, usually in the form of a first charge over the land or building and the borrower pays for the legal, valuation and monitoring surveyors fees of the LEP.
- 2.4 The benefit of this approach has been to create an Evergreen Fund which contributes to the economic success of Lancashire. The outputs and impacts of the scheme are outlined in Section 3 below.
- 2.5 The nature of GPF in the alternative finance market is that schemes can take a long time to come forward. Many borrowers have not previously gone through a rigorous due diligence and monitoring process which has subsequently resulted in developers being much more robust in their approach going forward after completing a Growing Places scheme.
- 2.6 GPF has successfully brought forward development continuously since 2012 and now is the only funding available to the LEP to deploy.
- 2.7 At present, GPF is the most significant resource that the LEP has available to unlock and support projects so GPF needs to be fully deployed and used to its maximum potential to positively impact the Lancashire economy, utilising the flexibility of the Fund.
- 2.8 Growth Deal and Getting Building Fund have been fully committed and the Levelling Up Fund and the UK Shared Prosperity Fund is only open to Local Authorities, not LEP's. This has limited the ability of the LEP to apply for funding to support the growth of the Lancashire Economy.
- 2.9 Added to this is the poor economic outlook for the next 18 months and the government's desire for those areas that want a devolution deal to put their plans to them. As part of a devolution deal LEP's will be combined with a Combined Authority to provide the voice of business. Therefore, the Lancashire Enterprise Partnership as we know it will transition into a County Combined Authority in future. The launch of the Lancashire 2050 strategic

framework in November 2022 (on Lancashire Day) signalled the start of the process for Lancashire.

- 2.10 Currently schemes come forward and are assessed on a case-by-case basis. This ensures that there is a rolling programme of drawdowns and repayments.
- 2.11 There are three schemes going through due diligence and due to a freeze on marketing for over 2 years the pipeline needs rebuilding. It is important to utilise this funding to the maximum and make the funding work hard to create an environment where companies thrive and talent is retained.
- 2.12 Given that circa 80,000 workers per annum travel outside of Lancashire for highly paid jobs to match their skill set. There is a need to grow the quantum of jobs and retain talent in the county
- 2.13 In order to align the Fund with the Strategic Framework of the LEP, GPF will be used for bringing forward development sites to support other public sector investment, inward investment, EZ development and the co-creation of an Innovation Fund with all activities aligned to the sectoral priorities and sector action plans. Going forward, it is proposed to nominally split the Fund to cover,
- Development Sites – business as usual
 - Inward Investment opportunities
 - Enterprise Zone development
 - Innovation/ Manufacturing/Low Carbon Fund - to be externally managed
 - A closer alignment with LEP sectoral priorities and sector action plans.
- 2.14 As of 31 January 2023. the Growing Places loan has delivered the following outputs.

Measure	Output
Number of completed schemes	10
Number of schemes on site	1
Value of loans	£39,893,370
Value of loans repaid	£ 38,159,751
Private sector investment	£ 107,457,445
Interest received on loans	£2,177,036
Square Foot/Square Metres developed	2,129,196 sq. ft. (197,808 sqm) buildings plus 215,278 sq. ft. (20,000 sqm) public realm
Jobs created	2,135
Housing units delivered	776

- 2.15 Types of schemes developed.

Type of scheme	Number
Commercial	2
Mixed Use	2

Housing	2
Land remediation	1
Infrastructure	1
Retail	1
Leisure	1
Total	10

- 2.16 The impact of GPF has been to support private sector development on the back of public sector investment in places such as Burnley, Wyre and Pendle. GPF schemes have come forward as a result of public sector investment via the Growth Deal or Getting Building Fund programmes and has widened the impact of those schemes.
- 2.17 It has supported Local Authority strategic aims in West Lancashire and Preston with GPF schemes kick starting regeneration in those boroughs as developers had the confidence to realise their ambitions. In these instances, the banks were not prepared to lend to the borrowers. Again, further private sector development has followed.
- 2.18 It has enabled new developers in Lancashire to start their development journey, thereby growing capacity in the market.
- 2.19 GPF could use the opportunity to close the economic performance gaps by supporting Levelling Up Funded schemes, UK Shared Prosperity programmes and the Lancashire Urban Development schemes . Using GPF can significantly enhance schemes that have attracted public sector intervention and build on the traction created.
- 2.20 GPF impact is not only felt directly on the schemes that receive funding but indirectly through the interest generated which pays for officer salaries and other strategic initiatives. The more interest that is generated from GPF provides funds other initiatives that can contribute towards closing the economic performance gap in Lancashire.

3. SWOT

3.1 The SWOT analysis presented below is based on the performance of GPF over 10 years and sets out the strengths, weaknesses, threats and opportunities for the Fund going forward.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Successful deployment of funds creating private sector leverage, jobs, housing units, infrastructure and development space • Evergreen Fund created • Operated on a commercial basis • Capital recycled • Creates income for the LEP • Only significant resource available to the LEP to deploy 	<ul style="list-style-type: none"> • Not widely deployed • Fund size cannot be increased • Currently only used for stalled sites • Slow process through due diligence can deter borrowers
Opportunities	Threats
<ul style="list-style-type: none"> • Other uses could be investigated due to new flexibilities • Support inward investment on a capital or revenue basis • Support development on Sablesbury Enterprise Zone on a capital basis • Support expansion development projects on a capital basis • Provide revenue funding into an Innovation Fund for Lancashire • Provide loan or grant funding to encourage Inward Investment in Lancashire • Potential to improve talent retention in the county • Used as grant funding in exceptional circumstances for the benefit of the Lancashire economy 	<ul style="list-style-type: none"> • LEP budgets squeezed due to LEP Review and may be needed for operational activity • Grant use would deplete the Fund • No money currently available to increase the size of the pot • Uncertainty of use of funds after merger of LEP into County Combined Authority • Other competing public sector funds such as the Lancashire Urban Development Fund, the Northern Powerhouse Investment Fund and Rosebud • UK Government Recovery Loan Scheme

3.2 GPF has successfully deployed loan funds that have delivered significant outputs and generated over £2m of interest as income for the LEP.

- 3.3 It is run on a commercial basis and each loan is judged on its own merit. Historically interest rates have been set by reference to the EU Reference Rate, an EU State Aid measure to ensure market parity so that no State Aid is involved. Now that the UK has transitioned out of the EU and a new UK Subsidy Control regime applies, interest rates will be set by reference to the principles set out in the Subsidy Control (Gross Cash Amount and Gross Cash Equivalent) Regulations 2022 which come into force on 4 January 2023. This will ensure the provision of the loans will not involve any element of unlawful subsidy and therefore lending is on a 'no aid' basis. Further information on pricing of loans is detailed in Section 6.
- 3.4 GPF is not oversubscribed and needs to be marketed to fully utilise the funds. Resource needs to be devoted to working with developers and finding schemes that bring employment into the county. It takes time and resource to bring forward deals that are complex, risky and hard in order to provide the board with viable proposals that will ultimately help close the economic performance gap.
- 3.5 Funds left on deposit with LCC attract a rate of interest of 0.1% the funds deployed attract a much higher rate of interest to reflect the risk taken in investment. The deposit rate is subject to LCC Treasury Management Policy. Funds on deposit are not being utilised to support the Lancashire economy.
- 3.6 As GPF is the only significant resource available to the LEP to support economic growth there are a number of calls on it.
- 3.7 With the new flexibilities available to GPF, the uses of the Fund on a loan basis will be expanded in order to have greater economic impact. Grant should only be used in exceptional circumstances as it will deplete the impact of the fund in future.
- 3.8 GPF has been used as capital funding and the recently launched Lancashire Urban Development Fund also provides capital funding for office, commercial and industrial buildings. GPF will work in conjunction with this Fund to bring development forward but to date no joint schemes have come forward. Please note that the Urban Development Fund presently cannot support housing development.
- 3.9 The Northern Powerhouse Investment Fund and Rosebud provide revenue funding for Lancashire businesses. The recent Availability of Finance in Lancashire report (July 2022) highlighted that apart from early seed funding there wasn't a lack of funding for businesses in Lancashire. However, there were recommendations to promote the financial offer and improve the financial eco-system which is the subject of a separate workstream.
- 3.10 GPF will be used to support inward investment in a capital or revenue capacity. For example, there is an opportunity to attract a nuclear imaging company into Lancashire and loan funding from Growing Places could be used for revenue and capital to attract the company to land here. Grant funding could be used but it would limit the size of the Fund

going forward and only used if there is no other support available. Buy supporting inward investment activity GPF brings investment and jobs into the county. Lancashire underperforms in terms of FDI activity in relation to Greater Manchester and Cheshire & Warrington LEP's

- 3.11 GPF can be used alone but if used in conjunction with another lender such as LCC, the Lancashire Urban Development Fund or Blackpool Council's Loan Fund it will have a bigger impact and provide an attractive loan package for attracting inward investment into the county. It can be based on capital or revenue or a mixture of both and will support closing the economic performance gap.
- 3.12 GPF can be used in a revenue capacity to collaboratively create a new Innovation Fund such as a Low Carbon Innovation Fund with partners such as the University of Central Lancashire.
- 3.13 There is the opportunity to use GPF strategically to create the environment to increase high quality jobs and improve talent retention in the county.
- 3.14 Whereas there is a tried and tested process for development loan schemes, shown in Appendix A, a streamlined process will need to be developed for other uses of GPF. In order to speed up the process more use of the Urgent Business Procedure is likely in order to work to the proposed project timescales rather than the board meeting timetable.

4. Investment Strategy

- 4.1 The Investment Strategy sets out the framework to manage the inherent risks in lending.
- 4.2 Continue to use the fund as a loan funding mindful of the uncertain nature of the transition to a County Combined Authority. However, in exceptional circumstances it could be used as grant.
- 4.3 The investment decision matrix at Section 5 will assist the board in assessing each proposal to ensure that the impact will contribute to the Lancashire economy. Whereas it is important for schemes to create jobs it is also important to create desirable housing for people to live. Given that a large number of people work from home the value of housing should not be underestimated.
- 4.4 Schemes that build on public sector funds such as Levelling Up, UK Shared Prosperity, Towns Fund will be more impactful if private sector developers see the public sector intervention as de-risking their propositions and bring forward their development.
- 4.5 GPF is an alternative financial instrument to high street lenders and as such the viability of the scheme or creditworthiness of the borrowers may not satisfy bank lending. It is therefore an inherently riskier proposition.
- 4.6 Balanced against the riskier proposition is the economic benefits that schemes bring to Lancashire. Those benefits include sq. ft. developed, buildings brought back into use, new infrastructure created, highly skilled new jobs created, private sector funds leveraged, commercialisation of R&D, new housing, social value and net zero activity/technology implementation.
- 4.7 GPF will adopt a generally cautious approach but be prepared to accept a higher level of risk where a lending opportunity has a strategic fit with the LEP's Sector Groups or Strategic Framework and has a significant economic impact.
- 4.8 Key to providing an accessible fund to support economic growth in the county is the need for the process to be known, understood and timely.
- 4.9 Going forward GPF will be nominally split into 5 areas to cover
 - Development Sites – business as usual
 - Inward Investment opportunities
 - Enterprise Zone development
 - Innovation/ Manufacturing/Low Carbon Fund - to be externally managed
 - A closer alignment with LEP sectoral priorities, sector action plans, Levelling Up and UK Shared Prosperity Funds
- 4.10 All schemes will align to the work of LEP's Strategic Framework and Sector Groups, which are business led and provide the LEP with sector intelligence. They have developed or are in

the process of developing action plans to support the businesses in their sectors. In addition to the six sector groups detailed below there are four emerging sectors.

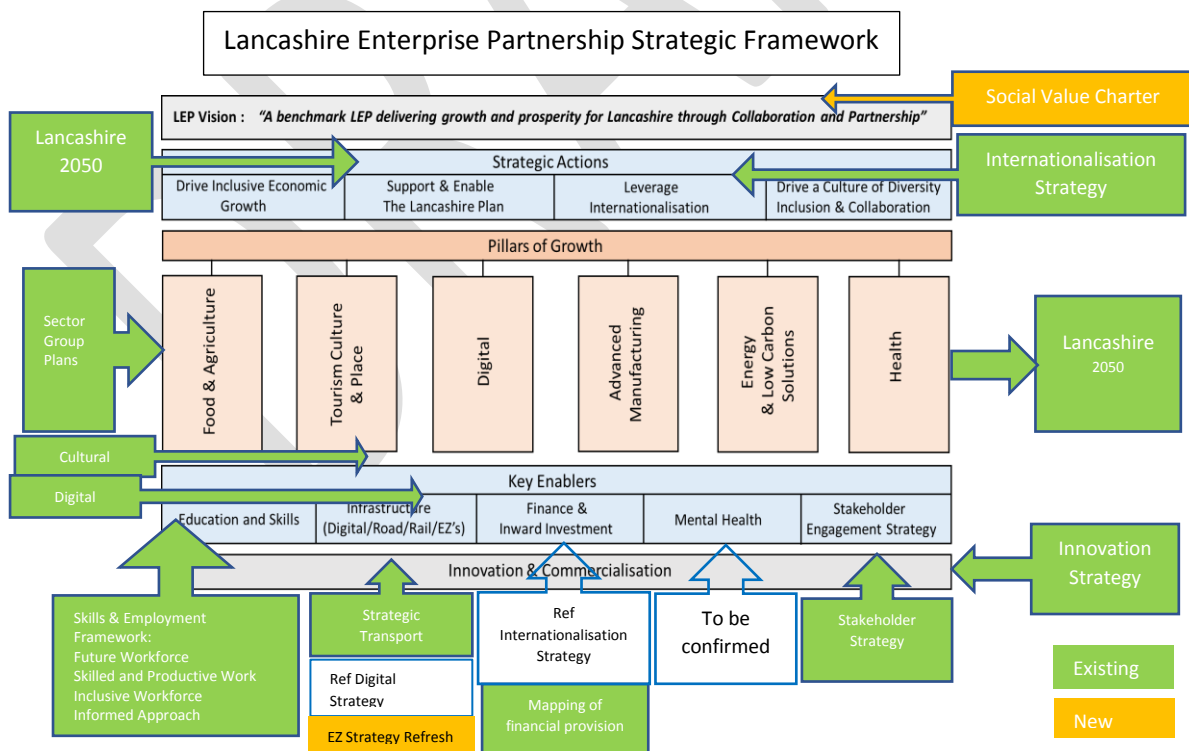
4.11 Existing Sector Groups,

- Energy & Low Carbon
- Advanced Manufacturing
- Digital
- Food & Agriculture
- Health
- Tourism, Culture and Place

4.12 Emerging Sectors, as identified in the refresh of the Lancashire Innovation Plan include,

- Cyber, Digital and Secure Systems, including Electech
- Clean and Sustainable Growth, including Clean Energy
- Advanced Mobility and Manufacturing, including Space & Satellites
- Health including Medtech

4.13 Schemes coming forward for GPF will align to one element of the LEP's Strategic Framework. The Strategic Framework is illustrated below and has been updated to reflect today's position.



4.14 Each scheme is assessed on its own merits and will deliver economic impact in terms of highly skilled new jobs, private sector leverage, sq. ft. developed, R&D, social value and

include net zero activities or technology implementation in line with the LEP's Strategic Framework. The impact will address at least one of the above elements or build on public sector investment such as the Levelling Up Fund, UK Shared Prosperity, Local Authority plans, Towns Funds or the Lancashire Urban Development Fund. More detail on the investment decision matrix is detailed in Section 5

- 4.15 In order to improve the utilisation of GPF, the range of projects for which the fund can be deployed will be promoted via a targeted marketing campaign.

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5. Investment Decision Matrix

- 5.1 Schemes coming forward for consideration by the board may have very different characteristics which may make it difficult to assess how it will contribute to the growth of the Lancashire economy. The following matrix is designed to assist the board in balancing disparate schemes in order to assess how it will improve the economic performance of the county.
- 5.2 It's importance to recognise that schemes that don't create jobs or any high value jobs may still have a big impact on the local area so Local Authority priorities should be taken into consideration.
- 5.3 The Investment decision matrix is a methodology to assess whether a GPF proposal is worthwhile in achieving the LEP's growth ambitions.

Activity	GPF requested	New Jobs	Highly Skills Jobs	Private sector leverage/ match funds	Sqm developed	Net Zero impact	Social Value impact	Proposal should cover one of these two elements	
								Sector Impact	LUF/UKSP/LUDF/LA Priorities including Towns Fund and Graduate Retention
Development Sites	Up to £1,000,000	5	0	Min £100,000	500 sqm	EPC rating B BREEAM Very Good	Work experience placement Regeneration of site	Align with 1 sector	Contribute to or build on public sector funding
	£1,000,000 to £3,000,000	7	1	Min £300,000	750 sqm	EPC rating B BREEAM Very Good Low carbon heating/cooling	Work experience placement Local spend Regeneration of site	Align with 1 sector	Contribute to or build on public sector funding
	Over £3,000,000	10	2	Min £900,000	1,000 sqm	EPC rating B BREEAM Very Good Low carbon heating/cooling EV charging Low carbon transport to site	Work experience placement Local spend Local job opportunities Improvement to local area	Align with 1 sector	Contribute to or build on public sector funding
Inward investment opportunities	Up to £5,000,000	20	10	Min £5,000,000	1,000 sqm	Low carbon technology use R&D for net zero Carbon offsetting	Local spend Local job opportunities	Aligns with 1 sector or	Support the growth of the economy by aligning to a public sector initiative

Activity	GPF requested	New Jobs	Highly Skills Jobs	Private sector leverage/ match funds	Sqm developed	Net Zero impact	Social Value impact	Proposal should cover one of these two elements	
								Sector Impact	LUF/UKSP/LUDF/LA Priorities including Towns Fund and Graduate Retention
							Apprentice opportunities		
EZ Development	Up to £5,000,000	20	10	Min £5,000,000	1,000 sqm	Low carbon technology use EV charging EPC rating B BREEAM very good	Local spend Local job opportunities Apprentice opportunities	Aligns with 1 sector	Contribute to or build on public sector funding
Innovation equity fund	Up to £5,000,000	100	40	£10,000,000	0	R&D low carbon technology/digital /innovation Commercialisation of technology	Local job opportunities Apprentice opportunities School/college engagement	Aligns with 2 sectors	Support the growth of economy by aligning to a public sector initiative
Grant	Up to £2,000,000 total	20	10	Up to £2,000,000	Up to 500 sqm	R&D low carbon technology/digital /innovation Commercialisation of technology Utilisation of technology	Local spend Local job opportunities Apprentice opportunities School/college engagement	Aligns with 2 sectors	Contribute to or build on public sector funding

5.4 Each scheme will not tick every box in the relevant row but it will enable the board to measure the scheme against desired outcomes.

5.5 None of the columns are weighted so are all equal in terms of value to economy. Each box will be allocated a score of between 0 and 10 on a sliding scale as follows,

0 = doesn't meet requirement

5 = meets the requirement

10 = exceeds the requirement by some margin

- 5.6 Each row has a maximum score of 70, combining the score of the last two columns. If a scheme reaches a minimum threshold of 25/70, then the scheme will be brought to the board for consideration.

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6. Pricing

- 6.1 Historically GPF loans have to date been based on the EU Reference Rate which is a benchmark used by other public funds such as the Northern Powerhouse Investment Loan and is accepted as being on a no aid basis and therefore commercial.
- 6.2 Going forward, pricing will reference the principles set out in the Subsidy Control (Gross Cash Amount and Gross Cash Equivalent) Regulations 2022 which come into force on 4 January 2023. The value of the security available and the credit worthiness of the company and/or parent company will be assessed against the table below to decide the minimum interest rate.
- 6.3 Prior to June 2018 pricing was a fixed rate, but this methodology leaves the LEP exposed to the potential UK Subsidy Control regime issues. The pricing of interest rates, from June 2018 was over LIBOR. However, LIBOR is being phased out so now the Bank of England base rate is being used to protect integrity of the loan and ensure that it remains commercial, i.e. it doesn't fall foul of UK Subsidy Control regime.
- 6.4 The table below indicates the minimum interest rates that the board may want to apply to each scheme. It is within the gift of the LEP to apply higher rates than the minimum stated below. All interest rates will be in addition to the Bank of England base rate, currently at 3%.
- 6.5 As and when the Bank of England base rate changes the table below will need to be reviewed against the subsidy Control Regulations to ensure that it remains a commercial loan on a 'no aid' basis.

Security Available	High	Normal	Low
Very Good - First charge over property/land where the valuation confirms initial value covers the value of the loan and/or Fixed and floating Debenture over assets of the company and/or Parent Guarantee and/or Signed pre-let 50% public sector leverage contribution	3%	3.25%	3.5%
Good - First charge over property/land where the valuation confirms initial value covers part of the value of the loan and/or Fixed and floating Debenture over assets of the company and/or Parent Company guarantee and/or Signed pre-let 40% public sector leverage contribution	3.75%	4%	4.25%
Medium - Second charge over the property and/or	4.5%	4.75%	5%

Security Available	High	Normal	Low
Fixed and floating Debenture over assts of the company and/or Parent Guarantee and/or Signed pre-let 30% public sector leverage contribution			
Poor - Second charge over a number of properties and/or Fixed and floating Debenture over assts of the company and/or Parent Company guarantee and/or Signed pre-let 20% public sector leverage contribution	5.25%	5.5%	5.75%

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7. Social Value

- 7.1 There are a number of measures of social value and these measures have been selected to reflect the nature of the Growing Places Fund
- 7.2 The following measures can be used and when each scheme is considered by the board the appropriate measures will be indicated.
- Work Experience places
 - Apprentice Opportunities
 - Local Job Opportunities
 - Local Spend by commissioning of local SMEs and third sector organisations
 - School/ College Engagement by supporting careers, education and information sessions
 - Workforce Development
 - Community based projects driven by the local communities in which the project is based
- 7.3 The above measures are only an indication and the social value measures will be included in each scheme for the board's consideration.
- 7.4 Social value measures that are committed to as part of the application will be viewed as deliverable obligations in line with the loan agreement.
- 7.5 Successful applicants will be required to complete regular monitoring of social value measures to Lancashire LEP.
- 7.6 Where appropriate Lancashire LEP will play a support role in linking the applicant to local skills, employment, training and community provision to ensure maximum impact is achieved.
- 7.7 The investment decision matrix can be used to attach a value to the social value element of the scheme to assess it against other schemes.

8. Net Zero

- 8.1 All schemes will contribute to the Net Zero agenda by utilising at least one of the following measures,
- EPC Rating B
 - BREEAM Rating Very Good
 - Renewable energy
 - R&D low carbon innovation
 - Commercialisation of low carbon technology
 - Utilisation of low carbon technology
 - Carbon capture
 - Energy/battery storage
 - Carbon offsetting
- 8.2 The above measures are only an indication and the net zero measures will be included in each scheme for the board's consideration
- 8.3 The investment decision matrix can be used to attach a value to the net zero element of the scheme to assess it against other schemes.

9. Investment Matrix and Pricing applied to Previous Schemes

- 9.1 Using the tables in Sections 5 and 6, ten completed schemes are detailed in the table below.
- 9.2 Please note that the original criteria for the Fund was a stalled scheme in Lancashire and Net Zero and Social Value information were not requested from the borrower.
- 9.3 Using the scoring matrix as detailed in Section 5 it can be seen that all except two schemes would have been approved, despite the net zero and social value not being taken into account.
- 9.4 Using the pricing mechanism as detailed in Section 6 it can be seen that all of the rates have been set above the minimum, except for the first scheme. That is because the number of jobs was not collected and it was not initially a requirement of the funding.
- 9.5 The original pricing was on a fixed basis. This changed circa June 2018 to be plus LIBOR. LIBOR as a mechanism is being phased out so the Bank of England base rate is being used going forward to maintain the integrity of the loans.

Development Scheme	Loan	Private Sector Leverage	Interest rate	Security	Sqm developed	Jobs created	Net Zero Impact	Social Value Impact	Sector Impact	Matrix score out of 70	Minimum Interest rate + base rate
1. Leisure	£2,000,000	£1,580,000	5.1% fixed	2 Second charges	1,200	0	?	?	Tourism Culture & Place improved offer	22/70	4.75%
2. Infrastructure to unlock employment site	£2,443,500	£45,727,000	4.5% fixed	First charge over site	66,519	778	?	?	Advanced Manufacturing	40/70	4%
3. Retail	£2,750,000	£6,000,000	5% fixed	Parent company guarantee	3,279	60	?	?	Tourism, Culture & Place improved offer	30/70	3.25%
4. Mixed use scheme - office, retail, hotel, restaurant and	£3,900,000	£14,500,000	5% fixed	Parent company guarantee	5,789 + 20,000 public realm	357	?	?	Tourism, Culture & Place improved offer	40/70	3%

Development Scheme	Loan	Private Sector Leverage	Interest rate	Security	Sqm developed	Jobs created	Net Zero Impact	Social Value Impact	Sector Impact	Matrix score out of 70	Minimum Interest rate + base rate
public realm improvements				and signed pre-let							
5.Land Remediation for future housing use	£4,000,000	£12,000,000	4.5% fixed	First Charge	70,000	600 construction jobs	?	?	Tourism, Culture & Place improved offer	38/70	4%
6.Housing	£2,900,000	£2,800,000	5% fixed	First Charge and signed pre let	3,693	0	?	?	Tourism, Culture & Place improved offer	26/70	3.75%
7.Redevlopment of brownfield site	£2,500,000	£6,000,000	4.5% fixed	First Charge and pre let	24,076	69 construction jobs	?	?	Advanced manufacturing	36/70	3.5%
8.Mixed use scheme - office and housing	£2,500,000	£6,100,000	4.5% fixed	First Charge and parent guarantee	3,948	67 construction jobs	?	?	Tourism, Culture & Place improved offer	33/70	3.5%
9.mixed use scheme – office and housing	£2,100,000	£497,000	4.5% fixed	First Charge	1,124	15	?	?	Tourism, Culture & Place improved offer	31/70	4.25%
10. Redevlopment of brownfield site	£2,600,000	£2,705,152	3% + LIBOR	First Charge and 2 second charges	3,995	31	?	?	Tourism, Culture & Place improved offer	36/70	3.75%
Totals	£27,693,500	£97,909,152	4.56% average		201,563	2,135	0	0	n/a		

10. Approach to Risk

- 10.1 To assist decision making for investments the portfolio will be reviewed to establish how much risk the LEP Board is prepared to take when each proposal comes forward.
- 10.2 To manage the portfolio, the loans are RAG rated according to how they are performing as follows,

RAG Rating	Description for classification purposes
Red	<ul style="list-style-type: none"> • New facility • Unproven borrower or weak borrower creditworthiness • Issues arising with the development • Reliant on security valuations to cover amount drawn down • Impact will be significant but risky proposition
Amber	<ul style="list-style-type: none"> • Facility not all drawn but development progressing in line with expectations • Medium borrower creditworthiness • Facility in process of repayment • Security to cover the whole value of the loan from the start • The benefit of Outputs and Impacts starting to be delivered
Green	<ul style="list-style-type: none"> • Facility being repaid to schedule • Strong borrower creditworthiness • Solid security from the start • Outputs and impacts being delivered in line with expectations

10.3 New loans will automatically be classed as **Red**, unless the borrower has a strong creditworthiness and security to cover the whole loan, in which case it will be classified as **Amber**. Otherwise, **Red** loans will over time move to **Amber** loans which will ultimately move to **Green** loans.

10.4 Going forward the spread of risk is based on a relatively equal split as follows,

- 30 % Red
- 40 % Amber
- 30 % Green

10.5 The spread of risk will be reviewed on an annual basis so that the Fund can respond to market forces.10.6 The current portfolio is rates as follows,

10.6 The current portfolio is rates as follows,

Scheme	Value	Actually Drawn	Percentage of Fund	RAG Rating
	£2,000,000	£2,000,000	10.3%/10.3%	
Cash	£17,378,944	£2,000,000	89.7%/10.3%	
Pipeline schemes				
	£1,600,000	0	8.3%	
	£1,500,000	0	7.7%	
	£750,000	0	3.9%	
Cash when funds drawn	£13,528,944		69.8%	

10.7 Currently 100% of the GPF is rated as green which is a secure position but it is not fulfilling the potential to create maximum impact.

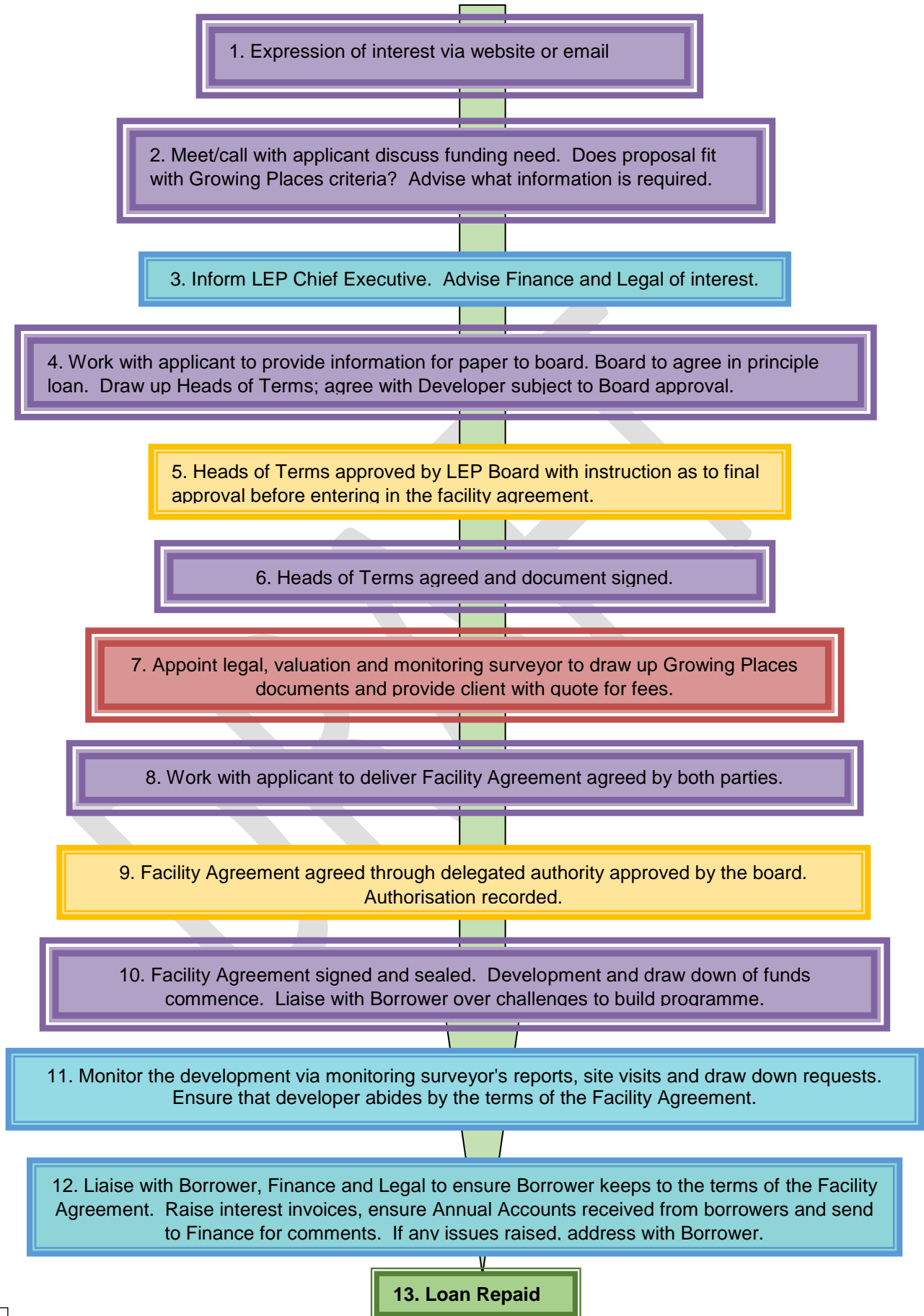
10.8 When the pipeline schemes are drawn then the portfolio will look as follows,

30.2% Red
69.8% Green

11. Conclusion

- 11.1 GPF is the most significant resource that the LEP has available to unlock and support projects and going forward it will support a wide range of schemes that will contribute to the growth the Lancashire economy and close the economic performance gap through capital and revenue loan funding.
- 11.2 GPF now has the flexibility to extend beyond its current parameters and will support the Strategic Framework through a range of projects including,
- Continued capital development loan funding,
 - Inward investment capital and revenue loan funding,
 - Enterprise Zone capital funding
 - Revenue funding to provide equity or loans through a Fund Manager as part of a collaboration of partners
 - Closer alignment with LEP sectoral priorities, sector action plans and other public sector priorities
- 11.4 GPF has the potential to be more impactful by supporting other public sector initiatives such as Growth Deal, Getting Building Fund, Levelling Up Fund, UK shared Prosperity, Towns Fund along with any Local Authority schemes that address local needs. These schemes are also likely to support the LEP's sector groups and Strategic Framework in one way or another.
- 11.6 Public sector interventions have an impact on local areas which can often result in private sector activity thereby increasing the impact of the initial intervention.
- 11.5 The investment decision matrix will be used to score schemes to ensure consistency and confidence that schemes will support the Strategic Framework, sectoral priorities and wider public sector interventions. This matrix should deliver the outcomes that the LEP board are looking to achieve.
- 11.6 The pricing framework indicates the minimum interest rates that need to be applied plus the Bank of England base rate. The board may want to increase the rate if it wants to maximise income and if the investment could support a higher interest rate, mindful of the changing base rate.
- 11.7 The Investment Strategy takes into consideration the competing needs for funding to deliver the impacts that will contribute to closing the economic performance gap.
- 11.8 It is important that GPF is invested in schemes and working hard to improve the Lancashire economy rather than waiting for ideal projects to come along. When GPF is invested in schemes it is earning interest which can then be ploughed into other economy activity.

Appendix A – GPF Flowchart



KEY

- GPF Team
- External Legal Team
- Developer
- LEP Board

Overview of application process

1. Applications come to the LEP via various means such as emails, telephone conversations, referrals from business support activities and website Expression of Interest.
2. Conversation between the applicant and the Commercial and Business Support Manager discuss scheme and check that it fits with the criteria of the Fund.
3. The Commercial and Business Support Manager works with the applicant to develop a business case for the LEP CEO.
4. Once CEO satisfied with quality of the proposal, work with the applicant and take a paper to board for agreement in principle to the loan. Finance (including section 151 officer) and legal to sign off board paper.
5. Work with applicant to agree Heads of Terms subject to LEP board approval. The board may delegate authority to the CEO, Company Secretary and Section 151 officer to sign off the Facility Agreement.
6. Both parties sign the Heads of Terms.
7. Appoint a valuer and monitoring surveyor and legal firm to draw up the Facility Agreement and do the Due Diligence. Do credit checks in house.
8. Work with the applicant, monitoring surveyor, valuer, internal and external legal teams to get the construction documents agreed.
9. Work with applicant, internal and external legal teams and finance to agree Facility Agreement. Once Conditions Precedent completed, the Facility Agreement and other security documents presented to the delegated authority for signature.
10. Facility Agreement signed/sealed. External lawyers to provide the Bible of documents. Development phase can commence and drawdowns as per the terms of the Facility Agreement.
11. Monitoring of the scheme commences with monthly reports from the monitoring surveyor and drawdown of funds. Any issues identified brought up with the borrower.
12. Annual interest invoices raised, annual accounts and any other terms of the facility agreement monitored to ensure compliance with the Facility Agreement.
13. Liaise with Finance and internal Legal team in relation to partial and full repayment of the loan.

Agenda Item 13

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