

LEP - Business Support Management Board

**Thursday 24 November 2022 in Exchange Room 7 - The Exchange -
County Hall, Preston, at 10.30am**

Agenda

Part I (Items Publicly Available)

- 1. Welcome and Apologies for Absence**
- 2. Declaration of Interests**
- 3. Minutes of the meeting held on 8 September 2022** (Pages 1 - 6)
- 4. Matters Arising**
- 5. RedCAT - Miranda Barker** (Pages 7 - 10)
- 6. Latest Economic Projections** (Pages 11 - 26)
- 7. Business Support and Emerging LEP Sector Studies** (Pages 27 - 28)
- 8. Position of Lancashire Businesses**
Standing item – a round table update and discussion
- 9. Wider LEP Update**
- 10. Reporting to Lancashire Enterprise Partnership Board**
- 11. Any Other Business**
- 12. Meeting Schedule 2023-24** (Pages 29 - 30)
- 13. Date of Next Meeting**
The next meeting of the Business Support Management Board is scheduled for 10.30am on 9 February 2023 in Exchange Room 8, County Hall, Preston.
- 14. Exclusion of the Press and Public**
The Committee 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 (Private and Confidential)

- 15. Boost / Growth Hub Update** (Pages 31 - 34)

LEP - Business Support Management Board

Minutes of the Meeting held on Thursday, 8th September, 2022 at 10.30 am at the Committee Room 'B' - The Diamond Jubilee Room, County Hall, Preston

Present

Ann Dean MBE DL

Miranda Barker OBE
Paul Foster
Martyn Jones

Justin Kyriakou
Liz Tapner
Stuart Thompson

In Attendance

Andy Walker, Acting Director - Growth, Environment and Planning, Lancashire County Council and LEP CEO
Andrew Leeming, Boost Programme Manager, Lancashire County Council
Holly Tween, Democratic Services Officer, Lancashire County Council
Amin Vepari, Senior Project Officer Strategic Development, Lancashire County Council
Philip Hargreaves, Head of Access to Finance

1. **Welcome and Apologies for Absence**

The Chair welcomed all to the meeting. No apologies had been received.

2. **Declaration of Interests**

None

3. **Minutes of the meeting held on 26 May 2022**

Resolved: the minutes of the meeting held on 26 May 2022 were approved as an accurate record and signed by the Chair.

4. **Matters Arising**

Regarding Export activities, it was noted that the internationalisation grant is still available in Lancashire, worth up to £9,000 towards trade show visits as well as preparatory research into new export territories. It was also noted that the Chamber of Commerce were developing support around this grant in areas taking up the UK Shared Prosperity Funding.

Regarding the Peer Network, it was noted that the funding had ceased, as had

the peer-to-peer learning cohorts, but evidence suggested the peer networks had been successful regarding connectivity of the cohorts of businesses engaged in it. The team were now considering how to apply the lessons learned to the future position of business support delivery.

It was noted under item 5 that Downtown In Business had planned to set up a group for Women; the Women's Enterprise steering group was taking place next week. It was further reported that the women's Scaling Up programme was beginning next month with a cohort of 14.

Under item 6 it was confirmed that the final draft of the Availability of Finance in Lancashire report was underway, and the Committee's comment about the lack of investment plan for social enterprises had been taken into account.

Under item 7 it was noted that a letter had been sent to the Secretary of State on behalf of Lancashire businesses, but no reply had yet been received. It was agreed that a further letter could be sent to the new Secretary once the local position with the Shared Prosperity Fund was clearer.

Resolved: that a further letter be sent to the new Secretary of State once the local position with the Shared Prosperity Fund was clearer

5. Sourcing Grants for Early Stage Businesses

The Chair commented on the changing shape of grants provision to entrepreneurs, including via competitions and private equity packages, and invited the Committee to consider how to ensure there was innovative provision across Lancashire.

Amin Vepari, Senior Project Officer Business Growth, updated the Committee on the recent creation of a Funding Hub for Lancashire, which would be utilised as a central portal for loans and equity, but also for grants. It would be housed on the Boost website and would link into different types of grants such as internationalisation grants and innovation grants, and potentially the grant initiatives within a number of the local authorities' Shared Prosperity Fund proposals.

It was commented that receiving a grant at the right moment of a business's development could significantly accelerate their development and job generation. It was also noted that the innovation-based competition run last year in the Innovation Space had attracted a different group of businesses than those typically accessing that space, and that therefore grants as prizes should not be discounted as a way of incentivising and detecting new talent. It was also commented that ensuring there was a strong supportive infrastructure in place, and a real potential to develop after the first intervention was also critical to ensure the best use of grant funding.

The RedCAT project was referenced as a good case study to show the pathway from initial assessment to grant award and business support to growth and job

creation. It was suggested this could be considered in more detail at a future meeting and that a template could be developed.

A question was asked about the business incubator attached to the UCLan Centre for SME and Enterprise Development. It was noted that this was not a fund as such, but gave access to mentoring support, leadership and management development and practical advice.

Philip Hargreaves, Head of Access to Finance, was introduced and gave a presentation on the work of Access to Finance, the current landscape and its opportunities and challenges, and plans for the future, followed by questions and discussion.

Resolved: the Business Support Management Board agreed that:

- i. the presentation and discussion be noted
- ii. Miranda Barker be invited to discuss the RedCAT project at the next meeting as a case study for successful business support and grant funding
- iii. A standing agenda item be added to all future meetings on the position of Lancashire businesses, to be a round table update and discussion
- iv. A representative from the British Business Bank be invited to the next meeting to give a view on the finance market and current banking offers to businesses

6. UK Shared Prosperity Fund

Miranda Barker OBE led a discussion on the UK Shared Prosperity Fund.

At this point, Miranda Barker OBE, Liz Tapner and Ann Dean MBE DL declared a non pecuniary interest in the discussion. However, as no decisions were to be made and the discussion was general and not relating to specific projects, no action was required.

It was noted that for many years the European Regional Development Fund (ERDF) had funded business support such as scale ups, start ups, social enterprise, international trade, and that access to this was equal across all parts of Lancashire. With the end of the European Structural Funding, the UK Shared Prosperity Fund has now come in, intended as the funding source to replace the European funding. It was commented that in areas with a Combined Authority this could work well; however, in Lancashire the money had instead been allocated to the lowest organisational governmental body in each area, which was the two unitary authorities and 12 districts, each of whom were required to put forward acceptable investment plans for the funding.

There was concern that in some areas there may be no plans to fund business support or skills support, and that this would create a post code lottery for businesses.

It was reported that the general thematic responses from the districts and unitary authorities had shown where they had an interest and would potentially invest, and investment plans had been submitted at the end of August. Some had specified their chosen delivery partners where they planned to partake in pan-Lancashire projects, and some had not. There was some concern over the lengthy procurement processes required, and the uncertainty as a result.

It was noted that several areas had included Boost in their investment plan, but it was not clear what would be the final amount committed to Boost over the next 2½ years, which currently ran at roughly £1.5-2 million per year.

Resolved: that the update be noted

7. Update on Boost

Andrew Leeming, Boost Programme Manager, gave an update on the current position of Boost.

Most of the authorities across Lancashire had supported the principle of some sort of business support continuity across all of Lancashire. Conversations were ongoing to consider how to create a pan-Lancashire narrative that would avoid a postcode lottery scenario. However, it was noted that the Shared Prosperity Fund had created a narrative where the more each authority put in the more support their area could receive and there was a concern that talent may be lost.

The challenge would then be considering how to translate that into a plan and put out to procurement the services Boost would like to offer to businesses, recognising that doing things centrally would allow Lancashire to benefit from economies of scale.

There were ongoing conversations within the growth hub cluster about how to communicate to BEIS the need for stronger leadership around what was expected, and the sort of resource which will be made available to growth hubs.

A decision from government on whether the local authorities' applications for their allocation of the Shared Prosperity Fund was successful was expected around October.

Resolved: that the update be noted

8. Wider LEP Update

Andy Walker reported that he has now taken the role of Chief Executive of the Lancashire Enterprise Partnership (LEP) and gave an update.

With the new Cabinet now announced, the LEP was waiting to hear about their attitude towards LEPs as a policy and as part of the levelling up agenda and a

means of making investments into regions of England, and also the extent of core grant and remit given to LEPs. The budget ran to the end of 2022-23 and, as well as setting out the financial position, the LEP would also be considering the investment policy around the Growing Places Fund, which could still be accessed.

The LEP Board had a turnover of Board members and would therefore be considering sectors where representation was needed to fill those vacancies.

Resolved: that the update be noted

9. Reporting to Lancashire Enterprise Partnership Board

Resolved: that the following items would be reported to the LEP Board:

- i. A further letter to be sent to the relevant Secretary of State at the Department for Housing, Levelling Up and Communities on behalf of Lancashire businesses, regarding business growth

10. Any Other Business

It was noted that an external evaluation into the Rosebud Fund had been commissioned, and a report would be going to LCDL at the end of the month. An item would be placed on the next agenda for an update on this.

Philip Hargreaves commented that Access to Finance was completing an evaluation around business's access to funds, which could be brought to the next meeting.

Resolved: that

- i. an item on the Rosebud evaluation be placed on the next agenda
- ii. an item on the Access to Finance evaluation for access to funds be placed on the next agenda

11. Date of Next Meeting

The next meeting of the Business Support Management Board was scheduled at 10.30am on 24 November 2022 in the Jordan Suite, County Hall.



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Date: Thursday, 24 November 2022

RedCAT

Report Author: Miranda Barker OBE, East Lancashire Chamber of Commerce

NEED –

Historical new product/innovation support -

- Innovation not commercialisation
- Not output focused
- Time limited business support
- No demonstration facility
- Little direct grant facility
- No end to end continuity of support/funding
- “Valley of Death” major barrier to required funding

ORIGIN -

Created ecosystem of support over time (2017-2022) multi-layered & NOT time limited, individual companies now having received 200+ hours of support over 4 years in some cases

- a) Chamber Low Carbon – ERDF - revenue
- b) RedCAT (Lancashire centre for alternative technologies) – Getting Building Fund (capital)/CRF (revenue)

PROCESS –

- **Referral**
- **Initial review re eligibility**
 - Company size/status/geography re funding source stipulations
 - Technology suitability assessment
- **Support + Screening (powerpoint)**
 - Technology viability assessment
 - Market research
 - Competitor analysis
 - Customer identification
 - Demonstration opportunity
 - Development customer approach

- **RedCAT assessment re Grant Funding Agreement criteria (powerpoint)**
 - Jobs created
 - Jobs safeguarded
 - Additional investment/grant/new sales income
 - New manufacturing in Lancashire
 - New products to market
- **Ongoing support with sales/delivery**

RESULTS – REDCAT GBF SPECIFICALLY - £1.5M capital invested - amounts per firm from £20k to £300k over 2 years

(supported by revenue funded consultancy through ERDF/CRF c£1M over 5 years)

OUTPUT	TARGET	RESULTS END 2022	EST TOTAL RESULTS 2024
BUSINESSES SUPPORTED	6	9	9
JOBS SAFEGUARDED	30	240	267
JOBS CREATED	-	36	196
PRODUCTS MANUFACTURED IN LANCASHIRE - TO MARKET	6	6	29
ADDITIONAL INWARD INVESTMENT/SALES INCOME	£1,500,000	£4,147,333	£32,357,333

EVOLUTION –

RedCAT Innovation – revenue investment process as above - potential funding through UKSPF, local undertakings (unsecured pre investment plan approval) c £730k delivery ongoing through Chamber

RedCAT Ventures – moving to be FCA approved funding broker outside of Chamber

- Handheld process, preparation, introduction,
- British Business Bank – minimum % low carbon
- Recycling % investment return into RedCAT innovation grants/climate resilience fund (through Environment Agency)

RedCAT/Development/Manufacturing Accelerators

- Managed, manufacturing landing space
- Secures local manufacture
- Building initial supply chains
- Special Purpose Vehicles with LAs – part of wider RedCAT structure

FUTURE DIRECTION OF TRAVEL -

As Laid out in Energy & Low Carbon Sector Plan –

Hoping to see UKSPF funding secured for RedCAT Innovation on a district footprint or will be seeking alternative additional facilitation revenue funding

Ongoing pipeline Lancashire based low carbon tech innovations progressing with non-grant support - (residual ERDF/UKSPF)

Outside of Lancashire – supporting low carbon innovations with traditional RedCAT support to create local Lancashire manufacturing/non-grant dependant (non funding dependant)

Spontaneous inward investments/gigafactories being attracted to Lancashire due to low carbon cluster / ecosystems of support perception

With support of - British Business Bank/CGI – driving low carbon tech investments, supporting funding route development, supporting export route development

ASKS –

- Would benefit in Lancashire from similar grant support to Getting Building Fund capital investment for further RedCAT grant support for businesses
- Need soft landing packages for Lancashire – from Local Authority areas to support incoming innovative firms
- Need preferential loan support for Lancashire with local footprint to kick start loan package raises + cement new inward investments in local area – UDF/Growing Places?
- Opportunity as LEP/LCC to take a formal role within RedCAT Ventures or wider RedCAT structure
- Need local and county public sector welcome for new inward investments – position not consistent & opportunities being missed
- Would benefit from strategic flexible ad hoc facilitation funding under County control to allow Lancashire to compete with other NW / national inward investment centres to secure low carbon manufacture



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Date: Thursday, 24 November 2022

Latest Economic Projections

(Appendix 'A' refers)

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

Executive Summary

This report draws together some recent economic intelligence and indicators at the LEP geography level to give members of the LEP Business Support Management Board (BSMB) a sense of the current trajectory of the Lancashire economy.

This report draws on a combination of recently published public and commercial data-sets, economic forecasts and past experience of similar scenarios to give a current snap-shot of the challenges and opportunities within the Lancashire economy.

In summary:-

- The value of the Lancashire economy (GVA = wages + profits) shrunk by £1.3bn (3.8%) from 2019 to 2020 largely attributable to the pandemic. This was a bigger proportionate loss than both the northwest region (-3.0%) and national (-3.4%) equivalents.
- If Lancashire's 2020 (latest) GVA was at 2019's prices, it would show our economy at £30.9bn – a fall of over £3.7bn compared to pre-pandemic, so inflation is further masking the impact of this shock.
- Lancashire typically gets hit harder and recover slower from national economic shocks (see graph slide 1 showing the impact of the 2008 financial crisis).
- With the further impact of supply costs, inflation and recession – how does Lancashire mitigate further shocks and accelerate recovery?

Recommendation

Business Support Management Board Members are recommended to note the content of this report and accompanying data, and consider if LEP Business Support resource, commissioning and influence is being used correctly to address the emerging market conditions.



Background and Advice

The data in the attached slide-deck provides a snap-shot of current economic trends within the Lancashire economy (including Blackpool and Blackburn).

They show the impact of the pandemic in terms of the overall scale of the economy, and partially hint at the further headwinds presented by continued issues within global supply chains, production cost inflation, fuel cost inflation and a weakening of demand.

In terms of the labour market impact of the pandemic, the data also shows:-

- Employment is down by 49,000
- Unemployment is up by 12,000
- Economic Inactivity is up by 33,000
- Lancashire now compares poorly to the national picture across these 3 metrics, having pre-pandemic, in many cases, been stronger than the national picture.
- The Working age population is also down by 5,000

Understanding vulnerability and "bounce-back-ability"

This data sets out a proposition that Lancashire is hit harder and takes longer to recover from national economic shocks. The data suggests we have started to see the impact of the pandemic, but more recent impacts are yet to register.

The characteristics of the economy which lead to this vulnerability are generally agreed to be:-

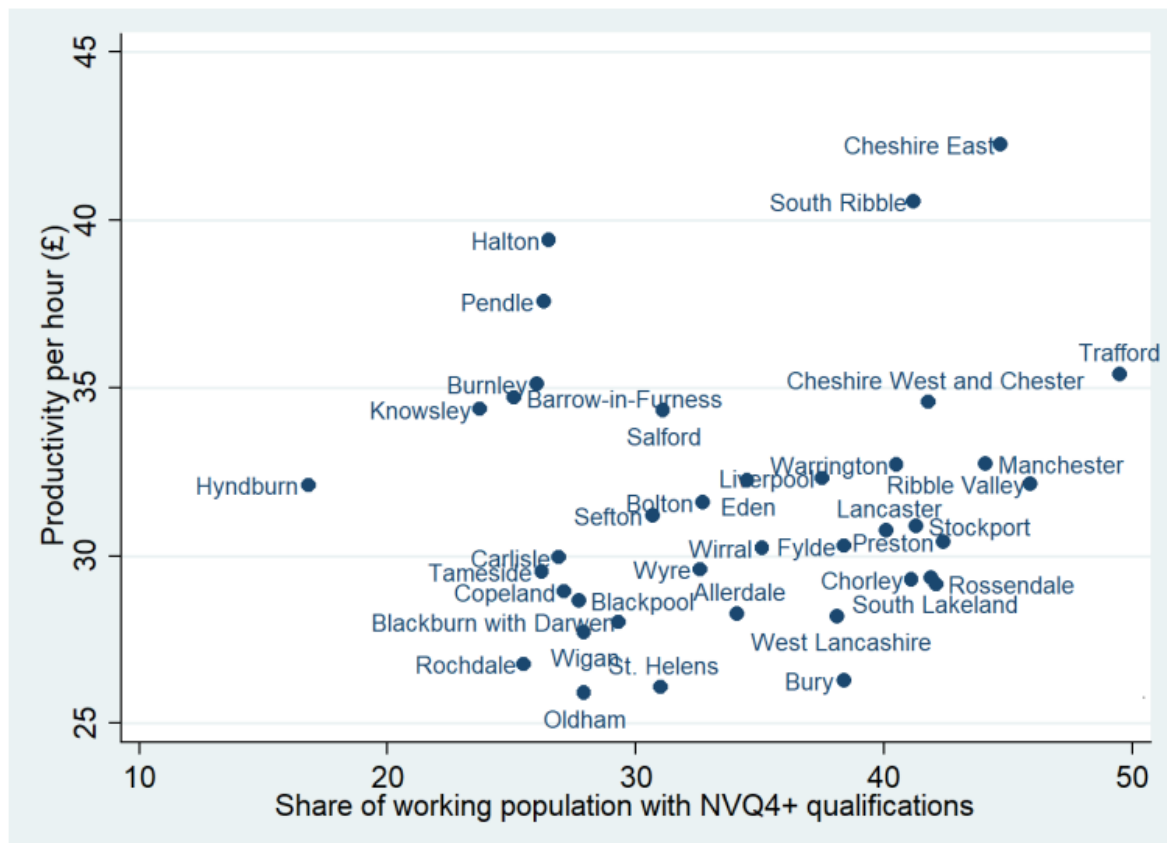
- **Economic structure and organisation capital** – It's not just that we have a less productive mix of sectors, it's that we have the lesser productive elements of the sectors we do have. The scale of businesses and the predominance of micro and small businesses is also a constraint.

The north-west's sectoral structure accounts for some of the productivity gap seen with the rest of the UK. However, differences in productivity within individual sectors matter more. This can be illustrated with a 'shift-share' analysis: if the north-west's sectoral structure (as measured by the number of hours worked in each sector as a proportion of total hours worked) was the same as the UK average, the region's GVA per hour worked would increase by 2.2%. If, on the other hand, the north-west retained the same sectoral structure as it has now but increased productivity in each sector to the UK average then its overall GVA per hour worked would increase by 6.5%, almost three times the effect. Efforts to improve productivity therefore need to focus not only on growing high productivity 'frontier' industries such as manufacturing, digital or financial services to improve the sectoral mix, but also on how productivity can be improved across all sectors of the economy. (The North West of England's Productivity Challenge: Exploring the issues Allmendinger, Holden, Sensier The University of Manchester Date: Oct 2021).



- **Geography and place** – Productivity is unevenly spread across Lancashire with areas such as South Ribble having amongst the highest productivity in the region, but other locations at the coast and in the south of the county having mid to low productivity bases. Continued hybrid working might also impact the economy of town centres, as well as impacting levels of innovation and informal skills development. Remedies would include better transport and digital infrastructure to promote agglomeration benefits.
- **Human capital, skills and health** – The connectivity between access to skills and high productivity is well recognised, although the correlation is weaker in the north west and particularly weak in those areas of east Lancashire with strong manufacturing bases which have not typically required formal level 4 qualifications.

Local authority productivity and share of population with above degree level qualifications, 2018



In addition to skills, the health of the population is increasingly recognised as a key factor in terms of productivity, with people experiencing long term ill-health typically finding it harder to find sustained, well-paid employment.

- **Investment and knowledge capital** - The North West Business Leadership Team’s 2016 review of productivity argued that “decades of underinvestment in the North West’s infrastructure, skills base and business support and innovation networks has left much of the region struggling to compete in a rapidly advancing global economy” (NW BLT, 2016). Whilst HMT statistics show that



the NW ranks behind London and the three devolved administrations in terms of the levels of public investment (£10,204 per head), there is an argument that much of this investment is directed at dealing with the impacts of low productivity (welfare payments) as opposed to fundamentally addressing this issue.

Similarly, in terms of Research and Development expenditure in Lancashire the overall levels of R&D expenditure are low and highly focussed on a small number of key businesses. Business expenditure is also not matched by the non-market sector.

- Institutions and governance** - *The result of the current system is that much of the local capacity that exists is spent coordinating multiple agencies, attempting to influence national policies, and bidding to disparate central funding pots based on expectations about what government will fund not what is needed, as well as national and regional strategies routinely not being implemented due to funding not being available or changing political priorities (Seaford et al, 2020). The result is fragmentation, duplication, and short-termism with the effect that interventions deliver less than the sum of their parts and fail to inspire confidence and crowd in investment from the private sector. Equipping places with appropriate institutions and what Andy Haldane, then chief economist at the Bank of England, referred to as the “holy trinity of powers, monies and people” to secure the local foundations for productivity growth will be critical to delivering an effective and long-lasting solution to the ‘levelling up’ problem.*

The Role of the LEP

Whilst the volume of resource being channelled through the LEP has now diminished markedly, the entity retains key assets in the form of capital funds (GPF), a limited annual revenue budget and a strong and established conduit for the private sector voice and real-time experience of the economy to be heard.

Recent sector plans, and strategies for innovation, internationalisation, business investment and culture all contribute to Lancashire's understanding of these issues, but we need to focus what resources we have on developing those initiatives which will have the most impact.

List of Background Papers

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

Lancashire Economic Update

Joseph Mount – Lancashire LEP – November 2022

What is available? What is timely?

- For Lancashire as an area, data on the economy financially can be subject to considerable lag.
 - The latest figures we have for this locally are 2020's provisional releases of Gross Value Added.
 - Regionally the latest we have are October to December 2021 GDP figures, pre-Ukraine war, pre-cost of living and inflation challenges.
- The labour market provides us with some timely useful indicators, and indeed recently, much of the impact of recent economic turbulence has been seen in the labour market.

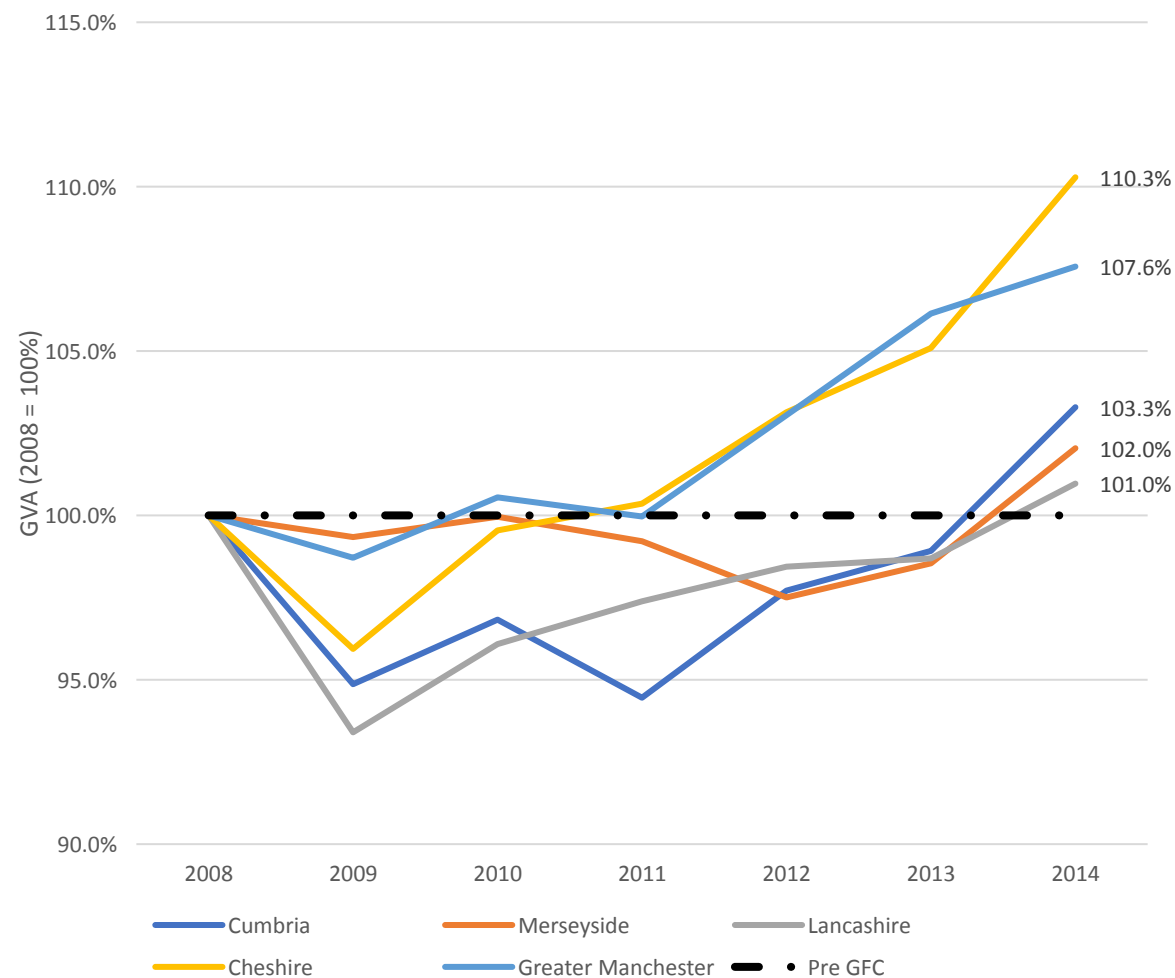
Summary, pandemic impact.

- Pre-pandemic (2019) – The Lancashire LEP (inc BwD and Blackpool) was estimated to be worth £34.64bn.
- 2020 saw a 3.8% fall in that value, down to £33.31bn as of 2020 – a loss of over £1.3bn.
- This is a larger fall than was experienced nationally (-3.4%) and regionally (-3%).
- This however masks the true impact as it doesn't control for price inflation, not just the CPI, but the input prices paid by producers and businesses.
- In terms of volume, Lancashire's economy actually contracted by 10.8%, compared to 9.8% nationally, and 9.9% regionally.
- If Lancashire's 2020 (latest) GVA was at 2019's prices, it would show our economy at £30.9bn – a fall of over £3.7bn compared to pre-pandemic.

What does this mean going forward?

- Our recently procured forecasts from Cambridge Econometrics suggest Lancashire is/was due to recover to pre-pandemic levels of GVA by 2023, a year ahead of the previous forecasts, and now a year ahead of the UK.
- 2023 was expected to see Lancashire GVA recover to 0.5% above it's Pre-Pandemic level, in line with the North West, whilst the UK GVA was expected to be 0.6% below it's pre-pandemic level at that point. Lancashire's economy was also forecast to see growth through to 2050 of 3% higher than the national rate.
- Unfortunately, the forecast scenario comes from a macro scenario that pre-dates the cost of living crisis and the Ukraine war. This is the latest that's available from Cambridge Econometrics, and the next quarterly scenario should show a more up to date picture.

Recovery from the 2008 Global Financial Crisis - North West



The chart above shows the recovery from the Global Financial Crisis, Lancashire's GVA recovered more slowly than both Greater Manchester and Cheshire, and was weaker than the recovery in Merseyside and Cumbria when it did eventually arrive. Previous forecasts indicated that 2019 GVA would be achieved by 2023, 4 years later, during the GFC, it took Lancashire 6 years to recover to Pre-GFC levels. What might this mean for the forecast upcoming recession?

Talk of recession, any early signs?

- Business start-ups are still quite buoyant, and data shows a 3 month moving average where the last month actually shows a slight up-turn.
- Business closures are generally subject to a bigger lag than business start-ups, but the three month average of closures is trending slightly downwards for the last few months.
- Despite no big warning signs, yet, from Companies House data for Lancashire companies:
 - Begbies Traynor are using Red Flag Alert data, and state that there has been a 4% quarterly increase in their “Businesses in significant financial distress” score for Lancashire businesses. This projects more than 10,000 businesses that were operating under significant financial distress in Lancashire in Q3 of 2022. If this is to be believed, depending on the denominator, this could represent as many as 1/5th of all Lancashire businesses.

Lancashire - Business Registrations vs Business Closures Monthly

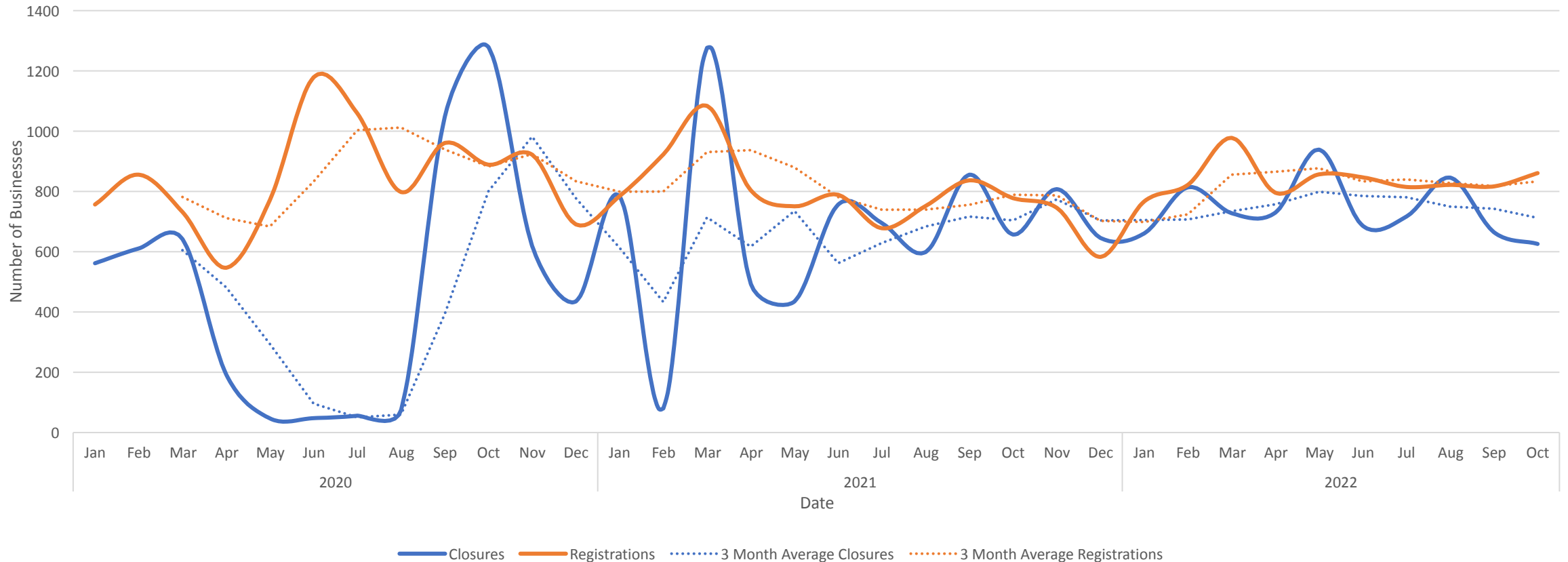
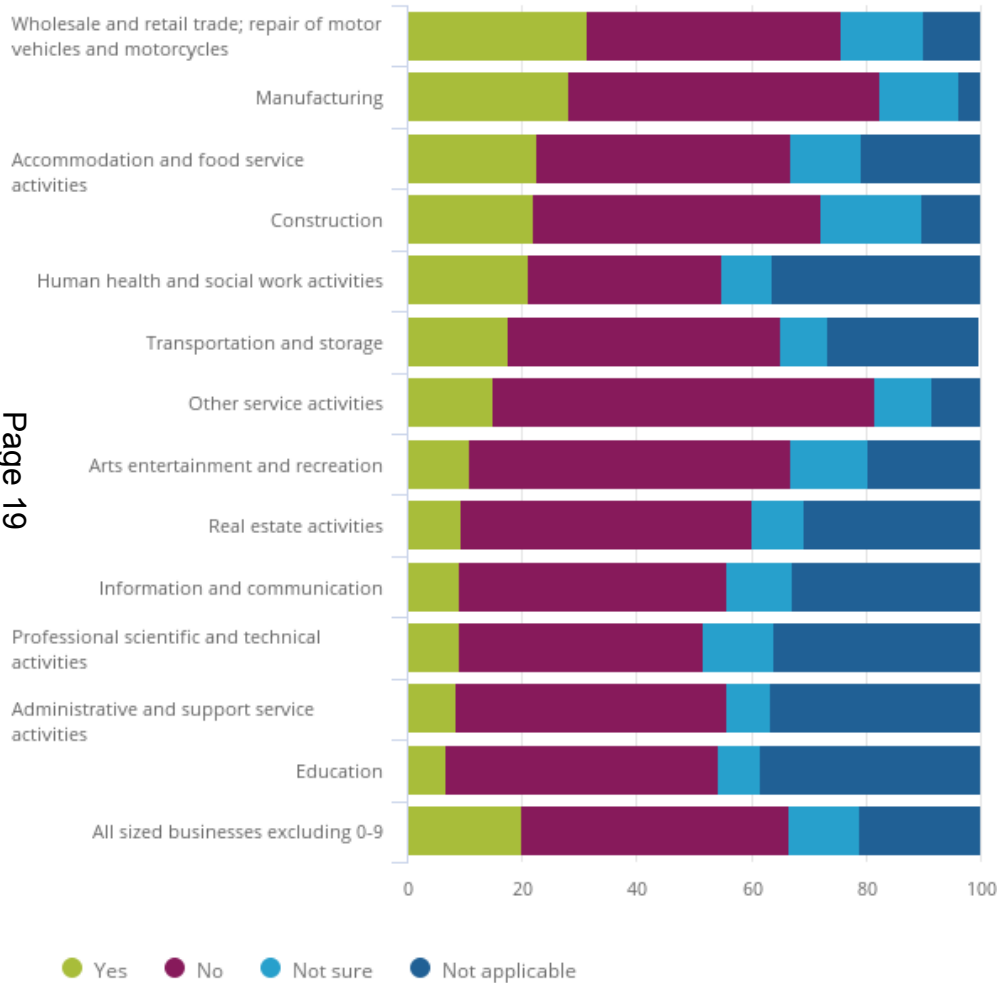


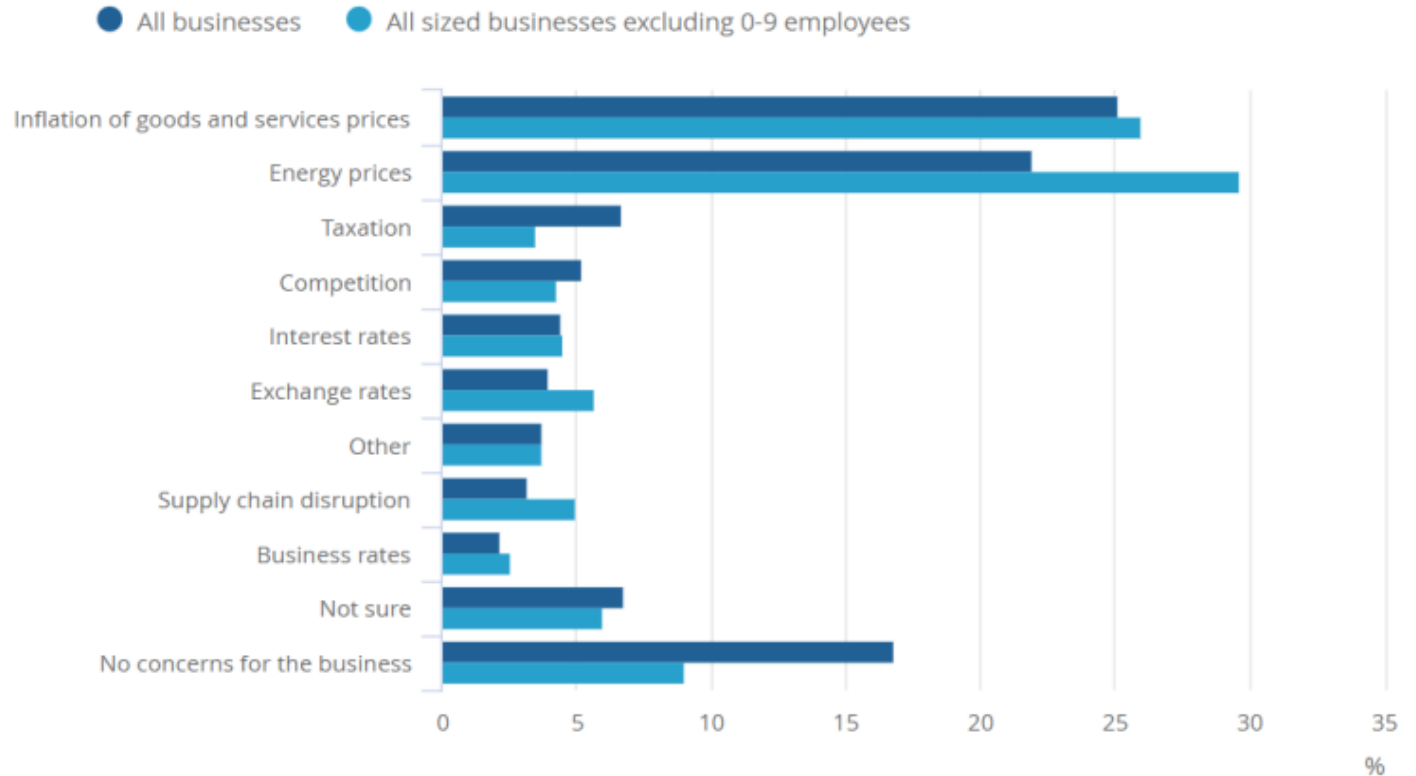
Figure 5: One in five (20%) businesses with 10 or more employees reported experiencing global supply chain issues in September 2022

Global supply chain disruption, businesses not permanently stopped trading with 10 or more employees, broken down by industry, weighted by count, UK, 1 to 30 September 2022



What are businesses struggling with currently? This is national data from the ONS Business Insights and Condition Survey.

Business concerns, businesses not permanently stopped trading, broken down by response option, weighted by count, UK, 1 to 30 November 2022

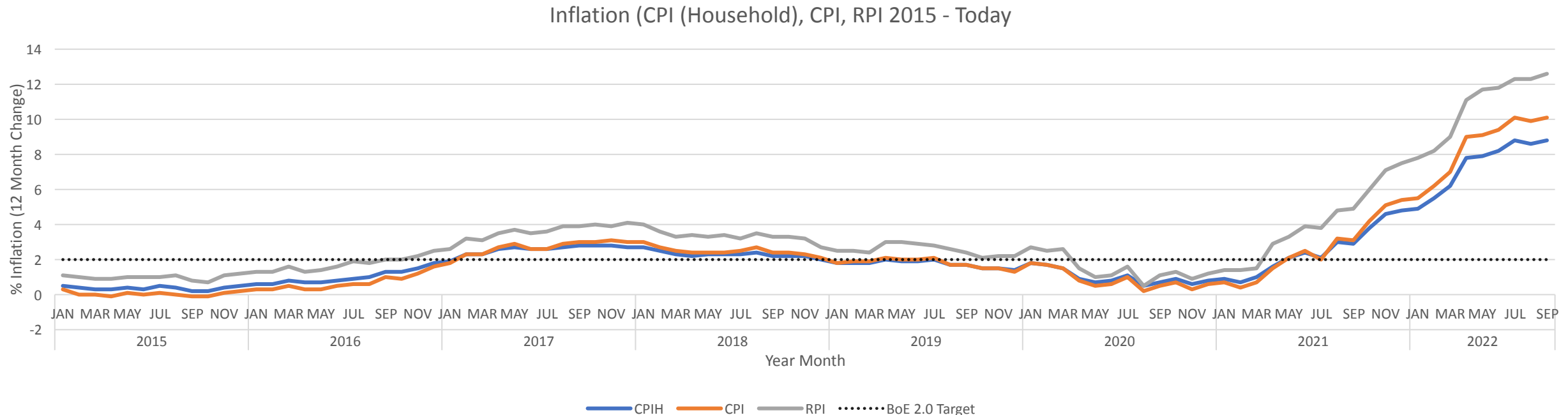


The survey also notes almost 40% businesses who export or import, finding that changes in exchange rates have been a challenge for businesses who import, as well as transportation costs and customs duties/levies. Lancashire has a more progressive balance of trade (though still a deficit, approx. a third of the proportion of the national deficit), and so might be less impacted by currency fluctuations on imports, and might benefit from a devalued currency boosting exports.

Obviously there are now other factors at play - Inflation

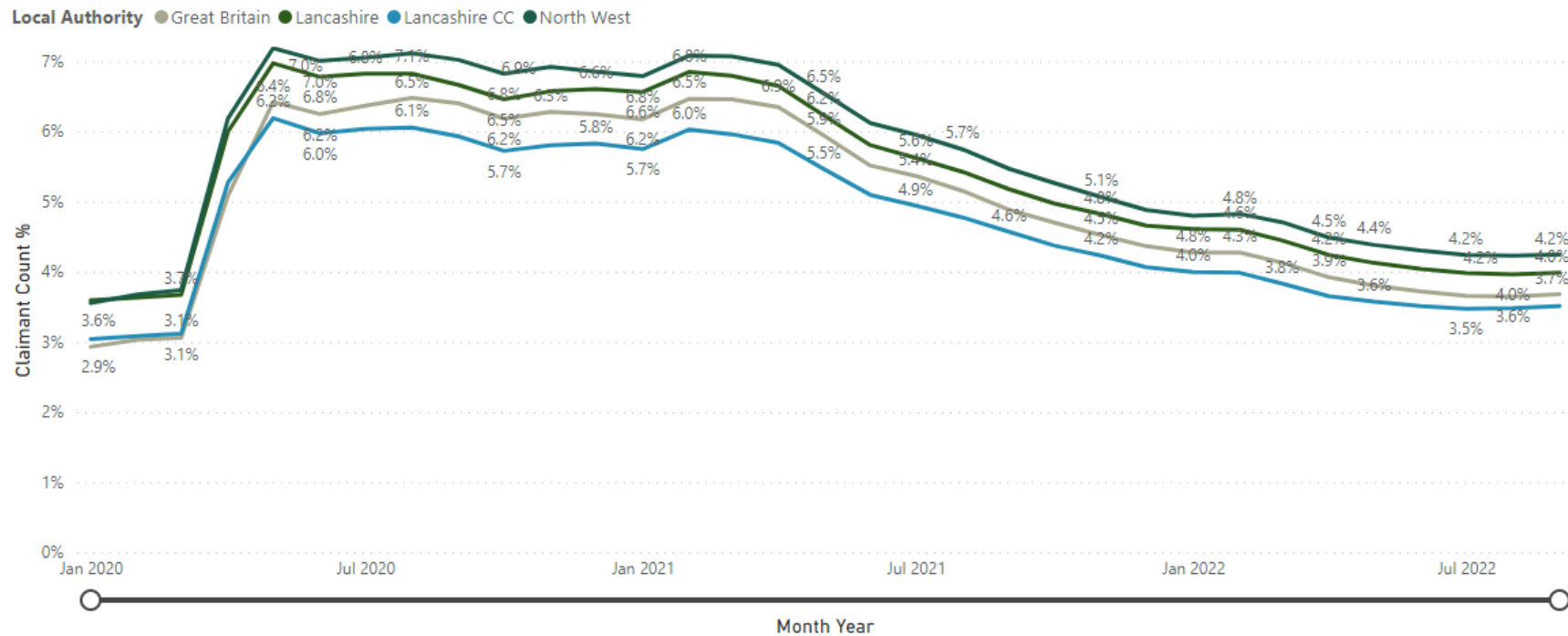
- In the early summer of 2021 inflation met and then exceeded the Bank of England's 2.0% target, and continued to rise, for the remainder of the year.
- The Bank of England raised interest rates in December 2021 to try and combat inflation for the first time since August 2018. Subsequent MPC meetings brought the base rate to its pre-pandemic levels by March 2022.
- By this time inflation was becoming more entrenched as a result of the supply chain disruption during the pandemic, and the spike in hydrocarbon prices as a result of the invasion of Ukraine.
- Inflation now is in double figures across all measures, with the retail price index the highest of the three shown below.
- Inflation, and below inflation pay rises are putting pressure on household finances and will likely have already depressed demand. Interest rate rises and market determined bond yields are also causing increases in mortgages that aren't fixed, further adding pressure to households. Many contracted products are RPI linked every March, which could see further inflationary pressure.
- Businesses will also be feeling the pinch through increased cost pressures, particularly energy and also some wage pressures, and also a drop in demand. This will vary by sector no doubt.
 - For this kind of information at present we would have to rely on national PMIs and indicators, though North & Western Lancashire Chamber of Commerce have just issued their Quarterly Economic Survey – this could provide some insight in the future.

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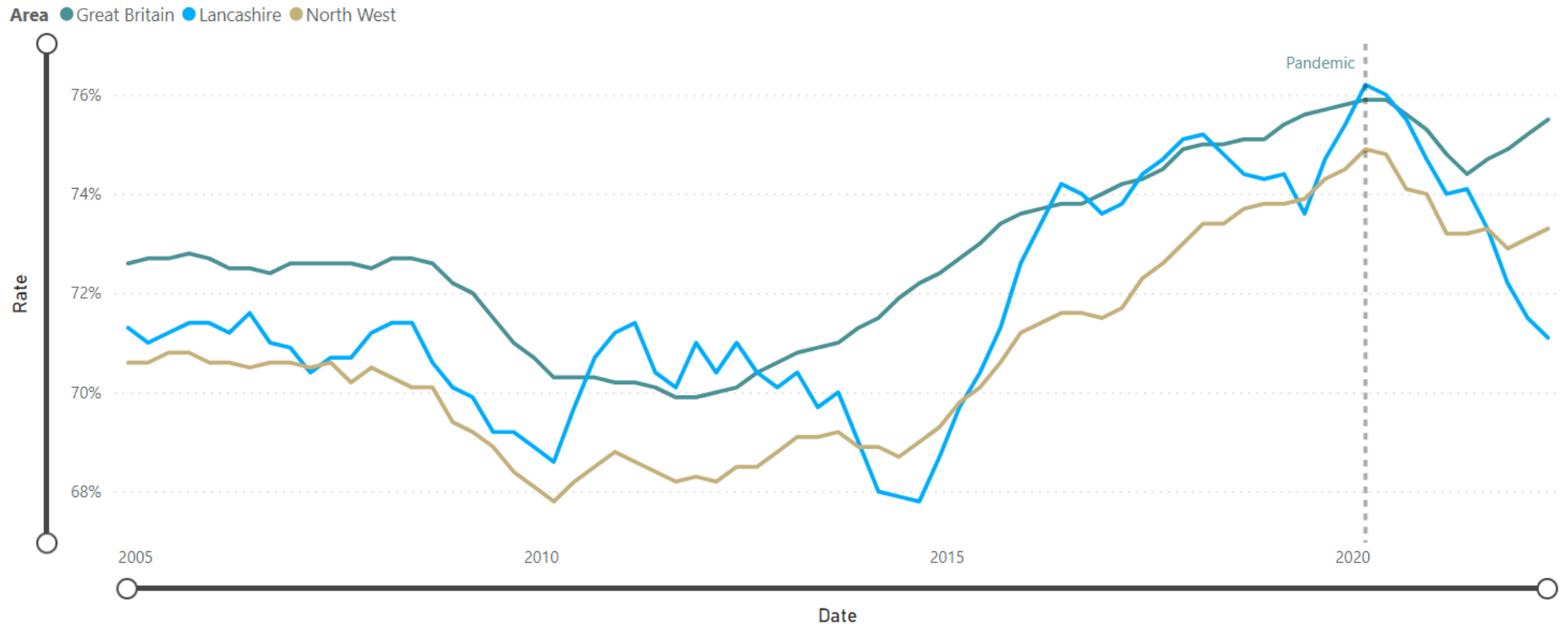
Employment, Unemployment and Inactivity – Claimant Count

- The biggest change structurally since the pandemic, and the trend which is continuing, is the relationship between employment, unemployment and economic inactivity.
- Claimant Count data suggests that unemployment is falling back towards it's pre-pandemic level, in March 2020 the LCC area claimant count rate was 3.7%, peaking at 7% in May 2020, and has now fallen to 4.0%.
- The Unemployment Rate differs slightly, in that it is model based and for a 12 month average, which puts the latest figure (Jul 21- Jun 22) at 5.1%
 - This has increased from 3.2% from pre-pandemic.
- There are an estimated 34,000 unemployed people in Lancashire now – this is roughly in line with the 37,000 who are currently claiming universal credit because they are unemployed. ~12,000 more than pre-pandemic.



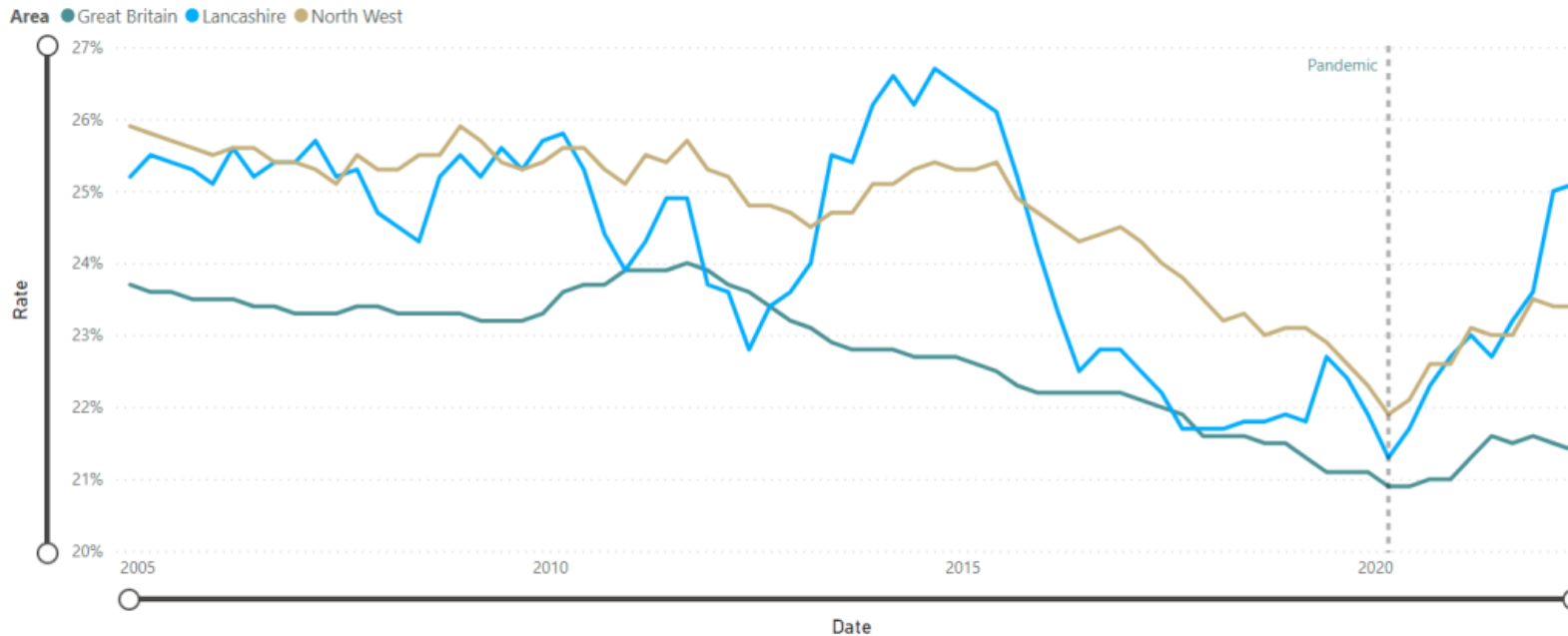
Employment, Unemployment and Inactivity – Employment

- Pre-pandemic, Lancashire's employment rate was 76.2% - above the national average of 75.9% at the time.
- It is now 71.1%, a considerable drop, whereas the national rate only dropped 0.5 percentage points to 75.5%.
- In terms of the number of people, there are now ~634,000 employed people in Lancashire, compared to ~683,000 pre-pandemic.
 - This is roughly ~49,000 fewer than pre-pandemic.



Employment, Unemployment and Inactivity – Inactivity

- There is a disconnect between what has happened with Employment and Unemployment
 - There are 12,000 more unemployed people
 - But 49,000 fewer employed people
- This is because the remainder have either become economically inactive or have moved out of the working age population.
 - We've got 33,000 more economically inactive, making up the bulk of the difference between the 40,000 fewer employed people and the 12,000 more unemployed people. There are also 5,000 fewer working age people.
- 25.1% of Lancashire's working age population are now economically inactive, which is 223,000 in total. This compares to 21.4% in Great Britain.
 - Pre-Pandemic, Lancashire had a marginally higher economic inactivity rate (21.3%) than GB (20.9%)
- 19.3% of Inactive residents in Lancashire state that they would like a job, above the national figure of 18.5%. This equates to 43,000 people.
- Personal independence payment data and Universal Credit Data suggests that lots of this could be due to ill health specifically, and not all who are inactive will be claiming benefits as a result of being inactive.



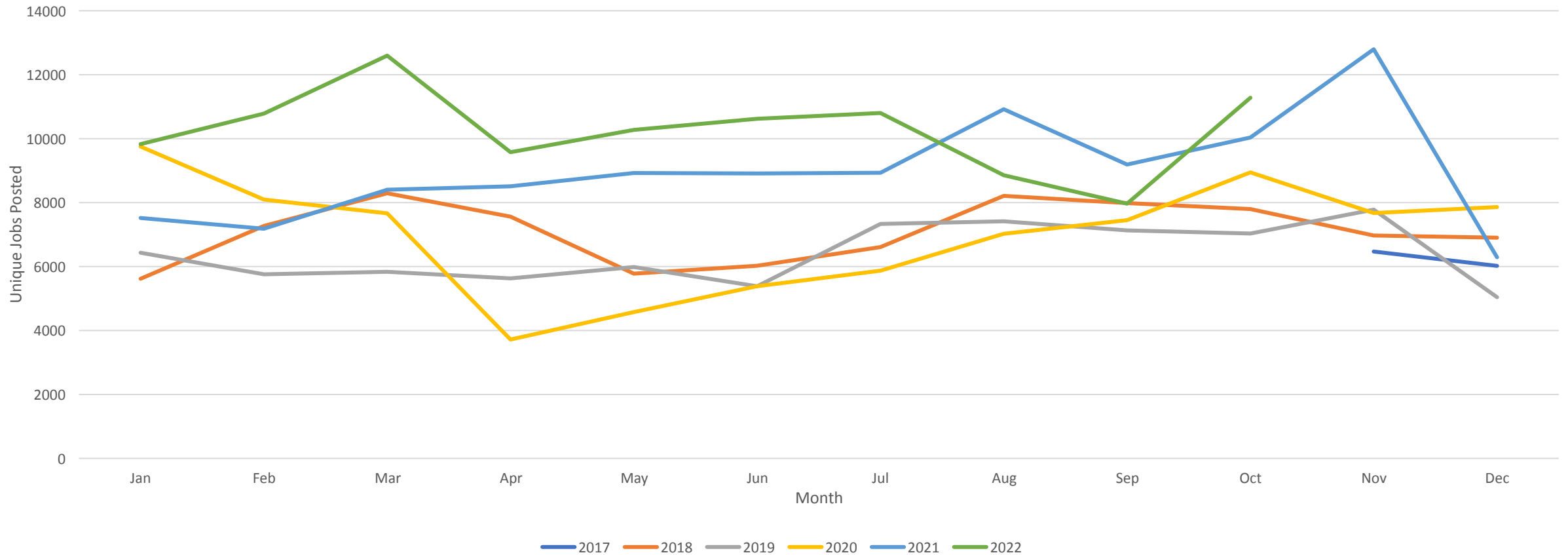
So far...

- Employment is down by 49,000
- Unemployment is up by 12,000
- Economic Inactivity is up by 33,000
- Working age population is down by 5,000
- Lancashire now compares poorly to the national picture across these 3 metrics, having pre-pandemic, in many cases, been stronger than the national picture.
- These are our fundamentals of the labour market as it stands at the moment.

Labour Market Activity – Hiring (Source: Lightcast/EMSI Burning Glass)

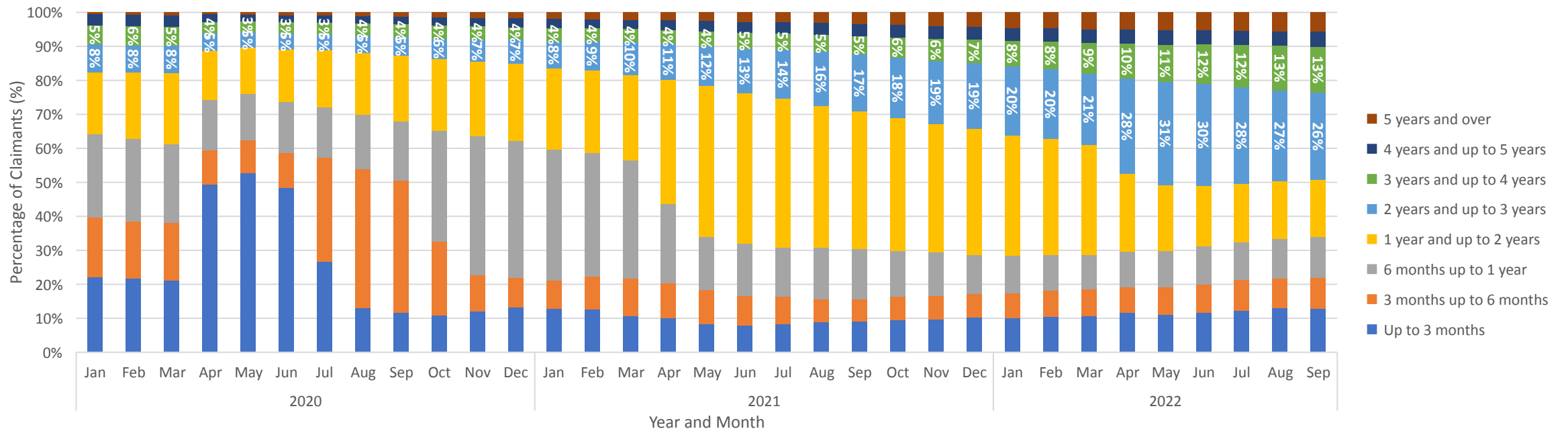
- Recruitment challenges are being experienced nationally as well as in Lancashire, with businesses finding it hard to recruit.
- Job vacancy levels are still buoyant, with monthly active job posts in 2022 above each year since 2017 from January to July, with August and September below 2021 levels, before rebounding in October to above 2021 levels again.
- The summer dip in job postings is interesting in the context of seasonality, in previous years there have been seasonal increases in postings at this time of year.
- Posting intensity for October (last full month) has fallen to 1:1, having averaged at between 2.5 and 3 since 2017.
- This is used as a measure of how hard employers are trying to fill roles – does this mean some labour market shortages are beginning to subside? Or does it mean businesses are having second thoughts about going back out to market to try and fill a role that they have previously been unsuccessful in doing?

Monthly New Unique Job Postings - Lancashire



So hiring is up, but perhaps slowing?

- Hiring is holding up okay, but is showing signs of slowing down, and perhaps early signs of businesses holding off on hiring, perhaps due to the economic climate.
- This implies something quite strange, that despite record vacancy levels for the last 18 months or so, we've still got unemployment higher than pre-pandemic, and a smaller workforce.
- A study by PWC estimated that 1 in 5 UK workers were actively looking to or expecting to seriously consider changing jobs in the last 12 months – this is could be in response to wage offers below inflation and cost of living pressures, with people seeking to move job to access higher wages.
 - In Lancashire evidence suggests this hasn't been quite as substantial, with data from LinkedIn suggesting 32,000 Lancashire workers have moved jobs in the last 12 months. This is from a sample of 350,000 LinkedIn profiles of Lancashire workers, suggesting just less than 1 in 10 have changed jobs.
- So the vacancies in Lancashire have been in a large part filled by the churn of people who were already employed moving into new jobs to try and access higher wages, potentially at the expense of those who have been out of work for some time.
- Data from DWP suggests that more than a quarter of claimants have now been claiming for between 2 and 3 years, compared to 8% pre-pandemic. 2/3rds of unemployment benefit claimants in Lancashire are now long-term unemployed, compared to just over 1/3rd pre-pandemic.



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: No

Date: Thursday, 24 November 2022

Business Support and Emerging LEP Sector Studies

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

Executive Summary

Over the course of the last year, the LEP has seen the work of six sector groups move forward with two sector strategies now published and the remainder due shortly.

Each strategy contains a range of recommendations some of which will be pertinent to the delivery of business support and business finance with Lancashire. Rather than develop six new sector-based business support programmes it is suggested that the Business Support Management Board starts to think about a process to scrutinise these sector-based asks, determining how best they can be delivered and resourced moving forward.

Recommendation

The Business Support Management Board is recommended to note this report and agree a way forward in terms of assimilating further suggestions from sector groups as the final strategies are completed.

Background and Advice

The LEP Strategic Framework put six sector groups at the heart of its thinking about the future of the Lancashire economy, these were:

MANUFACTURING - The Lancashire Aerospace Task Force

In the early stages of the pandemic, the Lancashire Enterprise Partnership's Manufacturing Group took the decision to undertake a deep dive into the aerospace sector when it became clear that the industry was experiencing difficulties due to the impact of Covid-19. As a result, the Lancashire Aerospace Task Force was convened comprised wholly of senior business leaders operating within the sector in Lancashire. The recommendations of this group have led indirectly to the establishment of the £1m



AEM Watchtower Programme providing support for the sector to find innovation, diversification and skills support.

ENERGY & LOW CARBON

The Lancashire Enterprise Partnership has published its Energy & Low Carbon Sector Plan. Written by business leaders and industry experts from across Lancashire’s energy and low carbon sector, the plan sets out an ambitious vision for the county and are being further updated and refreshed at this time.

DIGITAL

The Lancashire Enterprise Partnership’s Digital Strategy outlines our vision for the county as a globally significant hub of technological and digital innovation. It also places the digital industries at the heart of the LEP’s economic growth ambitions for Lancashire, with the aim of being the UK’s fastest-growing digital economy by 2035.

TOURISM, CULTURE & PLACE

Perhaps including the sector hardest hit by the pandemic, the Tourism, Culture and Place group has been driving thinking around its role as a key employer in coastal and rural locations and with a wider impact in terms of the perceptions of Lancashire as a place to live work and study.

FOOD & AGRICULTURE

Repeatedly cited as a key sector for Lancashire and of critical importance to rural areas and populations within the county, this group comprises representatives of both the agriculture, food processing and retail sector. What provision has typically existed has been funded through European resource or ad hoc initiatives from DEFRA, the Rural Payments Agency and local authorities.

Conclusion

Rather than develop six new sector-based business support programmes it is suggested that the Business Support Management Board starts to think about a process to scrutinise these sector-based asks, determining how best they can delivered and resourced moving forward.

List of Background Papers

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



LEP – Sub Committee

LEP - Business Support Management Board

Private and Confidential: NO

Date: Thursday, 24 November 2022

Meeting Schedule 2023-24

Report Author: Holly Tween, Democratic Services Officer,
holly.tween@lancashire.gov.uk

Executive Summary

This report sets out the 2023/24 programme of meetings for the Committee, which is based on the previous year's programme.

Recommendation

That the 2023/24 programme of meetings for the Committee as set out below is approved, with all meetings to start at 10.30 at County Hall, Preston:

(10.30 09 February – already booked)

10.30 25 May 2023

10.30 07 September 2023

10.30 16 November 2023

10.30 08 February 2024

Background and Advice

As the last scheduled meeting of the Business Support Management Board will be held at 10.30 on 09 February 2023, consideration has been given to potential dates for future meetings of the Committee and, after consulting with the Chair and other members, the following programme of meetings for 2023/24 has been agreed.

10.30 25 May 2023

10.30 07 September 2023

10.30 16 November 2023

10.30 08 February 2024

All the above meetings to start at 10.30, held in County Hall, Preston.



List of Background Papers

Paper	Date	Contact/Tel
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n/a

Reason for inclusion in Part II, if appropriate

n/a

Agenda Item 15

(NOT FOR PUBLICATION: By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972. It is considered that all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information)

Document is Restricted

